

# CREATING SUSTAINABLE HABITAT FOR HUMAN

2021 HYUNDAI ENGINEERING & CONSTRUCTION SUSTAINABILITY REPORT

## ABOUT THIS REPORT

### Reporting Characteristics

This report is the twelfth Sustainability Report published by Hyundai E&C, which introduces its 4P-based sustainable management strategy (Prosperity, Planet, People, Principle), and focuses on the long-term targets against 2030, propelling strategies, major activities and achievements in economic, environmental and social aspects to realize it.

### 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 2020 to 31 DEC 2020. In addition, we partially included activities and performances until JUN 2021 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, SASB, TCFD and WEF Stakeholder Capitalism Metrics 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. 78~79 of this report.



### 2021 COVER STORY

Hyundai E&C is creating a sustainable future by pioneering the history of construction with creative foresight and challenging spirit. The cover visualized Hyundai E&C's sustainability management strategy that expands into economic, environmental, and social dimensions based on principles.

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# CREATING SUSTAINABLE HABITAT FOR HUMAN

## FOUR DIVISIONS

### 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

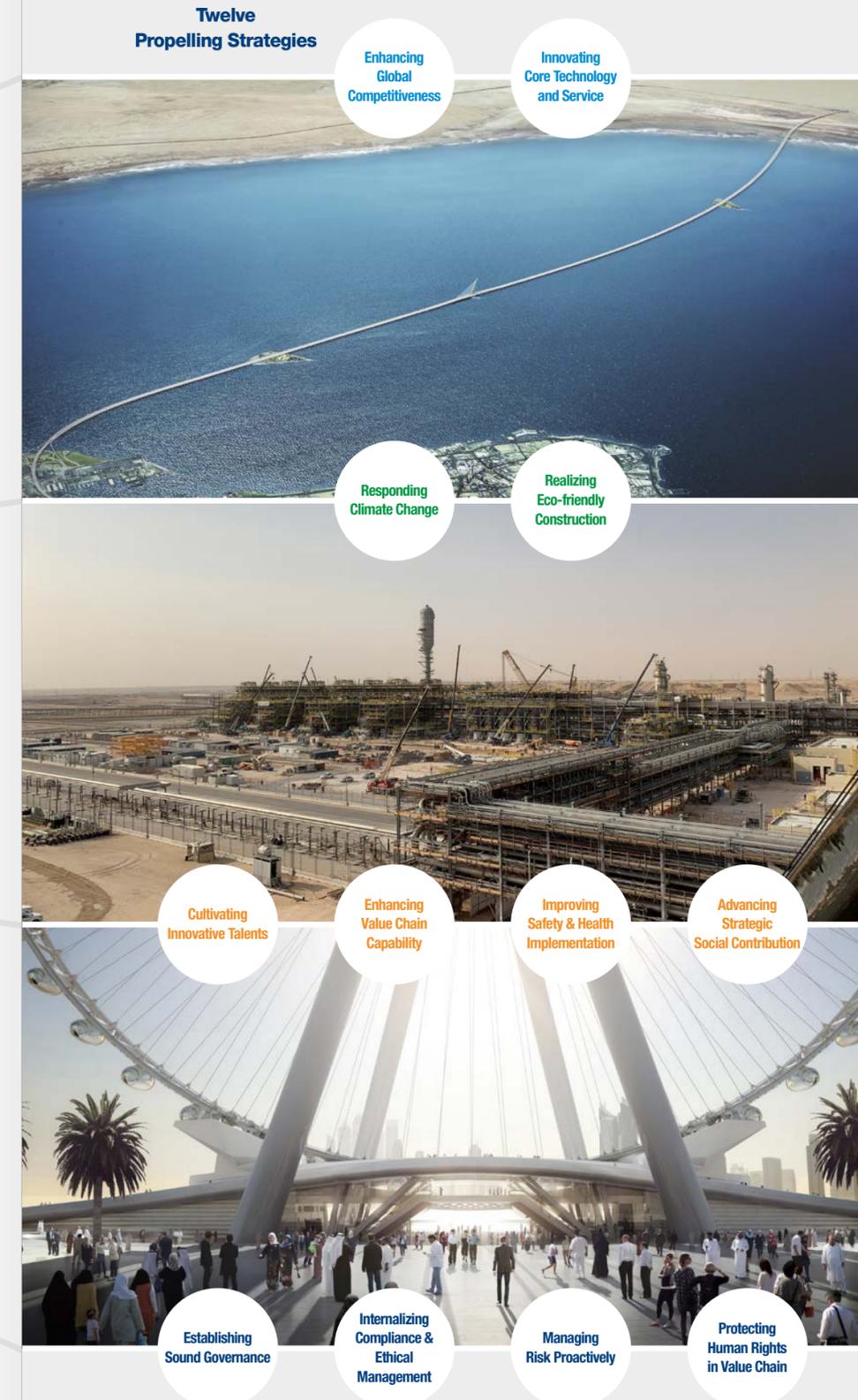
### HDEC PRINCIPLE

New Era of Progress  
Implemented by Hyundai E&C

#### HDEC SUSTAINABILITY

The world is threatening existential sustainability due to global climate change, population growth, energy and water shortages and resource depletion.

Under the banner of 'Creating Sustainable Habitat for Human', Hyundai E&C is starting a new challenge of providing global construction and solutions to global problems by providing eco-friendly construction products and differentiated technology services.



Twelve Propelling Strategies

2020 Sustainability Performance



DJSI World for 11 Consecutive Years  
Industry Leader in Construction & Engineering (8 Cumulative Years)



CDP Korea Hall of Fame for 3 Consecutive Years (Leadership A)



Overall A Grade for 3 Consecutive Years  
> Environmental (A+)  
> Social (A)  
> Governance (A)

## MESSAGE FROM THE CEO

**A Global Leader in the Construction Industry,  
Hyundai E&C Envisions a Future of  
Long-term Sustainability Based on Partnered Growth.**

### Looking Ahead to Our Future as a Corporate Centenarian

Since its foundation in 1947 Hyundai E&C has been at the forefront of every milestone in Korea's remarkable growth, taking on challenges with a passion and perseverance that has brought us to the pinnacle of construction companies in Korea. Our presence on the global stage is also unparalleled, with 850 projects in 62 countries highlighting the advanced technologies and peerless services our clients have come to expect. Hyundai E&C's commitment to corporate social responsibility, evidenced in the 49 CSR projects that we've carried out in 20 countries, is a testament to our commitment to being a global construction leader that contributes in tangible ways to the happiness of humankind.

### Realizing Economic Outcomes and to be "Total Solution Creator"

Last year the COVID-19 pandemic added countless challenges to our business, but we not only persevered through, but made gains. New projects in the areas of urban renovation, and new and renewable energy, resulted in the highest economic performance since the company's founding; and contracts for large-scale overseas infrastructure projects in Iraq, Panama, and Qatar, among others, led to a noteworthy 12 percent increase in contract volume (compared to 2020) of KRW 27.16 trillion.

Even in an era of accelerating change and uncertainty, Hyundai E&C is engaged in constant innovation. We aim to strengthen our fundamental EPC competitiveness and become a "Total Solution Creator" that is capable in all areas of construction—including investment, development, and project operation. We have, moreover, committed to growing in newly promising business areas (like securing source technologies, construction automation, smart city, new and renewable energy, eco-friendliness, among others), to secure sustainable growth for the construction industry and lead the rise of future markets.

### Raising ESG Management on Par with Global Standards

Hyundai E&C's Sustainability Report for 2021 is structured to reflect the World Economic Forum's four pillars of ESG data disclosure (Prosperity, Planet, People, Principle). We believe that pursuing social values as well as economic values is the direction of Hyundai E&C's pursuit of absolute value with all our stakeholders. This direction is achievable through corporate management, eco-friendly implementation of projects, and win-win management with suppliers.

As a global corporate citizen, Hyundai E&C faithfully abides international standards and recommendations, including the UN SDGs, the Universal Declaration of Human Rights, and the OECD Guidelines. Hyundai E&C will realize sincere ESG management by establishing the Coal Exit declaration, expanding environmental management, practicing intensive ethical and compliance management based on Zero Tolerance to corruption and transparency violations, and practicing preemptive safety management that values life. Furthermore, Hyundai E&C will do its utmost to support, reflect, and expand the principles of global sustainability information disclosure (TCFD, SASB, WEF, etc.) in order to share and communicate corporate sustainability management information with stakeholders more widely.

Hyundai E&C will continue to fulfill its roles as a global leader of the engineering & construction industry and make all-out efforts to promote sustainable management staying in contact with all our stakeholders.

Thank you for your support and interest.

CEO of Hyundai E&C  
Yoon Young-Joon

*Young Joon Yoon*



# COMPANY OVERVIEW

## COMPETITIVENESS IN PROJECT EXECUTION

# 62

Number Of Countries Undertaking Projects  
(Cumulative)

# 852

Number Of Projects Performed  
(Cumulative overseas basis)

# 6,158

Number Of Employees

### GLOBAL TOP TIER

Hyundai E&C is moving toward the 'Global Top Tier' by opening new horizons around the world, with its advanced technology and proven business execution capabilities.

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 the Commonwealth of Independent States (CIS). As of May 2021, a total of 6,158 employees are working at 172 domestic and 63 overseas sites centered on 3 domestic branches as well as 32 overseas branches and offices.

## 2020 FINANCIAL PERFORMANCE

# 16.97

Sales  
(KRW trillion)

# 549

Operating Profit  
(KRW billion)

# 66.67

Order Balance  
(KRW trillion)

## BUSINESS PORTFOLIOS

### Infrastructure Works

- > Offshore, port, dredging and reclamation
- > Road and rail
- > Offshore bridges and cable-stayed bridges
- > Water environment & water treatment
- > Breakwater
- > Underground space

### Building Works

- > Hospitals and medical facilities
- > Production facilities and distribution centers
- > Hotel/resort
- > Work/commercial space
- > Transportation/culture/sports
- > Data center, education, research Facility
- > Complex development and special building

### Housing Works

- > Apartment complex (The H & Hillstate)
- > Mega residential complex
- > Knowledge industry center
- > luxury residence
- > Studio apartment

### Plant Works

- > Oil & Gas treatment & refining
- > Petrochemicals and fertilizers
- > LNG-GTL
- > Power generation and power generation desalination
- > Renewable energy
- > Transmission line and substation

# MANAGEMENT STRATEGY

## CORPORATE PHILOSOPHY: HYUNDAI SPIRIT

**Wisdom**  
**Creative Intelligence**

Pursuing a creative attitude and wisdom based on future-oriented thinking

**Volition**  
**Determination**

Pioneering the future with a clear sense of ownership and proactive attitude

**Impellent**  
**Strong Initiative**

Developing and embracing strength and courage to lead global business

### HYUNDAI SPIRIT

Only the brave can be ahead of the times.

The 'Hyundai Spirit' that is not afraid of change is the greatest competitiveness of Hyundai E&C which will lead the future. Based on creative foresight to see the future, an active will to pioneer the future, and a strong driving force to make the future a reality, Hyundai E&C is expanding its business from construction-centered to value chain expansion, while becoming a company that creates added value in all stages of the project of the future transformation growth strategy through the Vision 2030 Strategy. Hyundai E&C is also expanding its business areas centered on innovation in production methods and high added value at construction sites, and is striving to secure the ability to respond closely to changes in the market environment and needs related to the promotion of new eco-friendly and low-carbon businesses.

## VISION 2030 STRATEGY

**EPC Competitiveness**

Enhancing of core business portfolio  
Innovating construction production methods with digital technology



### Business Expansion

**Expansion of the Value Chain at All Stages**

Expanding investment development and operation business

Energy conversion, new business creation for future & smart cities

### Future Transformation

**Total Solution Creator**

Excellent solution partner  
All areas of construction

## CORPORATE MISSIONS

### 4 STRATEGIC DIRECTIONS:

**1**  
**Focusing on Core Business**

### 8 STRATEGIC TASKS:

- 1) Strengthening competitiveness of core products
- 2) Securing core technology

**2**  
**Smart Construction**

- 3) Digital/construction automation
- 4) Unmanned construction platform

**3**  
**Business Portfolio Expansion**

- 5) Developer conversion
- 6) Activation of operation business

**4**  
**New Growth Engine**

- 7) Preemption in the energy conversion market
- 8) Leading future city change

# SUSTAINABLE VALUE CREATION

## SUSTAINABILITY MANAGEMENT

### 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

### HDEC PRINCIPLE

New Era of Progress  
Implemented by Hyundai E&C

### HDEC SUSTAINABILITY

The world is facing the greatest challenge in human history due to a complex entanglement of various factors such as the global climate crisis, urbanization, water scarcity, environmental pollution, and depletion of energy and resources.

As a global construction company, Hyundai E&C is creating a sustainable future for mankind and the world by providing a 'Sustainable Habitat for Human' through sustainable construction products and eco-friendly construction technology. In October 2020, Hyundai E&C launched the CFO-driven Sustainability Management Council as a company-wide sustainability management organization and revised ethical management, human rights and supply chain policies. In May 2021, we reestablished the 4P-based sustainability management system (Prosperity, Planet, People, Principle), by reflecting the WEF Stakeholder Capitalism Metrics for the first time in a construction company.

## 2030 SUSTAINABILITY GOALS

# 60 %

**PRODUCT**  
Increasing the proportion of sales of sustainable products to more than 60% against total revenues by 2030

# 2.1 %

**CLIMATE CHANGE**  
Reducing GHG emissions by 2.1% per year compared to baseline year 2015 by 2030

# 20 KRW billion

**R&D INVESTMENT**  
Investing over KRW 20 billion annually in fortifying core technology Competitiveness of value chain by 2030

## SUSTAINABILITY ORGANIZATION

Board of Directors  
Corporate Governance & Transparent Management Committee

Steering Committee  
Sustainability Management Council  
Chair: CFO  
Secretariat: IR Team

Executive Council Working Group

Propelling Division

<b>PROSPERITY</b> Economic value creation Business competitiveness Risk management	<b>PLANET</b> Climate change Biodiversity conservation Energy virtuous cycle Water management
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<b>PEOPLE</b> Talent management, labor human rights Safety and well-being Supply chain management and support Strategic social contribution	<b>PRINCIPLE</b> Board support Ethical and compliance management ESG policy management
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# HDEC VALUE CREATION

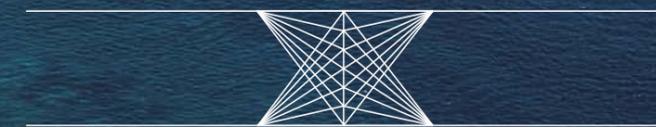
Hyundai E&C's great leap has become a history of constructing a sustainable world, beyond Korea. With differentiated competitiveness of the four major business divisions, Hyundai E&C are pioneering challenges, imagination, excellency and the future as a vanguard in value creation for corporate growth and human prosperity.

## CHALLENGE

INFRASTRUCTURE  
WORKS

## IMAGINATION

BUILDING  
WORKS



## EXCELLENCY

HOUSING  
WORKS

## FUTURE

PLANT  
WORKS

Third Bosphorus Bridge, Turkey

# CHALLENGE

## INFRASTRUCTURE WORKS

The Infrastructure Works are continuously harmonizing with the environment for better life-generating results from nothing.

The Infrastructure Works Division of Hyundai E&C, which has added technology and imagination to its passion and efforts to make the impossible possible, has been bringing new value to the earth by building core infrastructures that enrich human life.

### Sustainable Product Sales in 2020

**9** Projects **54.7** KRW billion

Sewage reuse, new and renewable energy, water resource construction

Hyundai E&C is implementing the UN Sustainable Development Goals through the Infrastructure Works

**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE  
**UN SDG 09**  
 Industry, Innovation and Infrastructure

**6** CLEAN WATER AND SANITATION  
**UN SDG 06**  
 Clean Water and Sanitation



### HOW WE ARE

#### Key areas of competitiveness:

**Ports, underground spaces, long span bridge**

The history of Hyundai E&C's Infrastructure Works Division is closely linked to that of Korea's economic development. Based on the technologies and experiences amassed in 62 countries for 74 years, Hyundai E&C is preparing to broaden its business scope even further. In addition to projects on underground spaces and ports, in which it has already proven its outstanding capabilities, Hyundai E&C is making headway in eco-friendly business areas (e.g. offshore wind, bio-gas). Furthermore, by pioneering new markets, such as in South America and Europe, the company is cementing its reputation as a top tier infrastructure corporation and leader of the global construction market.

### HOW THE WORLD CHANGES

#### New growth areas:

**Offshore wind/hydroelectric power generation**

Based on the increasing importance of issues such as low-carbon and eco-friendliness due to the acceleration of climate change worldwide, the infrastructure sector is witnessing a rapid expansion of the new and renewable energy and eco-friendly construction markets. In particular, predictions that infrastructure markets of major countries/areas of the world (e.g. US, EU, South America) will expand as a means of post-pandemic revitalization and growth of economies are resulting in the opening of new paths (opportunities) to new markets and business areas.

### HOW WE CREATE VALUES

#### Value-creation strategies:

**Underground spaces, ports, floating structures**

To maximize its 74 years of experience and technical ability, Hyundai E&C is strengthening its competitiveness by designating underground spaces, ports, and basic floating/fixed structures for offshore wind power facilities as a core business area and thereby doing its utmost to create relevant new markets. Also, in response to demand for low-carbon and eco-friendly construction, Hyundai E&C will be aggressively implementing new eco-friendly projects in areas such as offshore wind power and bio-energy.

# IMAGINATION

## BUILDING WORKS

Through imagination considering humankind first, the Building Works have created whole new spaces that will go down in the history.

Hyundai E&C, which has been leading the cutting-edge space building coexisting with people, information, environment and technology, presents the value of building for tomorrow beyond the existing architecture areas.

### Sustainable Product Sales in 2020

**11** Projects      **724.5** KRW billion

Energy-saving design, green building certification, building energy efficiency rating, LEED certification business

Hyundai E&C is implementing the UN Sustainable Development Goals through the Building Works

**11** SUSTAINABLE CITIES AND COMMUNITIES      **UN SDG 11**  
Sustainable Cities and Communities

**7** AFFORDABLE AND CLEAN ENERGY      **UN SDG 07**  
Affordable and Clean Energy

### HOW WE ARE

**Key areas of competitiveness:**  
**Design, implementation and management capabilities**

Hyundai E&C's Building Works Division prides itself on its ability to turn cutting-edge spaces, in which people, data, the environment, and technology exist in peaceful harmony, into reality through its virtually infinite supplies of creativity and imagination. Hyundai E&C, which is leading eco-friendly construction paradigms (e.g. green building, high-rise building, hybrid/complex development) in a broad range of facilities—from commercial, medical, office, educational, sports, and culture facilities to cutting-edge industrial facilities and public buildings—is well on its way to becoming a global constructor & developer by expanding its business areas to include mega-projects and CM projects.

### HOW THE WORLD CHANGES

**New growth areas:**  
**Data center, healthcare/distribution facility, smart construction**

A rapid increase in data use due to the advancement of Fourth Industrial Revolution technologies (e.g. IoT, AI, self-driving vehicle) is resulting in a corresponding increase in demand for data centers. Furthermore, humankind is becoming more interested in health and sanitation due to the COVID-19 pandemic. Such interest, paired with an accelerated transition by many countries to a contactless social infrastructure, is translating into a sharp increase in demand for medical facilities and distribution centers.

### HOW WE CREATE VALUES

**Value-creation strategies:**  
**Modular construction, smart construction technology**

In order to respond to changing demand in the construction sector caused by the digitization of industrial environments and global issues such as the COVID-19 pandemic, Hyundai E&C has designated medical facilities, data centers and distribution centers as core product categories and is continuing to expand the number of orders taken per category. The company aims to lead the construction technology paradigm of the Fourth Industrial Revolution era (e.g. modular construction, smart technologies) by securing the trust of clients (via pre-construction services) as well as the superiority of quality based on technological sophistication.

Qatar National Museum, Qatar

# EXCELLENCY

## HOUSING WORKS

The Housing Works is a dream stage to showcase a residential culture that puts people first through innovative design and excellent residential space design.

Hyundai E&C's Housing Works Division, which has contributed to improving the quality of life by presenting a new standard of housing culture in Korea, provides excellent residential space and creates a sustainable base for mankind.

### Sustainable Product Sales in 2020

**67** Projects **3,845.8** KRW billion

Energy-saving design, green building certification, building energy efficiency rating, Housing performance grade certification project

Hyundai E&C is implementing the UN Sustainable Development Goals through the Housing Works



**UN SDG 7**  
Affordable and Clean Energy



**UN SDG 11**  
Sustainable Cities and Communities

#### HOW WE ARE

**Key areas of competitiveness:**  
**Premium-grade housing brand**

Hyundai E&C's Housing Works Division is renowned in the construction industry for its premium brands and services in a wide range of residential buildings that are meticulously tailored to customers' needs, including large-scale redevelopment/re-constructions, apartment complexes, residential-commercial complexes, officetels, and remodeling projects. Through residential brands that are representative of Korea, such as Hillstate and The H (upscale apartment complexes), Hyundai E&C is a true "Lifestyle Leader" that is at the forefront of the residential paradigm of the future.

#### HOW THE WORLD CHANGES

**New growth areas:**  
**Redevelopment/re-construction, zero energy housing**

The Housing Works Division is, by nature, significantly influenced by government policy. The central government's recent announcement of its plan to increase the home supply and the Seoul Metropolitan Government's stance on revitalizing redevelopment and reconstruction are expected to bring more project opportunities to Hyundai E&C. Also, it is becoming increasingly important to preemptively secure technologies and diversifies residential products as a result of multiple domestic and international issues (e.g. prolonging of COVID-19, the emergence of inter-floor noise as a social problem, requiring buildings to be constructed as zero-energy). Hyundai E&C will continue to make every effort to enhance customer values by applying technologies that address social issues.

#### HOW WE CREATE VALUES

**Value-creation strategies:**  
**Develop individual brand (H SERIES) and energy/environmental improvement technologies**

To preemptively reflect changes in markets and customer demand and provide an elegant quality of lifestyle experiences, Hyundai E&C is consistently developing products (such as its signature H Series brand) that are tailored to specific customer needs in areas such as public health, sanitation and contactless services. The company is also securing the technologies that are necessary to minimize inter-floor noise and construct zero-energy buildings. In line with the expansion of Korea's housing market, Hyundai E&C aims to contribute not only to expanding Korea's home supply but also to stabilizing and enhancing the quality of private residences.

# FUTURE

## PLANT WORKS

The Plant Works are performing the composite art which establishes an abundant future by realizing dreams for the joyful life of humankind.

The Plant Works Division which has pioneered the era of abundant energy supply to human society is joining the steps towards the transition to the era of sustainable future energy.

### Sustainable Product Sales in 2020

**7** Projects **283.4** KRW billion

Energy plant, nuclear power plant, renewable/bio business

Hyundai E&C is implementing the UN Sustainable Development Goals through the Plant Works

**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE  
UN SDG 09  
Industry, Innovation and Infrastructure

**7** AFFORDABLE AND CLEAN ENERGY  
UN SDG 07  
Affordable and Clean Energy

**13** CLIMATE ACTION  
UN SDG 13  
Climate Action

### HOW WE ARE

#### Key areas of competitiveness:

##### Oil & gas projects

Hyundai E&C's Plant Division is preparing to become a top-tier global EPC in the plant sector based on its sophisticated technologies and world-class project implementation skills. Through close cooperation with design companies, it has assetized design technologies and secured competitiveness in relation to core projects. By creating the environment that it needs to carry out projects as a "Total Solution Provider" and based on its wealth of technologies and services, Hyundai E&C is pioneering a new, EPC company-directed project development paradigm.

### HOW THE WORLD CHANGES

#### New growth areas:

##### Hydrogen plant, hybrid power generation, smart grid

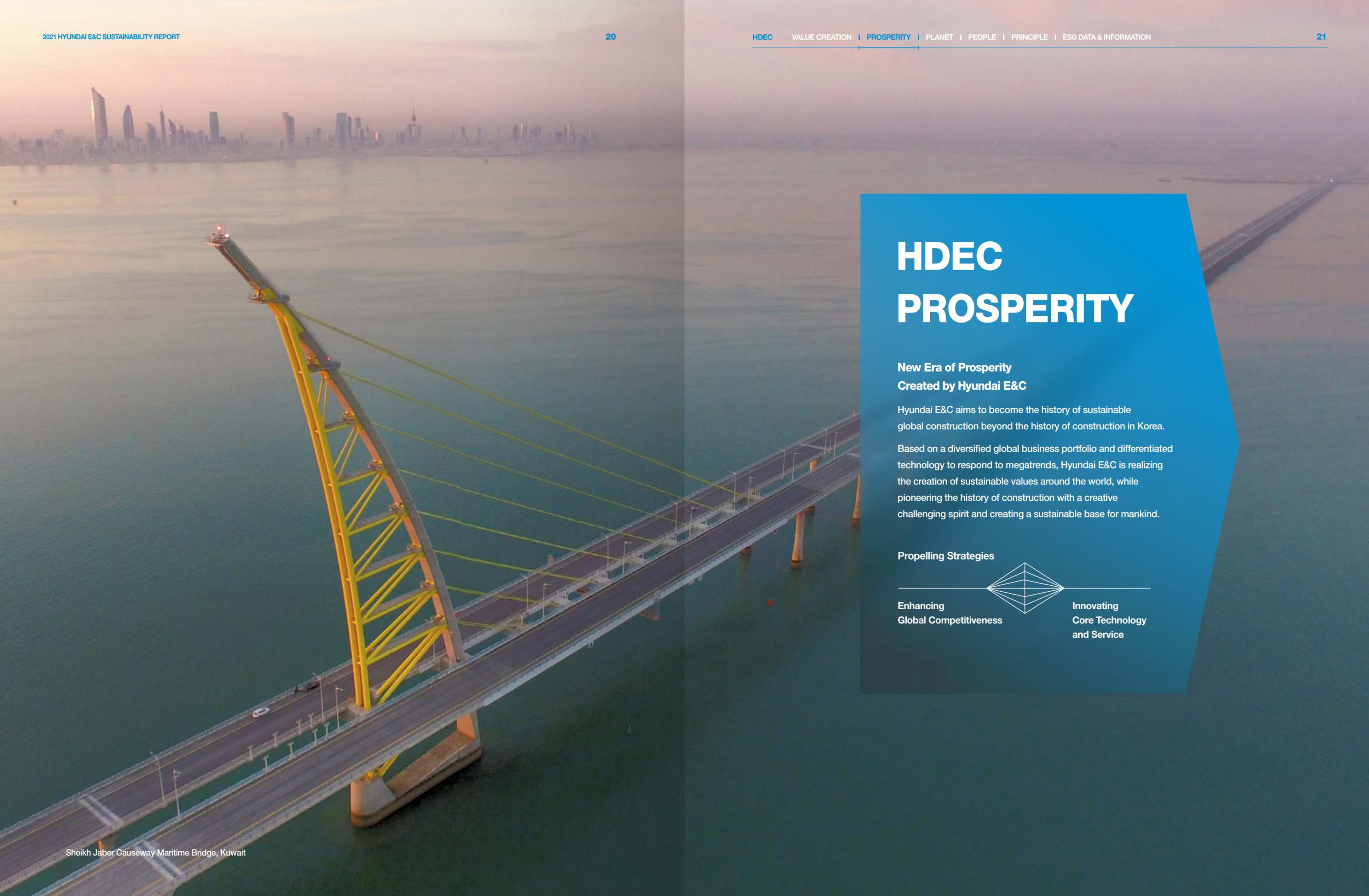
The growth of the coal-free and oil-free industries is bringing about a global consensus on the need for revitalization of the hydrogen economy, expanded demand for eco-friendly energy markets, actual supplying of dispersed, consumer-centric energy sources, and securing of next-generation power transmission/distribution network infrastructures. This is compounded by the prolonging of the COVID-19 pandemic and ensuing rapid reorganization of industrial structures. Hyundai E&C is preparing to engage in new areas by finding new business opportunities in the expansion of professional networks in the energy sector.

### HOW WE CREATE VALUES

#### Value-creation strategies:

##### Project diversification, planning proposal-style projects

Hyundai E&C is concentrating its resources on expanding its portfolio through long-term, strategic collaborations with global corporations in diverse formats that go beyond EPC projects as well as finding planning proposal-style projects through project financing that are best suited to the planning of development projects and the needs of the client. To make this possible, Hyundai E&C is planning, investing in, and operating financing projects and gaining expertise by cultivating/securing designing experts and engaging in technology exchanges with leading companies, which in turn is resulting in the securing of long-term profit.



# HDEC PROSPERITY

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

Hyundai E&C aims to become the history of sustainable global construction beyond the history of construction in Korea.

Based on a diversified global business portfolio and differentiated technology to respond to megatrends, Hyundai E&C is realizing the creation of sustainable values around the world, while pioneering the history of construction with a creative challenging spirit and creating a sustainable base for mankind.

### Propelling Strategies

Enhancing  
Global Competitiveness



Innovating  
Core Technology  
and Service

Sheikh Jaber Causeway Maritime Bridge, Kuwait

# Enhancing Global Competitiveness

Hyundai E&C is building a better world for humankind through the power of its passion and creative ideas and paving the way to a bright future through constant innovation and the willingness to take on challenges. As one of Korea's foremost construction companies that has a significant presence in Korea's history of modern construction, Hyundai E&C has changed citizens' lives in radical and significant ways through its revolutionary construction products. Today, Hyundai E&C is using its peerless technologies and vetted project capabilities to strengthen its competitive edge not only in Korea but throughout the world and rapidly establishing itself as not only an EPC but also a "Total Solution Creator" that is knowledgeable and well-versed in all areas of construction.

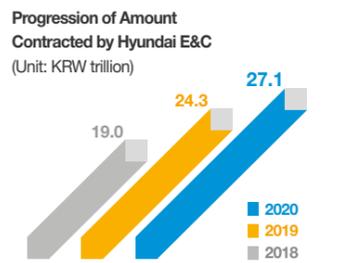
<p><b>MANAGEMENT APPROACH</b></p> <p>Based on EPC competitiveness sophistication and innovation of production methods, Hyundai E&amp;C is producing sustainable values through portfolio conversion (expanded planning, designing, operation), preemptively dominating the energy conversion market, and securing a new driving force to lead the transformation of future urban infrastructures.</p>	<p><b>MAJOR PERFORMANCES</b></p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p><b>27.2</b> KRW trillion</p> <p>Total domestic &amp; overseas orders in 2020</p> </div> <div style="text-align: center;"> <p><b>32</b></p> <p>Number of overseas branches &amp; offices in 2020</p> </div> <div style="text-align: center;"> <p><b>Total Solution</b></p> <p>Solution partner for all stages of business</p> </div> </div>
<p><b>ISSUE BOUNDARY</b></p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  Customer             </div> <div style="text-align: center;">  Employee             </div> <div style="text-align: center;">  Supplier             </div> </div>	<p><b>FURTHER INFORMATION</b></p> <p><a href="http://www.hdec.kr/en/tech/infra_all.aspx">www.hdec.kr/en/tech/infra_all.aspx</a></p>

## Creating Sustainable Economic Values

**Creating Global Economic Values** — The year 2020 was characterized by a global construction economy downturn due to the COVID-19 pandemic. Hyundai E&C responded flexibly to the paradigm shift—digital transformation—by restructuring its organizations on smart construction technologies/design and shifting its modus operandi to be contactless (off-site construction). As a result, in 2020, Hyundai E&C gained 13 project contracts in 11 countries, totaling approximately USD 6.51 billion. Based on this spike in overseas contracts, the company's consolidated contract amount was KRW 27.16 trillion, which is a significant 12 percent increase compared to the same figure for 2019 that proves Hyundai E&C's growing reputation as a global construction leader.

Of note, Hyundai E&C successfully pioneered a new market in 2021 by signing a contract for the construction of Chinchero International Airport (Peru) based on successful contracts of 2020 in many parts of the world in diverse areas of work (residue upgrading complex for Basrah Oil (Iraq; USD 1.8 billion), Metro Line 3 (Panama, USD 1.7 billion), Lusail Plaza Tower (Qatar; USD 1.1 billion), Oumache III Combined-Cycle Power Plant (Algeria; USD 600 million), United Christian Hospital (Hong Kong; USD 400 million), etc.). In 2021, to prepare itself for the post-COVID-19 world, Hyundai E&C will be diversifying its portfolio as a value chain expansion in response to the acceleration of the energy/digital transformations and picking up the pace in entering new markets (per work type, product category, and region/country). The company will also continue its efforts to raise productivity as a response to changes and increase of uncertainties related to its business environment by strengthening its EPC competitiveness and innovating its smart construction technologies.

### Status of Orders by Region in 2020



## Hyundai E&C Proves Staying Power as a Korean Construction Power amid COVID-19 Pandemic

In 2020, Hyundai E&C proved its mettle as a top Korean construction company by signing KRW 27.16 trillion's worth in new domestic/foreign contracts—a figure that combines international (residue upgrading complex for Basrah Oil (Iraq), Metro Line 3 (Panama), United Christian Hospital (Hong Kong), etc.) and domestic (Hannam District 3 redevelop-

ment, Godeok-Gangil Residential District 5BL Redevelopment, Daejeon-Jeonbuk Line, etc.) projects, is 12 percent higher than that of 2019, and exceeds the company's goal amount established at the start of 2020. Hyundai E&C's goal contract amount for 2021 is KRW 25.4 trillion and, based on its extensive experience with overseas projects and sophisticated technologies, plans to focus on project categories that are competitive, such as ports, gas plants, combined development, electric power transmission/transformation, etc.).



Aerial Blueprint of Jeonju Haha District

## Hyundai E&C Exceeds KRW 1 trillion Mark in 2021 for Urban Improvement Contracts

In May 2021, Hyundai E&C won construction rights for the redevelopment/improvement of Jeonju Haha District to exceed KRW 1 trillion mark in the annual accumulated contracted amount. This follows the company's designation in 2020 as having the highest contracted amount for urban improvement projects—the largest output since its found-

ing. Hyundai E&C named the high-end residential complex that is planned to build—the only one of its kind in the center of Jeonju and expected to serve as a local landmark—Hillstate Honone, with the second word being a compound of "honor" and "one." Based on its financial soundness, cash liquidity, unique luxury brands and expertise on quality and technologies, Hyundai E&C has exceeded KRW 1 trillion in urban improvement contracts each year since 2016 to establish itself as a giant in the urban improvement sector.

**Implementing Diverse New Projects** — Global construction trends are evolving quickly due to drastic global climate changes, the development of digital technologies, and changes in social structure. To establish a foundation for future growth, Hyundai E&C is actively implementing projects in new areas, such as new and renewable energy and eco-friendliness. It is especially focused on expanding its new and renewable energy sector (hydrogen plant, offshore wind power, etc.) and eco-friendly projects (smart farm, biogas, refining polluted soil, etc.)—all areas in which Hyundai E&C has substantive experience in designing, construction, and operation, such as the Southwest Offshore Demonstration Wind Farm (60MW) and solar plant in Seosan. The company will be utilizing such operational experience to expand the scope of existing projects and ultimately dominate Korea's new and renewable energy market.

These efforts will be paired with 'H Clean Farm', an eco-friendly project based on growing consumer interest in health issues and uses smart farm technologies to allow consumers to grow green vegetables right inside their apartment complex. H Clean Farm is offered for 'The H', 'Hillstate', and studio apartment brands as the backbone of the "clean life residential space" philosophy that Hyundai E&C aims to imbue to its blueprint for future residential spaces. Hyundai E&C is also striving to secure technologies that reflect future residential trends through projects such as 'H Clean Alpha 2.0' (blocks fine dust and viruses) and 'H Silent Home System' (high-performance floor system that addresses inter-floor noise problem), thereby producing innovative customer values.

### Key New Growth Projects

<p><b>Wind Power Generation</b></p> <ul style="list-style-type: none"> <li>- Jacket design / load assessment</li> <li>- Develop basic of suction bucket</li> </ul>	<p><b>Hydrogen Plant</b></p> <ul style="list-style-type: none"> <li>- Design/construct water electrolysis and hydrogen liquefaction plants</li> <li>- Hydrogen fuel power generation project</li> </ul>
<p><b>Converting Organic Waste into Energy</b></p> <ul style="list-style-type: none"> <li>- Chungju Food Bioenergy Center</li> </ul>	<p><b>Desalination</b></p> <ul style="list-style-type: none"> <li>- Desalination of Shihwa Lake via CNT-RO*</li> </ul>
<p><b>Restoring Polluted Soil</b></p> <ul style="list-style-type: none"> <li>- Restore soil at Janghang Refinery</li> </ul>	<p><b>Future Nuclear Power</b></p> <ul style="list-style-type: none"> <li>- Design/construct Small Modular Reactor (SMR)</li> <li>- Develop core nuclear-decommissioning technologies</li> </ul>

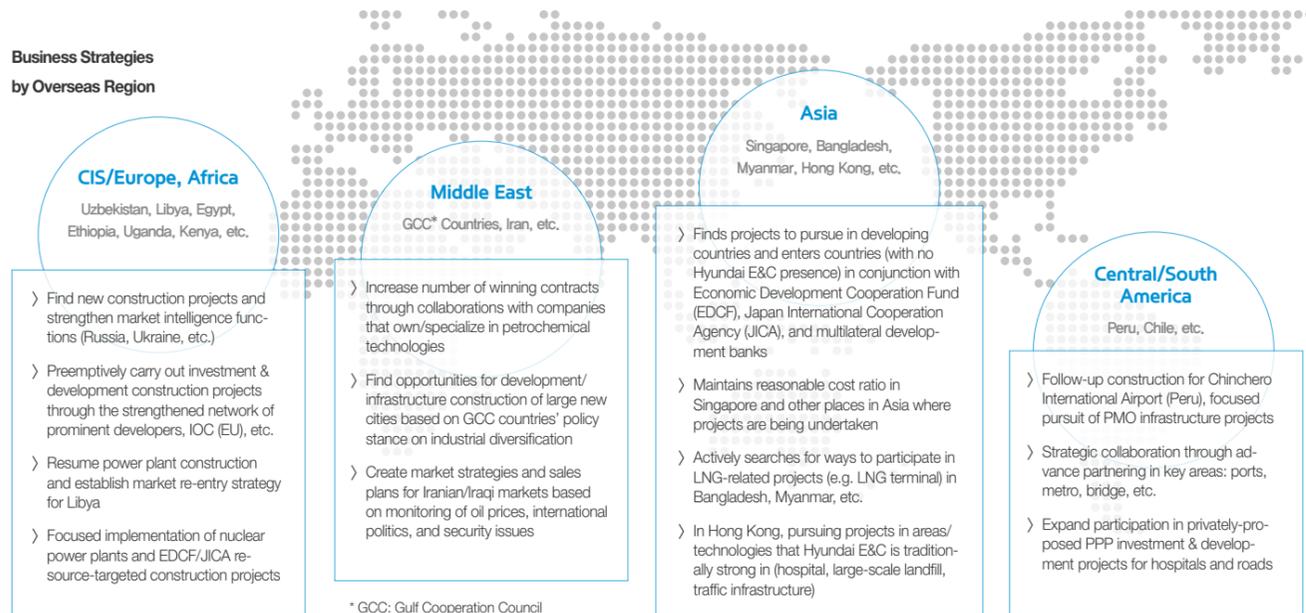
\* CNT-RO: Carbon Nanolube Reverse Osmosis

**Finding New Business Areas** — To respond effectively to the changing environment of the construction industry and create new sources of profit, Hyundai E&C is actively searching for and implementing projects in new business areas. It meticulously analyzes markets through regular market trend monitoring and seeks business opportunities based on changing mega-trends in areas such as transportation, energy, residential services, and converged technology. Furthermore, Hyundai E&C engages in graded implementation of business strategies based on such analyses to ensure substantive outcomes per division. It also is maximizing productivity through a company-wide digital transformation and regularly comes up with areas that can potentially be commercialized in the mid/long term (e.g. UAM (urban air mobility) infrastructure, smart city, hybrid development, hydrogen projects) to prepare itself for future industries.

## Enhanced Competitiveness of International Projects

**Strategies for Entering Foreign Markets** — In order to respond flexibly to the fast-changing environment of the global market, a market diversification strategy is essential. To apply its wealth of business experiences in the Middle East and Asia to other parts of the world, Hyundai E&C designated Central/South America, Sub-Saharan Africa and the CIS as its new focus markets and is doing everything in its power to expand its presence in these markets. One significant accomplishment of 2020 other than winning the contract for Panama Metro Line 3 (the largest infrastructure project ever undertaken by the Panamanian government) was its successful re-entry of two countries (Hong Kong, the Philippines) for a hospital and railway project, respectively, that it had not carried out projects in for several decades—the outcome of improving bid competitiveness through solid risk management and networks that were based on accumulated data. In 2021, Hyundai E&C is engaged in various self-PR activities to enter new markets (Central/South America, North Africa, CIS).

### Strategies for Strengthening International Competitiveness



### Hyundai E&C Successfully Breaks into Central/South American Market

In March 2021, Hyundai E&C earned the contract for the construction of Peru's Chinero International Airport, thereby gaining an advantageous position in the infrastructure construction market of South America, one of Hyundai E&C's target new markets. The project's budget is USD 500 million (approx. KRW 600 billion) and involves the construc-

tion of an international airport with a total runway length of 4 km, one terminal and 13 boarding gates that can accommodate 6 million people per year. By gaining this development contract, Hyundai E&C has more "momentum" for the passenger terminal & runway construction package (USD 400 million) contract that it is currently preparing to bid for. It is an especially significant contract because it comes on the heels of a contract among governments (G2G) by Team Korea (a public-private team) in 2019 for the overall management of the airport project.



Aerial Blueprint of Chinero International Airport

**Expanding Global Management** — Based on its extensive global network of offices and branches in 32 countries, Hyundai E&C is operating overseas projects systematically and efficiently (e.g. finding new overseas projects, key client management, create the subcontracting strategy, on-site management). It is through this system that Hyundai E&C is producing financial outcomes despite the dangers posed by the COVID-19 pandemic. In 2020, Hyundai E&C opened a new office in Manila and expanded its networks in the countries whose markets it is trying to strategically enter. In 2021, it is breaking into new markets based on its experiences in the Middle East and Asia. Efforts to improve global marketing activities (i.e. opening of a new overseas office) to expedite communication with key clients are expected to, at the earliest, result in a noteworthy turnaround by the end of the year.

**Strengthening Global Value Chains** — Overseas branches/offices are an important link between Hyundai E&C's management and overseas business sites: it conveys management's feedback to sites and acts as a go-between in communication between HQ and overseas offices. They not only select local partners and manage overseas supplier pools but also oversee on-site work, thereby contributing significantly to the gaining of overseas contracts and improving Hyundai E&C's ability to carry out projects. Through its sophisticated system (e-Procurement & e-Subcontract) for managing the construction materials and contracts of its overseas offices, Hyundai E&C manages not only bidding, shipping and procurement but also data on purchasing/management (supplier assessment, contracts, making payments, etc.). Also, to ensure efficient overseas on-site purchases, it operates a price contracting program for overseas sites and branches. Furthermore, employees are sent to major overseas branches to be responsible exclusively for sales to make it easier to purchase materials and products locally that are needed for overseas projects and the operation of branches. This has the double advantage of reducing costs and increasing profits for local suppliers. Efforts are made to maintain close relations with overseas suppliers, such as by sending them Hyundai E&C's newsletter.

## Transforming into Total Solution Creator that Leads the Future Business

Hyundai E&C is strengthening its differentiated competitiveness as a Total Solution Creator that provides integrated services covering the entire value chain of the construction industry beyond a construction-oriented EPC company covering planning/marketing, financing, design, procurement, construction, operation and maintenance. Hyundai E&C will strengthen product competitiveness based on core technology and lead the era of construction automation by utilizing smart construction technology. In addition, we will expand the proportion of high-value-added businesses and provide the best brand value by building specialized housing services unique to Hyundai E&C. Hyundai E&C will grow into a global company that can create added value at all stages of business by securing new business opportunities in all business stages of the value chain and providing specialized solutions for each area, by establishing an ecosystem through strategic alliances between heterogeneous industries (energy, mobility, healthcare, infrastructure O&M, life and safety IoT, etc.) and securing synergy through connection with new businesses promoted by Hyundai Motor Group affiliates.



# Innovating Core Technology & Service

The proliferation of next-generation technologies, such as AI, big data, and robotics, across all industries is making the ability to apply such technologies to smart construction an important aspect of construction companies' competitiveness. Hyundai E&C is accelerating its efforts to secure the core technologies that will allow it to be a leader of the Fourth Industrial Revolution era and striving, just as it has always done, to provide customer-centric services that raise the quality of customers' home life.

**MANAGEMENT APPROACH**

By developing source technologies and strengthening its foundation for creating business opportunities, Hyundai E&C strives to improve the sustainability of corporations and humankind.

**MAJOR PERFORMANCES**

**18.3** KRW billion

R&D investments in 2020

**37** cases

Number of R&D projects undertaken in 2020

**46** cases

Number of patent registrations in 2020

**ISSUE BOUNDARY**

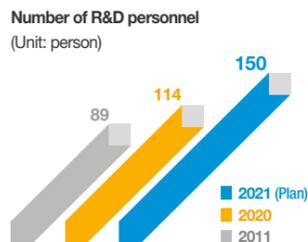
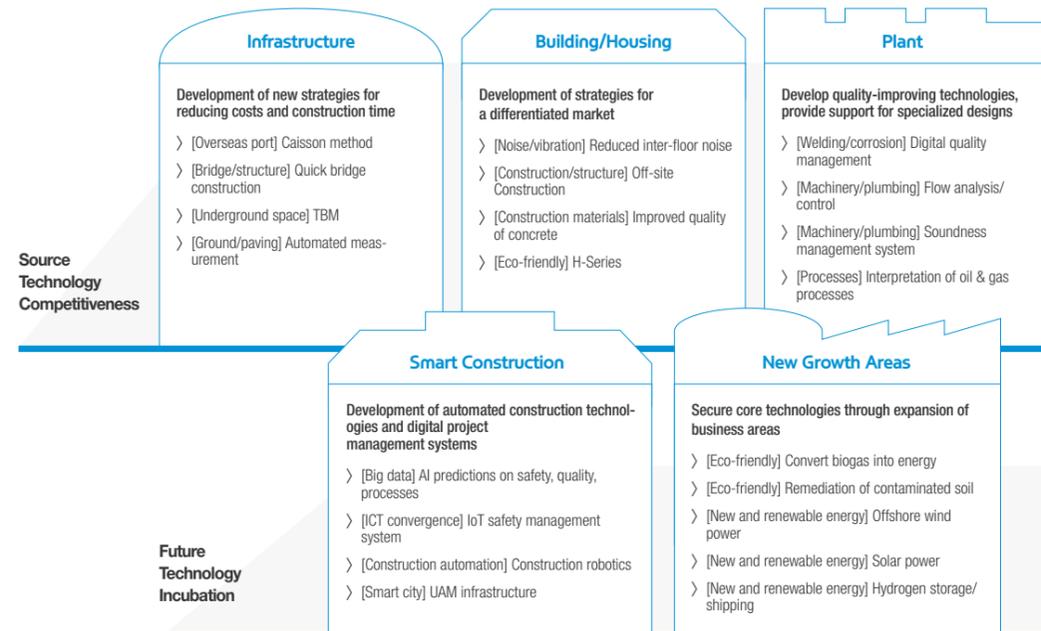
- Customer
- Supplier
- Employee

**FURTHER INFORMATION**

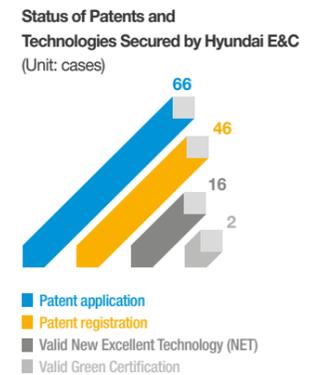
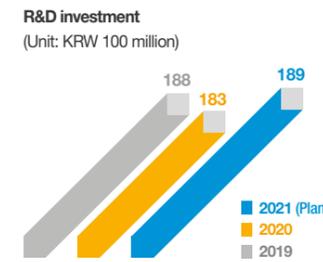
[www.hdec.kr/en/tech/rnd.aspx](http://www.hdec.kr/en/tech/rnd.aspx)

## Innovating Core Technologies

**Main Technology Innovation Strategies** ———— Hyundai E&C is pursuing a two-track R&D strategy to secure core technologies in order to prepare the foundation for its long-term, sustainable growth. First, to make source technologies more competitive, it develops peerless technologies to be applied to all stages of the project, from bidding to construction, to ensure a project's successful completion. Accordingly, Hyundai E&C analyzes successful and unsuccessful examples of projects that are similar to the one it is working on to reduce the risk possibility of the latter. By applying supplemental technologies, it provides technical solutions that can improve the quality and productivity of key business sites. Furthermore, it is responding to changes in Fourth Industrial Revolution trends by accelerating its development of smart construction technologies to be merged with ICT (AI, big data, drone/laser scan, BIM, etc.) for the incubation of future technologies. Based on an analysis of five mega-trends that are closely linked to the construction industry (urbanization, energy conversion, fuel/resource depletion, water shortage, environmental pollution), Hyundai E&C is leading the innovation of futuristic technologies by securing source technologies for new growth/future-oriented products.



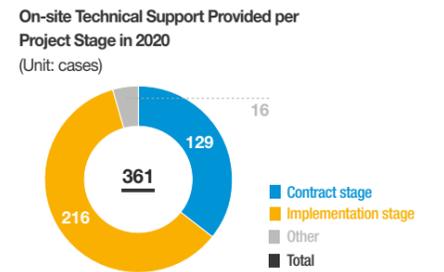
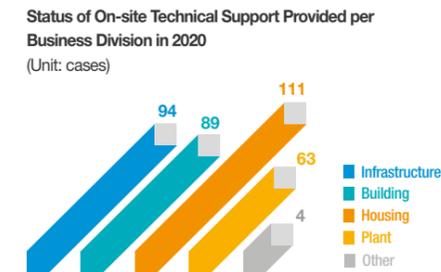
**Investing in Core Technologies** ———— Since founding its Technology Institute in 1989, Hyundai E&C has contributed to the advancement of Korea's construction and engineering industries as the "darling" of Korean construction technologies for the past three decades. In April 2021, to better respond to changes in R&D trends, the Technology Institute was renamed Technology Research Center. Since then, Hyundai E&C has concentrated its abilities on developing and securing core technologies that it needs for its transformation as well as making itself more competitive. Furthermore, as a result of



consistently building up its R&D infrastructure since 2011 (hiring more research personnel, building new research/empirical testing facilities, modifying exhibiting laboratories, replacing equipment, etc.), as of July 2021, the Technology Research Center has 25 affiliated labs and seven empirical testing facilities in Korea and overseas, including one for refining contaminated dredged sediment in Singapore. In May 2020, to strengthen its robotics-based smart construction capabilities, Hyundai E&C purchased Spot, a four-legged walking robot, from Boston Dynamics to conduct unmanned robot patrol research.

**Securing Core Technologies** ———— By strengthening the competitiveness of its technologies by independently developing cutting-edge construction technologies and empirically testing core technologies, Hyundai E&C is actively creating new business opportunities. It also strives to secure high-quality intellectual copyrights (patents), a must in the construction industry: as of 2020, it submitted 66 patent applications and registered 46 patents. In 2020, through a strategic research partnership with Hyundai Steel, CMD Group, and Daewoong, Hyundai E&C earned Green Certification (issued by the Korean government) for its "solidification technology using steel byproducts for soft ground treatment." Hyundai E&C has 16 valid new excellent technology (NET) in construction, the environment, and disaster/fire prevention.

**Applying Core Technologies** ———— By developing cutting-edge construction technologies and processes and applying them to actual sites, Hyundai E&C is consistently improving its ability to gain contracts and implement projects. In 2020, the Research Center provided a total of 361 cases of on-site technical support in Korea and overseas (on-site requests: 264, preemptive assistance: 97): this helped to improve profits by preventing increases in on-site construction fees and replacing outside service contractors with in-house resources. It contributed especially significantly to improving Hyundai E&C's competitiveness in terms of implementing projects and creating the most optimum designs by providing 108 instances of technical support (of 246 on-site requests).



## Innovating Future Technologies

**Innovating Smart Construction** ———— As a traditionally labor-intensive industry, the construction industry is characterized by the direct relationship between the quality of a constructed product and the degree of experience and expertise of the manpower that is responsible for creating it. Based on its cultivation of an organization on futuristic technology innovation for the past decade, Hyundai E&C has become a leader of the smart construction era by using cutting-edge technologies (AI, big data, IoT, robotics, BIM, etc.) to overcome the limitations of personnel and improve productivity and safety. In addition to independently developing Korea's first IoT safety management system, HloS (Hyundai IoT Safety System), Hyundai E&C has secured diverse smart construction technologies (collaborative solution (Common Data Environment) that allows user to review 4D blueprints via BIM (building information modeling), a core technology in smart construction; VR and AR solutions that enable virtual inspection/checking of on-site construction plans; UAVs (unmanned aerial vehicle) that enable unmanned on-site management; etc.) that are being actively applied to construction sites.

### Hyundai E&C's Smart Construction Technologies

Designing Stage	Construction Stage	Maintenance/Upkeep Stage
<p>4D BIM simulation technology</p>	<p>Wearable robotics technology that augments muscular strength</p>	<p>UGV equipment technology for on-site inspection/management</p>
<p>VR simulation of a 3D blueprint</p>	<p>BIM-based AR quality management platform</p>	<p>Four-legged walking robot for on-site inspections/measurements and management</p>

**Innovating Clean Technology** — Clean technology refers to all technologies that, across the entire production process, save resources/energy and prevent or minimize environmental pollution. It is a key next-generation technology that is closely linked to a company's ability to be competitive in the future as a means of combating pollution and responding to the crises caused by drastic climate change. Hyundai E&C is focusing its construction technology capabilities on research in renewable energy, an area that is directly linked to humankind's survival, and with a special concentration on water processing. In 2020, it conducted six research tasks: three on renewable energy (solar power generation), two on biogas, and one on water processing.

Status of Hyundai E&C's Clean Technology Research (As of December 2020)

Type	Research Area	Research Task (details)	Research Outcome	Invested Budget (Unit: KRW million)
Renewable Energy	Solar Power Generation	Development of technology for optimum designing of solar panel support structures	Design and wind load standard for solar panel structures	30
		Development of comprehensive BAPV design guidelines to realize "zero energy" communal housing	Optimized solar panel design tools for GIS data-based communal housing	30
		Development and applicability assessment of technologies that enhance the operational efficiency of solar power generation O&M projects	Smart monitoring system and DB analysis system	25
	Biogas	Development of technologies for ventilation system sophistication to reduce foul odors emitted by basic environmental facilities	Comprehensive foul odor sensor and foul odor management system	5
		Development/inspection of system detection technologies to reduce O&M costs in energy/environmental sectors	Sophistication of O&M danger detection system	53
Water Treatment/Purification	Creation of wastewater processing facilities and operational guidelines for construction sites	Design and on-site empirical testing of the optimum wastewater processing facility	66	



2020 Hyundai E&C Tech Contest Poster

**Open Innovation** — For effective technological innovation, it is crucial to have exchanges on the latest R&D trends with companies, research centers, and suppliers that have the highest levels of R&D capability and engage in "open innovation" activities through partnerships with such parties. Hyundai E&C is expanding its R&D ecosystem by operating diverse R&D platforms and partnership channels. Its most prominent open innovation program is the Technology Contest, which is held annually to encourage creative and innovative technologies/ideas in the construction sector. In 2020, submissions were accepted for the following areas: cost-reducing technology, construction-specialized/differentiating technology, and construction-applicable ICT. Of the 117 submissions received, 12 were named as Outstanding Technologies and provided with KRW 1.08 billion in research funds. Selected technologies were further divided into two groups (immediately applicable, requires modifying): technologies deemed immediately applicable were applied to actual Hyundai E&C construction sites, with those requiring additional development or modification soon to be applied once they are finalized. The 2021 contest will be broadening eligibility to include not only SMEs but also large companies, venture firms, startups and research institutions (public/private research centers, universities, etc.).

Selected Outstanding Technologies in 2020 Hyundai E&C Tech Contest (Unit: cases)



**Hyundai E&C Leads Fourth Industrial Revolution through Innovation of Smart Construction Technologies**

In May 2021, Hyundai E&C succeeded in developing a Smart Construction Management Platform (SCMP) based on 3D blueprint data (BIM), thereby improving its smart construction technology capabilities. An SCMP is a management system that was especially designed to allow real-time monitoring of a site's real-time changes. For example, the status of materials for all stages of a project can be managed

as 3D data. In 2020, Hyundai E&C successfully completed a trial operation of the SCMP for LH Hillstate Hoam and the Coupang Daegu Distribution Center, and efforts are underway for SCMP to be applied to more distribution center construction sites (e.g. Coupang Changwon Du-dong Distribution Center). Such expanded application will allow not only speedy worksite management via mobile phone or tablet PC but also efficient worksite operation in the event of a multi-purpose building, changes in work environment, and changes in the building's design (blueprint).



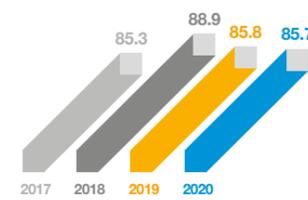
Hyundai E&C's Smart Construction Management Platform

**Innovating Customer Services**



Quality Week Event

Customer Satisfaction Scores (Unit: points)



Customer Satisfaction Scores per Area in 2020 (Unit: points)



**Quality Innovation** — Based on its "customer first" corporate culture, Hyundai E&C is innovating quality and improving its quality management system at the initiative of its QM Team as a means of preemptively responding to customer demands and strengthening its quality-related capabilities. In 2020, it established a quality slogan and seven quality rules and developed the Q-Pocket mobile inspection & management system for the implementation of relevant policies. On-site implementation and quality management are regularly ascertained through the QMC assessment. Efforts were also made for company-wide quality innovation through Punch Day, a participatory program for construction site employees, Quality Week, a company-wide quality campaign, and training for quality middle managers.

**Customer Satisfaction** — To ascertain customer satisfaction level, Hyundai E&C surveys customers and stakeholders on their understanding of Hyundai E&C's quality and values as well as expectations, complaints, and degree of loyalty. Through this survey, Hyundai E&C analyzes customers' demands and reflects the outcomes of such analyses to management activities. In 2020, a customer quality satisfaction survey was conducted of 110 worksites and 746 customers, resulting in an overall satisfaction score of 85.7. Hyundai E&C will be using its survey analyses to ascertain its strengths and weaknesses from the customer's perspective and develop strategies to increase customer satisfaction that will be applied starting in 2022.

**Three Principles on Safety and Fair Transaction with Customers** — Hyundai E&C established three principles in 2021 for housing products, the company's only B2C category, to guarantee fair contracting and the safe and comfortable residential life of all customers based on trust in the Hyundai E&C brand. By providing housing products and customer services that are faithful to basic business principles, Hyundai E&C aims to gain customers' trust to create a virtuous cycle of brand value improvement and customer satisfaction.

**Hyundai E&C's 3 Principles on Apartments for Sale**

1	Abide by lot sale laws
2	Fair designation of terms and conditions
3	Fair advertising and displaying of information

**Hyundai E&C's 3 Principles on Housing Design**

1	Abide by laws on crime prevention
2	Abide by laws on eco-friendliness
3	Abide by laws on product liability

**Customer Information Protection** — Hyundai E&C is making every effort to protect customers' data by responding preemptively to data security threats, which are growing more intelligent by the day. It started by creating a Security Council, which has a level of responsibility that is equivalent to that of the board of directors, that is made up of employees responsible for company-wide security matters as well as security officers per division/issue. Security Council meetings are held to have in-depth discussions on key issues related to data security at Hyundai E&C. Furthermore, based on Hyundai Group's security guidelines, Hyundai E&C conducts a mock system hacking and infrastructure systems check each year through Hyundai AutoEver, a third-party IT systems company. Weak points that are discovered through this procedure are analyzed via simulation to come up with response strategies and carry out preventative measures.

**Responsibilities on Data Security**

Type	Name	Position	Work Experience	Role and Activities
<b>Board of Directors-level Responsibility</b>	Hong Dae-Sik	Chair of the Corporate Governance & Transparent Management Committee (outside director)	Law (legal advice on Personal Information Protection Act, etc.)	Review in-house audits, regulate data protection-related activities
<b>Management-level Responsibility</b>	Yoo Myeong-Geun	Managing Director (Head of Management Support Division), Chief Security Officer (CSO)	Vice-chair of Security Council	Give orders to security officers on planning and implementing Hyundai E&C's security and management related tasks, oversee implementation, give final approval for data security policies/guidelines

**Hyundai E&C Strengthens Smart Construction Competitiveness through Open Innovation**

In January 2021, to improve its competitiveness by preemptively applying smart construction technologies, Hyundai E&C made an equity investment in TENELEVEN, a 3D design solution provider that is also the only company in Korea that owns AI-based automated construction design technology. TENELEVEN is a startup whose automated AI construction design service analyzes a site's topography, view,

and construction laws to come up with the most optimum communal housing layout design and is currently expanding its target clientele to include construction firms, design firms, and developers. Hyundai E&C will be jointly developing with TENELEVEN an AI-based automated 3D design system for communal housing, which is expected to strengthen Hyundai E&C's competitiveness in the design and sale of communal housing units. Hyundai E&C will also continue searching for potential projects in the modular housing sector that utilize automated design solutions to secure a future growth engine.



3D Blueprint Created with Automated AI Construction Design Program



Qatar National Museum, Qatar

# HDEC PLANET

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

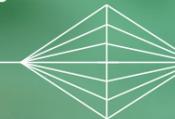
Global environmental issues including the climate change, energy scarcity, and resource depletion are emerging challenges and business opportunities in construction industry.

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.

### Propelling Strategies

Responding  
Climate Change

Realizing  
Eco-friendly  
Construction



# Responding Climate Change

The increasing occurrence of abnormal weather phenomena worldwide due to rapid climate change is resulting in more measures that are based on international cooperation. Hyundai E&C is using the climate change framework proposed by the Financial Stability Board (an international financial monitoring body that was founded after the G20 London summit) Task Force on Climate-related Financial Disclosures to undertake company-wide efforts on climate change response.

**MANAGEMENT APPROACH**

Hyundai E&C enhances environmental values by recognizing the importance of climate change response and through multi-faceted strategies for improving the efficiency of environment/energy management.

**MAJOR PERFORMANCES**

**LEADERSHIP A**

CDP Korea Hall of Fame for three consecutive years

**22.94%**

GHG emissions reduction rate in 2020 (compared to 2019)

**24,130** tCO<sub>2</sub>e

GHG emissions reduction in 2020

**ISSUE BOUNDARY**

- Customer
- Employee
- Supplier
- International Society

**FURTHER INFORMATION**

[www.hdec.kr/en/invest/environment.aspx](http://www.hdec.kr/en/invest/environment.aspx)

## Climate Change Governance

### TCFD 1a

Board's oversight of climate-related risks and opportunities (CDP CC1.1a)

### TCFD 1b

Management's role in assessing and managing climate-related risks and opportunities (CDP CC1.2a)

**Climate Change Responsibilities on the Board of Directors** — On October 23, 2020, Hyundai E&C decided by vote of the board of directors to enact operational regulations (Article 3-7) for the Corporate Governance & Transparent Management Committee, which is affiliated with the board of directors, as a means of engaging in responsible management practices on sustainability (ESG risk management). Issues on climate change are reviewed and voted on by the board of directors so that Hyundai E&C's management strategies incorporate systematic response plans on climate change. The committee independently and objectively supervises/assesses the impact of climate change issues on Hyundai E&C as well as Hyundai E&C's management of climate change risks and opportunities. It is responsible for making decisions on important issues on climate change risk/opportunities.

### Climate Change Issues Assessed on the Board of Directors in 2021

\* Please refer to a letter for stakeholders on the Coal Exit Declaration (p. 88-89).

Vote on Coal Exit policies*
Expand projects on new and renewable energy and eco-friendliness
Increased investment in the environment

**Climate Change Organization** — Each month, Hyundai E&C's Environmental Management Team and RM Team conduct risk-based supervision (RBS) of ongoing and prospective projects. In particular, the focus is given to distinguishing and assessing climate change risks/opportunities. Selected climate change risks are reported to the heads/directors of relevant divisions, while issues are reported to and discussed by Hyundai E&C's Sustainable Management Council (SMC) for the establishment of company-wide management response strategies. The SMC, which was launched in October 2020, is under the direction of the CFO and is comprised of 19 teams and 14 divisions (as of May 2021), with working-level and executive-level employees. The SMC is also compartmentalized by the seriousness of climate change issue and response plan stage. Through this system, of the climate change risks/opportunities selected for company-wide consideration, those that are deemed as high priority are reported to the CEO, resulting in their being applied to various corporate decision-making processes (strategy designing for new projects, creating management plans, etc.).

## Hyundai E&C Emerges as Leading Global Climate Change Company

In April 2021, Hyundai E&C was included for the third consecutive year in the CDP Korea Hall of Fame by the Carbon Disclosure Project (CDP; global environmental management certification body) Korea Committee. The CDP is an annual global project that assesses, analyzes, and writes reports on climate change response activities conducted by major

listed companies worldwide. It is regarded as one of the world's most trusted sustainability indices (alongside DJSI and Bloomberg ESG). Being named for the Hall of Fame is the highest possible honor that is only given to companies that were named to the Carbon Management Honors Club for five consecutive years, proving that Hyundai E&C's ability to respond to climate change is top-notch. Moving forward, Hyundai E&C will be actively pursuing greenhouse gas emissions and contributing to enhancing environmental values.



Selected as CDP Korea Hall of Fame for Three Consecutive Years

## Climate Change Strategies

### TCFD 2a

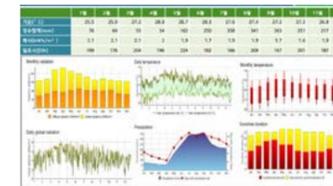
Climate-related risks and opportunities the organization has identified over the short-, medium, and long term (CDP CC2.1)

### TCFD 2b

Impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning (CDP CC2.2-3)

### TCFD 2c

Resilience of the organization's strategy, taking into consideration different climate-related scenarios (CDP CC3.2)



Climate Change Impact Analysis for North-South Railway Construction Project in Philippines

Finally, major management principles are announced to stakeholders through screening/vote by the board of directors (Corporate Governance & Transparent Management Committee), Hyundai E&C's final decision-making body.

**Climate Change Risks and Opportunities** — Hyundai E&C assesses risks and opportunity factors related to climate change from financial as well as strategic perspectives. The extent of such impact is ascertained largely based on two aspects: 1) degree of impact on business and 2) need for responses. If something is deemed as not immediately being a risk but nevertheless requiring consistent supervision, it is classified and managed as a latent risk. Risk types that are given primary attention and consideration are: climate change trends/regulations, requests by stakeholders, physical damage, and whether it is a government-funded project.

In terms of influence on business, each category is assessed as "high, middle, or low" after taking into consideration the ripple effect of factors including financial impact, business opportunity/operation rights, and reputation. Instances in which 1) the cost of physical damages caused by climate change exceeds KRW 1 billion or 2) operating profit suffers a loss of at least KRW 10 billion are classified as "high" impact. In terms of the response necessity, assessment is based on consideration of factors such as whether the information is revealed that has financial influence (penalty, etc.) or the scale of government-funded projects (or whether such projects are made mandatory).

### Standard for Designating Critical Climate Change Issues

Physical Damage	Profit Decrease	Revealing of Data
Cost of physical damage caused by climate change exceeds KRW 1 billion	Operating profit suffers the loss of at least KRW 10 billion due to physical damages caused by climate change	Penalty is accrued due to force, case in which data is revealed that has financial impacts

**Climate Change Impact Analysis** — Each month, Hyundai E&C makes a climate change risk/opportunity analysis that targets not only business sites that it operates directly but also upstream and downstream companies. In the event that a climate change risk or opportunity is discovered, an impact assessment is conducted alongside the respective project or business strategy. The scope of the impact assessment takes into consideration short, middle and long-term factors. Furthermore, in-house assessments and unannounced inspections are regularly made to verify that measures are being adequately taken for major risks or opportunities. If anything is lacking, improvements are required to be made in a timely manner.

Regarding climate change risk, in order to preemptively respond to the financial risks that may occur if Hyundai E&C is designated as a company that is subject to the Emission Trading Scheme (ETS) regulating, the company consistently educates itself on ETS trends and influences. In terms of market risk, due to the unavoidable increase in the price of energy-intensive construction materials (e.g. cement, steel), Hyundai E&C monitors raw material price changes in order to apply them to work processes. Regarding climate change opportunity impact, Hyundai E&C is doing its utmost to predict the financial impact of and prepare for the following: increase in sales due to increased demand for low-carbon products/services, decrease in operational cost due to use of highly efficient products and distribution systems, and the development of new products and services through innovation.

### Climate Change Risk Impact Analysis

(Unit: KRW)

Risk Factors	Major Financial Impacts	Duration	Potential Financial Impacts	Management Costs
<b>Regulation &amp; Market Risk</b>				
1 Increased Price of GHG Emissions Permits	Increased indirect (operational) costs	Mid-term	675,554,500	4,740,000,000
2 Increased Cost of Raw Materials	Increased direct costs	Mid-term	40,521,600,000	400,500,000
<b>Total</b>			41,197,154,500	5,140,500,000
<b>Physical Risk</b>				
3 Increased Damage Due to Abnormal Weather Phenomena	Decrease in sales due to reduced production capacity	Short-term	5,727,200,000	58,341,200

### Climate Change Opportunity Impact Analysis

(Unit: KRW)

Opportunity Factors	Major Financial Impacts	Duration	Potential Financial Impacts	Management Costs
1 Development and/ or Expansion of Low-carbon Products and Services	Increased sales due to growing demand for low-carbon products and services	Mid-term	365,624,000,000	1,943,830,000
2 Use of More Efficient Production and Distribution Processes	Reduced operating costs	Mid-term	778,555,000	3,543,681,900
3 Development and/ or Expansion of Low Emission Products and Services	Increase sales by changing consumer preferences and securing competitive advantage	Short-term	13,000,000,000	1,943,830,000
<b>Total</b>			379,402,555,000	7,431,341,900

## Climate Change Risk Management

### TCFD 3a

Organization's processes for identifying and assessing climate-related risks (CDP CC2.2)

### TCFD 3b

Organization's processes for managing climate-related risks (CDP CC2.2)

**Climate Change Response Strategies** ————— To ascertain the risks and opportunities to be brought about by climate change in the short-, middle-, and long-term, based on global climate change scenarios, Hyundai E&C conducted scenario analyses that took into consideration both physical and transformative aspects. For the physical aspect, RCP scenarios (RCP 2.6, 4.5, 6.0, 8.5), WRI assessment tools, and the Korea Meteorological Administration's Climate Change Report were used. For the transformative aspect, analyses were conducted based on consideration of the Paris Agreement's goals and plan for transition to a low-carbon future as well as IEA scenario (2DS, B2DS), foundational review of the SBTI's Science-Based Reduction Target methodology, the Korean government's efforts to reduce Korea's greenhouse gas emissions, and Korea's NDCs (Nationally Determined Contributions). The RCP scenarios are a group of scenarios on four kinds of climate change that were included in the Intergovernmental Panel on Climate Change's Fifth Assessment Report (AR5).

A review of feasible reduction goals which takes into consideration scenario analyses and the potential for mid/long-term reduction resulted in two goals: for the mid-term, compared to 2015 emissions, a decrease by 27.3 percent by 2030; for the long-term, compared to 2015 emissions, a decrease by 52.4 percent by 2050 (annual average: 2.1 percent). Scope 1, 2 and 3 emissions are all subject to reduction—a level that is on par with international demands and stances on greenhouse gas emissions.

**Climate Change Risk Assessment** ————— Hyundai E&C's climate change risk/opportunity assessment is comprised of two parts: company-wide assessment and asset-level assessment. Regarding company-wide climate change risk/opportunity assessment, it is usually conducted in conjunction with the company-wide severity assessment matrix. Assessment results are reported to the SMC through the head of divisions. The SMC collects the information sent by each division on risk/opportunity factors (e.g. climate change, environmental pollution, quality, safety) and applies it to the company-wide comprehensive severity assessment matrix, which predicts risks that may occur over the short-term, mid-term, or long-term (at least 10 years) in relation to urbanization, water depletion, environmental pollution, energy/fuel, and resource depletion.

In terms of asset-level climate change risk/opportunity assessment, the RM team is responsible for pre-contract risk/opportunity ascertaining. During the contracting process, to prevent direct/indirect capital loss due to climate change, the Pre-contract Review Committee (PRC) minimizes financial loss by responding to latent threats (e.g. delays caused by regional factors, weather/climate, etc.) per project. The Environment Management Team is responsible for post-contract risk/opportunity ascertaining. The comprehensive risk management system records climate-related changes and energy technologies used at HQ and construction sites and reviews carbon-related activities and implementation outcomes as well as outcomes on emission decreases. Finally, data collected per project is later integrated into and managed by a company-wide risk/opportunity assessment system.

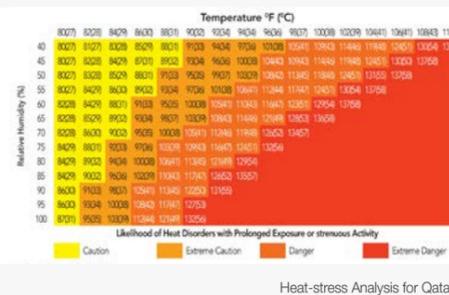
**Climate Change Risk Management Process** ————— Hyundai E&C is strengthening its company-wide risk management capabilities through its severity assessment and comprehensive risk management system. Climate change risks are assessed and managed in conjunction with corporate strategy. To discern and manage the factors that have a long-term effect on its sustainability, Hyundai E&C assesses each factor's degree of importance each year. The assessment process is carried out in the following order: environmental analysis, participation by stakeholders, and assessment/prioritizing of each factor.

At the project level, Hyundai E&C uses its risk management system (& PRC) to consider climate change risks from three perspectives: project implementation, financial impact, and sustainability. In particular, physical environmental dangers that can affect the duration and/or cost of construction (rainfall, solar radiation, wind, etc.) and climate change-related risks are included as assessment items, while key aspects to be monitored are derived through a comparison of each risk's relative size. Both company-wide risk management and project-level risk management are conducted in annual units at the working level. Important issues and the status of risk management are regularly reported to the SMC and CEO, with serious/grave issues reported to the Corporate Governance & Transparent Management Committee (BOD organization).

## Hyundai E&C Overcomes "Heat Stroke Climate" through Climate Change Risk Assessment

Rapid climate change is resulting in accelerated global warming and a growing number of natural disasters. Hyundai E&C, which operates businesses at construction sites worldwide, is making work processes as efficient as possible by conducting climate change risk assessments per site. For example, when bidding in 2020 for the construction of a plant in Ras

Laffan Industrial City (Qatar), Hyundai E&C assessed heat stress risk caused by high temperatures and humidity during the pre-contract risk assessment meeting and prepared a response strategy for such phenomena. Based on the fact that, in the Middle East and North Africa, outdoor work time is limited during the hot summer months, Hyundai E&C analyzed the extent to which the construction period would be affected based on heat stress data and the number of days that work could be suspended. The outcomes of such analysis were used as evidential data during negotiations with the client.



## Climate Change Indices and Reduction Goals

### TCFD 4a

Indices for assessing climate change-related risks and opportunities (CDP CC2.1b, CC7.3)

### TCFD 4b

Disclose risks related to greenhouse gas (GHG) emissions (CDP CC6)

### TCFD 4c

Targets to managed climate-related risks and opportunities and performance against targets (CDP CC4.1)

**Climate Change Indices Management** ————— For IT-based management of environmental outcomes, Hyundai E&C developed a comprehensive environment outcome management system that is operated as part of H-PMS (Hyundai-Project Management System) and enables effective tracking and management of environmental performances (energy consumptions, GHG emissions, wastes, other emission limits (BOD, COD, SS, fine dust, etc.) are exceeded, etc.) at all sites. Furthermore, by linking and jointly managing diverse systems (ISO 14001 (environment management system) operation, ISO 50001 (energy management system) operation, greenhouse gas management, waste management, etc.), the company is maximizing both environmental conscientiousness and managerial efficiency. In 2020, the environment outcome management system was made more effective by adding a "Critical Factor Management Proposal & Outcome Report" function.

**GHG Emissions Management** ————— Hyundai E&C has long been a leader of carbon management in the construction sector, as evidenced by its creation of a greenhouse gas inventory system in 2010 and being the first construction company in the world to gain ISO 50001 certification (and apply it to sites) in 2012. Also, as a company that is subject to supervision of its greenhouse gas energy goals according to the Framework Act on Low Carbon, Green Growth, Hyundai E&C is doing its utmost to reduce greenhouse gases by calculating not only domestic and/or Scope 1 and 2 emissions (which it is required to do) but also, voluntarily, overseas and/or Scope 3 emissions (construction equipment). It is focusing on accomplishing its greenhouse gas reduction goals through its (site-based) greenhouse gas occurrence prediction and monitoring system.

Category		2017	2018	2019	2020
Direct GHG Emissions (Scope 1)	Domestic	19,439	19,890	15,536	10,986
	Overseas	411,001	403,312	402,368	156,085
	Total	430,440	423,202	417,904	167,071
Indirect GHG Emissions (Scope 2)	Domestic	52,444	53,390	58,090	64,663
	Overseas	148,256	117,222	120,146	76,006
	Total	200,700	170,612	178,236	140,669
Other Indirect GHG Emission (Scope 3)	Domestic	251,090	319,346	277,213	330,060
	Overseas	171,063	182,141	102,012	113,858
	Total	422,153	501,487	379,225	443,918
Total GHG Emission	Domestic	322,973	392,626	350,839	405,709
	Overseas	730,320	702,675	624,526	345,949
	Total	1,053,293	1,095,301	975,365	751,658

**Climate Change Targets Management** ————— To realize its vision, "Global Green One Pioneer," and contribute to achieving Korea's greenhouse gas reduction goal, Hyundai E&C established the goal of reducing its Scope 1, 2, and 3 greenhouse gas emissions (including overseas) by 52.5 percent by 2050 compared to the same figures for 2015. As such, it is currently a leading figure in climate change response. One noteworthy feature of Hyundai E&C's goal is that it includes greenhouses gases produced by suppliers' equipment in addition to the Scope 1 and 2 greenhouse gases produced by Hyundai E&C itself. To achieve its reduction goal, Hyundai E&C is taking a three-prong approach (optimizing of items to be reduced, Green Campaign, providing greenhouse gas response training to employees) through which it is consistently coming up with (HQ and construction sites) aspects in which greenhouse gases can be reduced and making employees more conscientious about greenhouse gas emissions and energy use.

Category	2017	2018	2019	2020
Total GHG Emissions Reduction	69,444	66,580	65,182	24,130
GHG Emissions Reduction by Energy Efficiency	68,589	65,860	64,477	22,951
GHG Emissions Reduction by Energy Facility Replacement	711	571	559	1,169
GHG Emissions Reduction by Eco-friendly Vehicles	144	149	146	10

\* Decrease in application (cases) of reduction items due to increase in the initial construction in 2020.

# Realizing Eco-friendly Construction

The construction industry is, by nature, an industry that uses large quantities of materials in all stages of the construction process—from designing to purchasing, shipping, building, demolishing, and operation—which inevitably affects the environment. By creating eco-friendly construction processes that are based on smart technologies, Hyundai E&C is focusing its energy on minimizing its negative impact on the environment while also enhancing construction efficiency.

<p><b>MANAGEMENT APPROACH</b></p> <p>Hyundai E&amp;C uses an environment energy management system and eco-friendly construction processes to systematically reduce its impact on the environment.</p>	<p><b>MAJOR PERFORMANCES</b></p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p><b>ISO 50001</b></p> <p>ISO 50001:2018 certified in 2020</p> </div> <div style="text-align: center;"> <p><b>33.17</b> KRW billion</p> <p>Environmental protection investments in 2020</p> </div> <div style="text-align: center;"> <p><b>99.22</b> %</p> <p>Waste reuse rate in 2020</p> </div> </div>
<p><b>ISSUE BOUNDARY</b></p> <div style="display: flex; justify-content: space-around;"> <div>Customer</div> <div>Employee</div> <div>Supplier</div> <div>Local Community</div> </div>	<p><b>FURTHER INFORMATION</b></p> <p><a href="http://www.hdec.kr/en/invest/environment.aspx">www.hdec.kr/en/invest/environment.aspx</a></p>

## Environmental Management Promotion

**Creating Global Economic Values** ————— To fulfill its environmental management vision, “Global Green One Pioneer,” Hyundai E&C has created a long-term environmental management road map (including an environmental management agenda) to be achieved by 2050 and is engaging in multi-faceted environmental management activities to strengthen its reputation as a globally-recognized, eco-friendly corporation. To achieve this end, Hyundai E&C has prepared an environmental management system that covers all business practices, from technology development to purchasing, shipping, construction, demolishing and operation, and creates guidelines/goals on the environment/energy each year (company-wide and sites) and strictly adheres to these goals through detailed implementation plans. In 2020, it established two environmental energy goals (Environment Penalty Zero, 10% Decrease in Greenhouse Gas) to maximize the outcomes of environmental energy management. In 2021, in the face of a heightened visibility of climate change due to the threat to humankind posed by the COVID-19 pandemic, Hyundai E&C will be supporting the objectives of the 2015 Paris Agreement (COP21), an agreement within the United Nations Convention on Climate Change, as a global corporate citizen. The company will also start assembling a carbon-zero management roadmap to contribute to the carbon-neutral policies set forth by major countries. Furthermore, to create a greenhouse gas reduction infrastructure that is sustainable, Hyundai E&C will be reviewing its mid/long-term road map and re-structuring its goals to reflect the interests and needs of stakeholders on sustainability-related issues.

### Environmental Management Strategies

### GLOBAL GREEN ONE PIONEER



### ISO 14001 : 2015

Environmental Management System Certified

### ISO 50001 : 2018

Energy Management System Certified

**Environmental Energy Management System** ————— By operating a comprehensive, eco-friendly environmental system that it created in 2013, Hyundai E&C is effectively implementing and managing the outcomes of environmental energy management. It has leading energy-centric management practices and is the first in Korea’s construction industry to obtain ISO 50001 certification. In 2018, Hyundai E&C sophisticated its IT systems (waste occurrence management, GHG management), based on which it is ascertaining and controlling the impact of corporate operations on the environment. Since 2020, to make its environmental energy management system on par with elevated international standards, Hyundai E&C changed to an ISO 50001-defined system in 2018. To ensure the smooth operation of its environmental energy management system, Hyundai E&C uses a comprehensive environmental energy management manual, 16 sets of managerial regulations/guidelines, and 12 technology regulations/guidelines.

## Environmental Management System

**Environmental Management Assessment** ————— Each year, Hyundai E&C conducts regular on-site inspections and assessments at major domestic and overseas construction sites as a means of strengthening its environmental energy management capabilities. Inspections and/or assessments are conducted based on the size and characteristics of a particular site, with additional inspections held for those that are deemed inadequate. Inspection/assessment outcomes are reflected in the performance evaluations of on-site managers and team leaders and included in assessments of site management as well as of the overall construction process, with sites that gain high scores paid a special bonus. Furthermore, employees are made more aware of and interested in environmental energy management through an increase in assessments on vulnerable areas and by establishing work process improvement strategies.

In 2020, Hyundai E&C conducted environmental inspections and assessments for 49 sites (domestic and overseas) and 29 unannounced inspections and 37 instances of early-stage on-site support. In 2021, Hyundai E&C will be using 2020 outcomes as the basis for managing on-site environmental activities through working level-based environmental assessments, preemptive on-site inspections and support, and fortifying support given to sites at the early-stages.

<p><b>On-site Environmental Inspection, Assessment, and Support</b></p>	<p><b>Environmental inspection/assessment</b></p> <p>Performance assessment of all on-site work areas related to the environment</p> <p style="text-align: center;"><b>49 times</b></p> <p><b>Working level-based assessment of on-site environmental management</b></p> <ul style="list-style-type: none"> <li>Strengthen assessment items and point awarding for on-site environmental assessment</li> <li>Further subdivide point-giving standards per assessment item</li> <li>Fortify assessment of HQ’s adherence to environmental management guidelines</li> </ul>	<p><b>Unannounced inspection</b></p> <p>Inspection/support in the event of the environmental issue or by request of a site</p> <p style="text-align: center;"><b>29 times</b></p> <p><b>Preemptive on-site inspection and support</b></p> <ul style="list-style-type: none"> <li>Immediately active on-site support system in the event of an issue</li> <li>Concentrated supervision of sites with high environmental risk</li> <li>In the event of outside inspections, conduct pre-inspection and provide support where necessary</li> </ul>	<p><b>Early-stage on-site support</b></p> <p>Support for permit obtaining and establishing the environmental management system for early-stage sites</p> <p style="text-align: center;"><b>37 times</b></p> <p><b>Fortify support for early-stage sites</b></p> <ul style="list-style-type: none"> <li>Graded managing of sites (after early-stage support) per risk grade</li> <li>When giving early-stage support, fortify training of Hyundai E&amp;C/supplier employees</li> <li>Create/distribute environmental management guidebook in early-stage</li> </ul>
<p><b>Key Activities</b></p>			
<p><b>Number of Times Implemented in 2020</b></p>			
<p><b>Goals for 2021</b></p>			

**Environmental Education** ————— Hyundai E&C systematically provides environmental education programs to improve employees’ understanding of environmental education and expedite participation in relevant activities. Environmental education is conducted at least twice per year both within Hyundai E&C and at construction sites to ensure an adequate level of on-site environmental management capability. Training conducted by sites is done according to the site’s circumstances (group training, video classes, etc.) to maximize the educational effect. In 2020, due to COVID-19, 12 new videos were created, each on how to manage a different environmental issue, to broaden the availability of contactless educational resources. In 2021, Hyundai E&C updated its environmental risk diagnostic table for ESG assessments (for suppliers) to strengthen its supply network environmental management system. In the second half of the year, a Hyundai E&C on-site inspection support team will be visiting suppliers (sites) that were deemed “high risk” by the environmental risk level assessment to provide individually-tailored consulting/support and environmental education.

**Environmental Accident Response** ————— Hyundai E&C has in place an environmental accident response system that is on par with international standards. Currently, it conducts emergency response training each quarter at domestic and overseas sites for various types of environmental accidents/situations. In turn, each site has a scenario-based response system that it follows (and briefs Hyundai E&C on) in the event of an environmental accident that abides by Hyundai E&C’s prevention/response guidelines. There is also an environmental accident task force that makes it easier to report accidents in a timely manner. Hyundai E&C is making every effort to prevent in-house and outside personnel from suffering damages due to environmental accidents.

### Hyundai E&C Leads Eco-friendly Construction through Smart Construction Technologies

By applying its smart technologies to construction sites, Hyundai E&C is at the forefront of Korea’s eco-friendly construction sector due to its ability to reduce construction through increased construction productivity and reduce the amount of materials used. In particular, through OSC (Off-Site Construction) technology (refers to the creation of

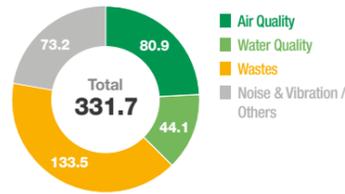
building structures/parts at a plant and assembling them at the construction site), Hyundai E&C is drastically reducing construction time for diverse projects (e.g. apartment complex, single-unit dwelling, pier, breakwater) as well as the amount of energy and water required for construction sites. Furthermore, Hyundai E&C’s OSC task force is actively conducting research on using PC (pre-cast concrete) not only for underground structures but also for above-ground buildings.



Off-Site Construction

## Minimizing Environmental Impact

Environmental Protection Investments (Unit: KRW 100 million)



**Site Environmental Impact Management** — Based on the eight environmental standards designated in 2019, Hyundai E&C conducts both internal and external assessments each year of all sites worldwide. The company also systematically manages on-site environmental impact management by analyzing environmental risks posed per site. Hyundai E&C classifies and monitors on-site environmental impact into four environmental factors: air, water quality, soil, and noise/vibration. As such, it is doing everything in its power to minimize the effect that its construction sites have on their surroundings.

After the establishment of detailed environmental manuals in 2019 (fine dust management, waste management, noise control, etc.), in 2020, Hyundai E&C distributed a permit application write-up guideline, fine dust reduction guideline and collection of outstanding environmental management cases to sites as part of its efforts to minimize on-site environmental impact. Also, IoT-based environmental substance detection sensors were applied to sites to enable the preemptive taking of measures on on-site noise and fine dust emissions. In 2021, Hyundai E&C will be distributing a new guidebook on environment-related on-site tasks and providing relevant assistance with a focus on sites with high environmental risk.

**Fine Dust Management** — To minimize the fine dust that is released into the air during construction at construction sites, Hyundai E&C created guidelines for each work process that involves fine dust (approval/licensing, outdoor stacking, transport, mining/collection, shipping, outdoor cutting, loading/unloading, outdoor grinding, etc.) and uses them as the basis to manage the emissions on a company-wide level. It also conducts special inspections per site of fine dust and distributes its Fine Dust Emergency Reduction Measure & Response Guide to all sites. Through this guideline, Hyundai E&C is doing its utmost to preemptively restrict emissions: whenever a fine dust reduction order is issued by the central government, subject districts/regions and rules for dealing with fine dust are posted on the company's website.

**Water Management** — The construction industry, by nature, uses large amounts of water during any construction project for various processes, including washing off fine dust and depositing concrete. When reducing fine dust emissions, Hyundai E&C uses highly-efficient sprinkling equipment (sprinklers, sprayers attached to temporary fences, etc.) in lieu of a large sprinkler truck, which consumes a lot of water, to reduce the amount of consumed water. Furthermore, for sites where wastewater inevitably occurs, Hyundai E&C operates purification/processing facilities and regularly conducts water quality inspections, with special attention given to the quality of effluent water.

Water Usage (Unit: 1,000 ton)

Category	2017	2018	2019	2020
<b>Total Water Usage</b>	781.93	746.58	802.05	1,278.00
> Tap Water	266.70	504.93	403.82	472.06
> Surface Water (lake, river, etc.)	386.21	105.19	292.02	505.34
> Underground Water	107.07	121.61	65.09	196.31
> Other	21.95	14.85	41.11	104.29
<b>Wastewater*</b>	4,298.93	5,449.84	5,333.86	8,311.23

\* Includes large amounts of subterranean water that is processed when it occurs naturally during tunnel construction or underground excavation

### WRI Water Stress Diagnosis Results and Measures Taken in 2020

<b>Diagnosis</b>	Sales proportion of six countries with high water stress sensitivity ("High" or higher): 16.22%
	Proportion of water used in the Middle East (Saudi Arabia, UAE, Qatar, Kuwait, Iraq) and Africa (Algeria): 47%
<b>Progress Analysis</b>	Large amounts of water used at plant construction sites (e.g. Barakah Nuclear Energy Plant (UAE), Karbala refinery project (Iraq)) at worker dormitories, which are often very large. Based on nature of plant construction, test operation of equipment and plumbing for latter-half processes seems to have increased water use.
<b>Measures Taken</b>	At construction sites for key facilities (e.g. tunnel, excavation), large amounts of water are needed throughout construction. Due to difficulty in forcing less water use, research seems necessary on sophisticated water-saving technologies

### Status of Water Usage by Countries in 2020 Based on WRI Water Stress Standards

Category	Water Stress		Proportion of Sales	Proportion of Water Usage
<b>Rep. of Korea</b>	2.55	Medium - High (20-40%)	74.44%	20.78%
<b>Bangladesh</b>	0.43	Low (<10%)	2.14%	0.59%
<b>Vietnam</b>	0.94	Low (<10%)	1.03%	0.47%
<b>Saudi Arabia</b>	4.35	Extremely High (>80%)	5.12%	2.19%
<b>Sri Lanka</b>	1.66	Low - Medium (10-20%)	1.05%	0.74%
<b>Singapore</b>	No data	No data	2.45%	1.24%
<b>UAE</b>	4.26	Extremely High (>80%)	2.27%	19.61%
<b>Algeria</b>	3.69	High (40-80%)	0.26%	0.00%
<b>Iraq</b>	3.13	High (40-80%)	2.28%	22.18%
<b>Indonesia</b>	2.07	Medium - High (20-40%)	2.31%	29.04%
<b>Qatar</b>	4.97	Extremely High (>80%)	4.14%	1.16%
<b>Kuwait</b>	4.43	Extremely High (>80%)	2.15%	2.02%
<b>Philippines</b>	1.55	Low - Medium (10-20%)	0.00%	0.00%

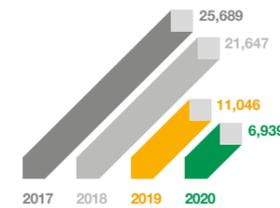
**Water-sensitivity Management** — Rising temperatures and accelerated desertification, both of which are brought about by rapid climate change, are increasing the number of water-deficient regions/districts worldwide. This is an important matter for the construction industry because, due to the necessity of water to engage in construction, it can lead to cost increases and disputes in areas where Hyundai E&C projects are carried out. To make in-house diagnoses of water stress and the status of projects conducted in countries that experience water stress, Hyundai E&C used the World Resources Institute (WRI)'s Aqueduct 3.0 Country Rankings (as of March 2021) to analyze sales proportions per water stress-sensitive country as well as proportions of consumed water based on 164 construction sites (excluding completed sites, defect repair periods, and early-stage sites) in Korea and 12 other countries based on sales figures for December 2020. Moving forward, Hyundai E&C will be conducting water reduction activities and managing them more aggressively for projects in countries with a water stress level that is "high" or higher.

**Waste Management** — Since 2012, Hyundai E&C has been establishing and operating the Waste Management System in H-PMS that interlocked the 'Allbaro System', which is a waste management system of the Ministry of Environment, and the H-PMS (Hyundai Project Management System), which is an integrated environmental performance management system, at all domestic sites. Through the foregoing, Hyundai E&C prevents the violation of environment-related laws in advance and sums up the total quantities and costs of wastes by business sector, company, and type in real time and utilizes the results as basic data related to ordering, bidding and budgeting. In 2019, Hyundai E&C distributed the 'Waste Separation Standard' to maximize the reuse and recycling of waste to reduce landfill and incineration waste. In 2021, we plan to upgrade the waste management system in accordance with the changes in the national waste management system standard.

**Eco-friendly Demolition Management** — To minimize environmental impacts incurred during building deconstruction and demolition processes, Hyundai E&C established and strictly complies with Waste Management Guidelines, Air Quality Management Guidelines, etc. In particular, Hyundai E&C investigates the possible containment of harmful substances such as asbestos in advance of the deconstruction so that its 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, Hyundai E&C treats it safely by entrusting to a specialized company of asbestos removal and waste. Recyclable wastes are sold to designated waste collection companies to increase resource utilization and it is recommended to purchase recycled materials and recycled aggregate first.

**Ecological Environment Protection** — Based on the Nagoya Protocol, an international agreement containing guidelines for the use of biological resources, Hyundai E&C strictly applies standards to prevent the loss of biodiversity around the site. In particular, Hyundai E&C preemptively analyzes the effects on the ecosystem from the time of establishing construction plans to develop and applying those design and construction methods to maximize the topography, environment, and biodiversity. In the future, we plan to upgrade our internal standards to expand the disclosure of business information on biodiversity sensitive areas.

Waste Disposed (Unit: ton)



\* Based on net waste emissions excluding recycling/sales from total waste generation.

### Status of Ecological Protection at Sites

(As of May 31, 2021)

Construction Site	Status of Legally Protected Animals in Project Regions					Ecological Protection Activity
	Bird	Mammal	Fish	Amphibian Reptile	Plants	
HS Prugio Juan	Domestic pigeon, sparrow, and three other species	Feral cat				Minimize environmental damage caused by construction
Gimpo-Paju (C2)	Black-faced spoonbill, Chinese goose, and 12 other species	Wildcat, otter		Salamander, narrow-mouth frog, and five other species		Habitat protection
Roadbed for eastern railway line (Pohang-Samcheok, C12)	Parrotbill, grey frog hawk, and four other species	Wildcat, otter	Tuman river sculpin			Habitat protection
Reconstruction of Duchon Jugong Apt.	Grey frog hawk, kestrel			Narrow-mouth frog		Minimize influence on habitat
Double track for Byeollae Line (Amsa-Byeollae) (C3)	Kestrel					Habitat protection
Stage 3 of Eco-Delta City (C3) (Busan)	Spoonbill, black-faced spoonbill, and 12 other species	Wildcat, otter				Habitat protection
Straight test-driving road for Hyundai Motor (Seosan)	Stork, bean goose, and 11 other species	Wildcat, otter				Habitat protection
Main facility for Units 1 and 2 of Shin Hanul Nuclear Plant		Otter				Habitat protection
Comprehensive development of Yeongdong-daero's underground space (C3)	Mandarin duck, long-billed ringed plover, and three other species					Minimize environmental damage caused by construction
Icheon-Mungyeong railway (C6, T/K)	Kestrel, Mandarin duck	Copper-winged bat, otter				Habitat protection
Dredged sediment dumping ground at Yeongjongdo (Incheon Port) (port redevelopment project)	Bean goose, lesser white-fronted goose, and 13 other species			Narrow-mouth frog, milky fiddler crab		Habitat protection
Double-track railway for Central Line (Dodam-Yeongcheon) (C1)	Mandarin duck, kestrel, and three other species	Wildcat, otter				Preserve food chain
Change steam generators for Units 2 and 4 of Hanbit Nuclear Power Plant (consigned project)		Wildcat, otter			Prickly water lily	Minimize environmental damage caused by construction



# HDEC PEOPLE

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

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

### Propelling Strategies

Cultivating  
Innovative Talents

Improving Safety &  
Health Implementation

Enhancing  
Value Chain Capability

Advancing Strategic  
Social Contribution



# Cultivating Innovative Talents

In the midst of rapidly changing internal and external business environments such as technological advancement, market diversification, and diversity of customer demands, securing talented individuals with professional competence and passion is very important for us. Hyundai E&C is fostering future competitiveness by nurturing and developing competent human resources, the driving force of corporate growth and development.

<p><b>MANAGEMENT APPROACH</b></p> <p>Hyundai E&amp;C has been cultivating innovative talents who can improve organizational efficiency and executive ability while creating new values.</p>	<p><b>MAJOR PERFORMANCES</b></p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p><b>1,153</b> recruits</p> <p>Number of recruits in 2020 (including contract workers)</p> </div> <div style="text-align: center;"> <p><b>1,490</b> KRW million</p> <p>FTE training expenditures in 2020</p> </div> <div style="text-align: center;"> <p><b>99.65</b> %</p> <p>FTE training rates in 2020</p> </div> </div>
<p><b>ISSUE BOUNDARY</b>  Employee</p>	<p><b>FURTHER INFORMATION</b> <a href="http://www.hdec.kr/en/career/talent.aspx">www.hdec.kr/en/career/talent.aspx</a></p>

# Recruitment of Excellent Talents

**Ideal Employee of Hyundai E&C** ————— Employees are the subject of innovation and the driving force of corporate activities. Hyundai E&C is striving to discover talented people through a fair and transparent recruitment process and to nurture them into competent human resources who will become the company's greatest asset. 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 employees are being reborn as global talents to create innovative values based on their unwavering spirit of challenge, creativity and ability to communicate.

## Status of Employees in 2020

(As of December 31, 2020, Unit: employees)

Category	Total	Male	Female	Female Ratio	FY2030 Goal	
<b>Total Employees (including contract workers)</b>	6,234	5,547	687	11.02%	14.18%	
<b>Type</b>						
Sales & marketing division	4,986	4,443	543	10.89%	13.55%	
Non-sales & marketing division	General	645	555	90	13.95%	20.46%
	STEM-related	603	549	54	8.96%	12.73%
<b>Management Level (FTEs)</b>						
Management	Senior	1,926	1,877	49	2.54%	3.68%
	Junior	1,165	1,090	75	6.44%	8.75%
Sub-total	3,091	2,967	124	4.01%	5.59%	
Non-management	927	820	107	11.54%	16.46%	

Category	Total	Male	Female	Female Ratio	Ratio to Total
<b>Age Groups</b>					
Under 30	557	369	188	33.75%	8.93%
30-50	4,674	4,193	481	10.29%	74.98%
Over 51	1,003	985	18	1.79%	16.09%
<b>Minority Groups</b>					
The handicapped (including severe grade)	170	123	47	27.65%	2.73%
The national merit	72	70	2	2.78%	1.15%
Foreign employees	37	31	6	16.22%	0.59%

Category	Total	Male	Female	Female Ratio	Ratio to Total
<b>Nationality</b>					
Asia	6,213	5,531	682	100%	99.663%
Europe/CIS	11	9	2	0%	0.176%
America/Pacific	8	6	2	0%	0.128%
Africa	2	1	1	0%	0.032%

## Ideal Employee of Hyundai E&C



## Pursuit of Human Diversity

Hyundai E&C, which carries out businesses around the world, is strengthening its global competitiveness by securing human diversity. Hyundai E&C is reinforcing the recruitment of locals to carry out business smoothly in overseas sites, and is striving to strengthen its global capabilities through a variety of training programs such as global job competency training, overseas worker training, language training, and overseas advanced company training. Securing human diversity is the basis for enhancing competitiveness and realizing social responsibility. Hyundai E&C strives to improve the human diversity of the organization by giving equal opportunities to social minorities such as women, foreign workers, people of national merit, and the disabled, and by increasing the employment rate every year.

## Fair Employment

Hyundai E&C is discovering talented people who fit the ideal through a fair and transparent talent acquisition process. Through the 12-week on-site internship in particular, Hyundai E&C is recruiting 'field-type talents' who can challenge and actively complete tasks based on their practical skills in the field, which is the foundation of the construction industry. In 2020, 10 new employees and 1,143 experienced employees were recruited. In addition, Hyundai E&C hires project contract workers (PJT) in consideration of the nature of the project-based construction industry, and treats contract workers fairly in accordance with relevant laws. In the future, we plan to gradually hire contract workers with safety certifications, technical grade (quality)-related qualifications, and construction work experience as regular workers.

**1,143**

Experienced Hires in 2020

**10**

New Hires in 2020

## Status of Recruitment

(Unit: employees)

Category	2017	2018	2019	2020	
<b>Total Recruitments</b>	1,119	1,106	1,067	1,153	
<b>Experience</b>					
New hires	67	51	18	10	
Experienced hires	1,052	1,055	1,049	1,143	
<b>Gender</b>					
Male	938	919	857	938	
Female	181	187	210	215	
<b>Age Groups</b>					
Under 30	139	190	205	298	
30-50	832	774	724	722	
Over 51	148	142	138	133	
<b>Nationality</b>					
Asia	1,116	1,104	1,063	1,152	
Europe/CIS	2	1	1	1	
America/Pacific	1	1	3	0	
Africa	0	0	0	0	
<b>Management Level</b>					
Management	Senior	14	9	48	31
	Junior	13	12	63	37
	Sub-total	27	21	111	68
Non-management	91	65	32	28	
<b>Other Indicators</b>					
Average hiring costs (KRW)	494,900	536,000	426,890	137,834	
Percentage filled with existing employees (%)	83.5	83.0	83.2	81.5	

### Cultivation of Innovative Talents



Compulsory Sustainability (ESG) Training in 2020

**Reinforcing Innovative Capability** ————— Hyundai E&C's efforts to nurture the world's best construction experts are being realized through an advanced job training system. Hyundai E&C introduced a smart learning system (H-Class-room) to recommend customized training contents for each job/position, and built an environment where employees around the world can learn at all times by supporting a mobile shared learning platform. In addition, by nurturing employees with expertise as in-house instructors, we are striving to deliver the professional knowledge acquired in the field.

To actively participate in social distancing due to the COVID-19 pandemic in 2020, 61 group training job training courses were expanded and converted into online training courses (613 courses, as of June 2021). In addition, by providing content through the cloud server, we responded so that employees can take the course without difficulty in strengthening their self-directed job competency. In 2020, online corporate sustainability management (ESG) trainings were conducted to 3,655 employees (92% of completion rate) as part of the corporate culture training program, in order to form a consensus among employees. In 2021, Hyundai E&C is promoting more substantial trainings by opening additional new language courses and conducting global education by providing separate training according to the position of employees.

#### FTE Training Performance in 2020



#### Status of FTE Training in 2020

(As of December 31, 2020)

Category	Trainees (n)	Training Hours (hour)	Training Costs (KRW million)	Attendance Rate	
<b>Total FTE Training</b>	4,105	220,189	1,489.46	99.65%	
<b>Type</b>	FTE compulsory training	37,124	134,370	99.73%	
	FTE non-compulsory training	9,262	85,819	99.04%	
<b>Gender</b>	Male	3,874	207,798	99.64%	
	Female	231	12,391	99.72%	
<b>Age Groups</b>	Under 34	851	45,647	99.51%	
	35-54	3,072	164,780	99.68%	
	Over 55	182	9,762	99.88%	
<b>Nationality</b>	Asia	4,024	215,844	99.07%	
	Europe/CIS	28	1,502	10.16	97.24%
	America/Pacific	4	215	1.45	100.00%
	Africa	49	2,628	17.78	99.66%
<b>Management Level</b>	Management Senior	1,926	103,309	99.74%	
	Junior	1,165	62,490	99.58%	
	Non-management	927	49,724	99.48%	

**Improving Work Efficiency** ————— By creating an efficient working environment, Hyundai E&C is striving to increase organizational competitiveness and enhance employee engagement. In 2020, an 'online organizational culture discussion forum' was held for the group's organizational culture diagnosis (700 employees in 6 organizations) to collect various communication and improvement opinions to improve the organizational culture. During the group discussion on the diagnosis results for each organization, members of the organization asked questions through an anonymous chat room to freely express their opinions, and the organization leader (CEO) answered through a video conference, and various opinions were actively reflected and improved.

**Advancing Evaluation System** ————— Through the MBO (Management by Objective)-based HR system introduced in 2012, Hyundai E&C is developing employee competencies based on performance achievement, strengths, and areas of improvement. is being carried out. In addition, we have advanced the performance management system through goal setting – occasional performance management – evaluation/grading – calibration session to create an environment for more accurate evaluation and fair compensation. In addition, the fairness of the evaluation was strengthened through the fact gathering by the evaluator on the performance and competence of the evaluator on a monthly basis and using the 'Performance Management One Line Memo' used for year-end evaluations. In 2020, we conducted a multi-faceted diagnosis of employee collaboration capabilities through the introduction of peer review, and improved the effectiveness of the evaluation system by introducing a process to request a reconsideration when objecting to the evaluation. In 2021, for performance management centered on coaching and human resource development, we laid the foundation for regular evaluation by simplifying the goal setting and revision procedures and setting goals for each execution period.

### Fair Evaluation and Compensation

**Equal Remuneration** ————— Hyundai E&C is operating a performance-oriented compensation/system based on performance evaluation results. In particular, the promotion point system was abolished in 2020 to establish a foundation for early selection of excellent talents, and the first on-the-job review led by the team leader/head of the department was established to enhance the consistency of the promotion review, thereby promoting employee motivation. All Hyundai E&C employees are compensated fairly, in accordance with their position, years of service, and relevant regulations. Hyundai E&C rewards male and female employees according to identical standards. However, Korean men are performing compulsory military service for 18-22 months in order to fulfill their national defense obligations. Hyundai E&C recognizes military service experience as an official social experience and reflects it when paying salaries. Therefore, it is revealed that the difference in the salaries of male and female employees is due to experience, not gender.

#### Employee Compensation by Gender in 2020

(Unit: KRW)

Category		Average Women Salary Per Month	Average Men Salary Per Month
<b>Executive Level</b>	Base salary	21,108,377	21,108,377
	Total compensation	21,108,377	21,108,377
<b>Management Level</b>	Base salary	4,535,686	4,739,337
	Total compensation	6,212,935	6,484,678
<b>Non-management Level</b>	Base salary	3,082,127	3,373,882
	Total compensation	4,167,652	4,616,293

### Pursuit of Work and Life Balance

#### Health Check-up Supports for Employee and Spouse in 2020



**Healthcare Support** ————— Hyundai E&C supports annual comprehensive health check-ups for employees and their spouses. In 2020, a total of KRW 2 billion and 6,228 cases were benefited. In addition, a total of 13,212 people were supported by strengthening group accident insurance for employees, spouses and children. In order to respond to COVID-19, we are thoroughly managing infection through the operation of a situation room, distribution of masks, access control through temperature measurement, periodic quarantine, and daily self-examination. We provide overseas comprehensive safety management services by contracting with specialized support experts.

**Child Rearing Support** ————— Hyundai E&C provides customized care programs for each woman's life cycle, including pregnancy, childbirth, intensive childcare, and nurturing in order to create a happy working environment where women can realize themselves through work-family balance. In 2020, 15 female employees used maternity leaves and 158 employees used spouse maternity leaves. A total of 43 people, including 17 males, took parental leave, and the return rate was 90.7% (100% for males). Hyundai E&C supports female employees to work while rearing children by operating an in-house nursery as well as provides financial support through childbirth celebrations, childcare allowances, and student loans.

**Communication Programs** ————— Based on a human-centered, creative corporate culture that values communication and trust, Hyundai E&C is carrying out systematic activities to strengthen the emotional capabilities of its employees, such as improving the quality of life of its employees and expanding the communication space within the company. In particular, since 2015, we have been operating an on/off-line employee psychological counseling center to resolve employee grievances. and support for immersion in work. In line with the non-face-to-face basis of COVID-19 in 2020, we activated on-line psychological counseling to promote personal happiness and support work immersion. In 2020, a total of 11,108 cases were received through 'H · Dudrim', an integrated internal and external complaint resolution window, and 100% of responses were completed.

**H · Dudrim**  
<https://dudrim.hdec.co.kr:4443/Partner/Intro.aspx>



Corporate Culture Campaign in 2021

**Building Trust in Labor Relations** ————— Hyundai E&C's employees can join in or withdraw from associations at their free will, except those who fall under the category of workers prescribed in Article 3 and 5 of the Labor Union Act, a collective agreement. It is also specified that the company should neither obstruct employee participation nor force employee withdrawal from associations. As of April 2021, 4,924 out of total 6,234 employees are protected by the collective bargaining agreement (78.9% of the total) and 911 employees are registered to the labor union. We are obligated to consult the labor union concerning any major changes in business operations and to notify them of these matters in advance. We are obligated to consult the labor union concerning any major changes in business operations and to notify them of these matters in advance. In 2020, the Quarterly Working Environment Improvement Committee was held to inspect factors that could deteriorate the working environment due to the prolonged COVID-19 outbreak.

# Improving Safety & Health Implementation

Since its foundation, Hyundai E&C has made 'Safety' the top priority in corporate management and has been striving to establish a unique safety culture through the establishment of systematic infrastructure and systems. Hyundai E&C is realizing to enhance safety and health performance by establishing a health and safety management system based on international standards and operating a health and safety process that encompasses the entire construction process.

**MANAGEMENT APPROACH**

Hyundai E&C is continuously improving its ability to implement safety accidents through the safety and health management system and safety and health activities.

**MAJOR PERFORMANCES**

**109.9** KRW billion

Safety management investment performance in 2020

**123.5** KRW billion

Safety management investment plan in 2021

**1,000** Experts

Secure 1,000 safety experts by 2025

**ISSUE BOUNDARY**

Employee Supplier

**FURTHER INFORMATION**

[www.hdec.kr/en/invest/safety.aspx](http://www.hdec.kr/en/invest/safety.aspx)

## Safety Management Innovation

### Creating a Happy Workplace through New Safety Management Technology

2030 Safety Management Goal



2021 Safety, Health & Environment Goal



CEO Safety Inspection

**Safety Management Strategy** ————— Under the definition of the 'Site of Human and Life Values' as the top priority for safety management, Hyundai E&C has established "Creating a Happy Workplace through New Safety Management Technology" as the safety management goal for 2030. We are carrying out company-wide safety management activities based on the three major implementation plans. Based on the special safety management reinforcement plan established in March 2021, Hyundai E&C has made the on-site safety organization more efficient, improved the safety reward and punishment system, and strengthened the disciplinary system against serious accidents to induce safety activities for employees, while expanding investment in safety management.

**Expansion of Safety Management Investment** ————— In order to strengthen safety management that prioritizes site safety, Hyundai E&C has invested KRW 109.9 billion in safety management in 2020 and plans to expand the investment to KRW 123.5 billion in 2021. Hyundai E&C aims to secure about 1,000 safety experts which cover 20% of the total workforce by 2025 with mandatory safety certifications for all site managers. In addition, Hyundai E&C expanded the safety inspection organization and operated the '365 Safety Patrol', a regular inspection organization for the safety inspection and training, to protect against falls, collisions, collapses, electric shocks, fires, and suffocation accidents with high intensity and frequency of industrial accidents. We are intensively inspecting high-intensity safety inspections and quality standards.

**Safety Management Investment Performance and Plan** (Unit: KRW 100 million)

Category	2020 Investment Performance	2021 Investment Plan
Safety Equipment	362.2	425.4
Safety Gear	213.5	233.7
Safety Education and Training	11.0	12.5
On-site Inspection and Prevention	13.5	16.5
Legal Examination	16.4	18.0
Others	482.7	528.9
<b>Total</b>	<b>1,099.3</b>	<b>1,235.0</b>

**Reinforcement of Safety Inspection** ————— Hyundai E&C is strengthening safety inspections to identify the status of safety management operations by domestic and overseas sites and to preemptively prevent accidents. In 2020, the CEO directly conducted safety inspections at 13 major sites to spread the company-wide awareness of safety, and management-led safety inspections were conducted for all sites and improvement activities were carried out for the identified agendas. Hyundai E&C calculates safety and health evaluation scores for each site and reduces safety risks through site supports, while continuously conducting the 'Safety Inspection Day' event in which the management participates at all domestic and overseas sites every month for on-site safety diagnosis by improving the safety accident prevention awareness of all employees, Hyundai E&C is working hard to put Hyundai E&C's strong will for safety management into practice in sites.

### Safety Inspection Activities in 2020

Category	Description	Number of Inspections
<b>CEO Safety Inspection</b>	Maximize the ripple effect of safety awareness among all employees by creating a safety culture led by top management	13
<b>Regular Safety and Health Assessment</b>	Assess safety and health evaluation scores for all sites and reduce safety risks through on-site support (aligned to KPI evaluation)	110
<b>Special Inspections Led by HQ Employees</b>	Conduct safety inspections led by employees at all sites and implement improvement activities for the identified agendas	1,565

## Safety Management Performance

### ISO 45001

Safety and Health Management System

### KOSHA 18001

Safety and Health Management System (Korea)

**Safety Management KPIs** ————— Hyundai E&C's accident rates are maintained at lower levels compared to the domestic average and construction industry average. This is attributed to active responses to prevent the occurrence of safety accidents such as the implementation of safety inspections led by the example of the management level, the operation of the safety management system based on international standards, the expanded application of safety management KPIs, the strengthening of safety inspection and education, thorough investigation of the causes of the accident.

### Safety Management Indicator

Category	Unit	2017	2018	2019	2020
<b>LTIFR</b>	Employees	0.090	0.166	0.192	0.105
	Contractors	0.777	0.877	0.917	1.024
<b>OIFR</b>	n/million hours worked	0.038	0.085	0.172	0.265
<b>Number of Fatality</b>	Employees	0	0	2	0
	Contractors	2	3	4	4
<b>Number of Injured</b>	Employees	12	21	15	9
	Contractors	132	121	130	150

\* Based on domestic and overseas sites

**Safety Accident Analysis** ————— In order to predict and prevent safety accidents in advance, Hyundai E&C analyzes the types and causes of safety accidents and utilizes them in its operations. As a result of a sophisticated analysis of the major types of disasters that have occurred over the past five years, it was found that in the first half of the year, the rate of safety accidents due to stenosis and collisions was high, whereas, in the second half, the number of falls increased, resulting in a high rate of serious accidents. Based on the analysis of the major causes of safety accidents by the site in 2020 compared to 2019, we are making more efforts to strengthen customized site safety management by diagnosing the causes of safety accidents by product and major industrial types. Hyundai E&C will continue to intensively manage possible accidents by period and type of construction through systematic safety accident analysis, and strive to prevent safety accidents that occur frequently during specific periods such as hot weather, rainy season, winter season, and thawing season.

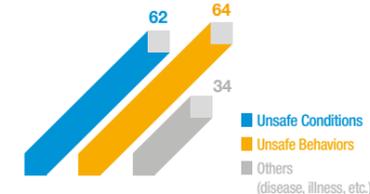
### Semi-annual Analysis of Major Safety Accident Types in 2020

Category	Conduction	Stenosis	Fall	Drop	Collision
<b>Ratio of Major Safety Accidents in the First Half</b>	16.7%	19.6%	13.7%	13.1%	8.8%
<b>Ratio of Major Safety Accidents in the Second Half</b>	25.4%	13.6%	15.4%	12.5%	5.7%

### Cause Analysis of Major Safety Accidents by Business Division in 2020

Division	Major Cause of Safety Accidents
<b>Infrastructure</b>	Insufficient control of construction zone with construction equipment and signal workers
<b>Building</b>	Increased accidents during frame construction, telecommunications and facility construction
<b>Housing</b>	Increased accident rates caused by unsafe behaviors
<b>Plant</b>	The tendency of collisions due to non-use of moving passages and insufficient protection against obstacles

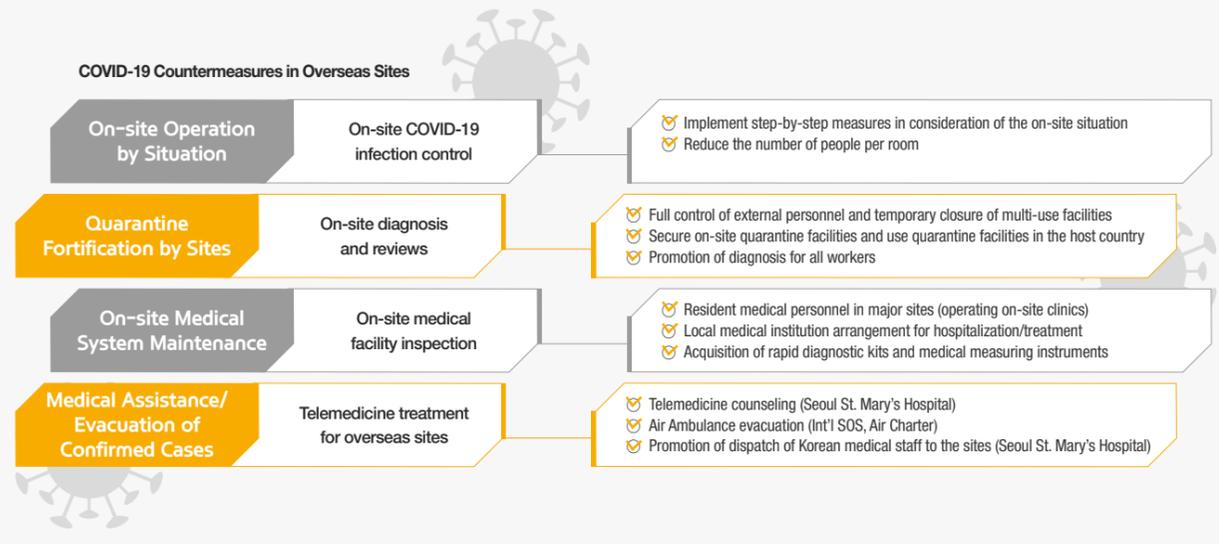
### Cause Analysis of Safety Accidents in 2020 (Unit: cases)



## Hyundai E&C Responds to COVID-19 through Corporate-wide Safety and Health Management

**COVID-19 Responds Strategy** Since recognizing the possibility of COVID-19 spread in January 2020, Hyundai E&C is doing its best to build a safe workplace through immediate and systematic company-wide response. In February 2020, Hyundai E&C strengthened on-site health management guidelines in preparation for COVID-19 to thoroughly manage worker quarantine and self-quarantine at domestic and overseas construction sites. According to the site situation, a variety of measures have been taken in overseas construction sites which are vulnerable to the spread of COVID-19. While the on-site medical system and equipment were maintained, continuous health management of on-site employees was carried out through remote medical consultations.

**Overseas COVID-19 Countermeasures** In 2020, Hyundai E&C dispatched medical staff from St. Mary's Hospital to overseas construction sites for the first time in Korea to diagnose the health status of employees at Iraqi sites. Since then, Hyundai E&C has continued to carry out preventive activities against COVID-19 for employees working at overseas sites, and dispatched domestic medical staff to respond immediately and prevent the spread of an infected person to provide medical checkups and medical support for site workers. Since May 2020, Hyundai E&C has conducted a total of 172 remote medical treatments for overseas sites around the world in connection with St. Mary's Hospital, providing psychological health check-ups, prevention education for COVID-19, and response education in case of infection confirmation.



**Domestic COVID-19 Countermeasures** To overcome COVID-19, Hyundai E&C has been operating a telecommuting system for all employees working at the HQ and domestic sites since February 2020 to strengthen work autonomy and prepare for the post-corona era where non-face-to-face will become a daily routine. As a result, the annual telecommuting rate is around 20%, which has the effect of saving employees' commuting time and reducing fatigue.

In addition, Hyundai E&C strengthened the smart learning system based on the cloud system to convert in-house group training into non-face-to-face training so that overseas workers can receive the same high-quality training services as domestic workers. From April 2020, we actively recommend the staggered commuting system, and introduced vaccine leave from June 2021 to support stable vaccination of our employees.



### Hyundai E&C Leads Intelligent Safety Management through "Disaster Prediction AI"

Hyundai E&C is opening a new horizon for preemptive safety management through artificial intelligence technology. In October 2020, Hyundai E&C developed "Disaster Prediction AI," an artificial intelligence platform that predicts and manages on-site disaster risk based on over 39 million construc-

tion big data accumulated over the past 10 years, and is applying it to construction sites. 'Disaster Prediction AI' is an AI system that enables preemptive safety management by providing information on disaster risk expected on the day of work to all domestic construction sites currently under construction by Hyundai E&C. In addition, it is possible to predict disaster risk more accurately by learning the construction information that is updated on a daily basis in real-time from nationwide sites and maintaining the latest data.

Hyundai E&C Disaster Prediction AI

## Enhancing Value Chain Capability

In order to secure future competitiveness and provide differentiated value in the rapidly changing construction market, it is essential to strengthening the capabilities of the entire value chain. Hyundai E&C is striving to improve the sustainability of its suppliers through sustainable supply chain management and to establish a shared growth system that can grow together with suppliers through communication and cooperation.

<p><b>MANAGEMENT APPROACH</b></p> <p>Hyundai E&amp;C has been promoting the improvement of suppliers' business capability and management stability while promoting the competitiveness of the value chain effectively by providing sustainable value chain management system.</p>	<p><b>MAJOR PERFORMANCES</b></p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p><b>160</b> KRW billion</p> <p>Amount of shared growth fund in 2020</p> </div> <div style="text-align: center;"> <p><b>2.7</b> KRW billion</p> <p>Wage support for suppliers' safety guides in 2020</p> </div> <div style="text-align: center;"> <p><b>154</b> KRW billion</p> <p>Overseas revenue of suppliers through joint projects in 2020</p> </div> </div>
<p><b>ISSUE BOUNDARY</b> Supplier</p>	<p><b>FURTHER INFORMATION</b> <a href="http://www.hdec.kr/en/invest/partnership.aspx">www.hdec.kr/en/invest/partnership.aspx</a></p>

### Sustainable Supply Chain

#### HDEC Supplier Code of Conduct

[www.hdec.kr/downloadfile/HDEC\\_Supplier\\_Code\\_of\\_Conduct\\_\(Rev.2\)\\_E.pdf](http://www.hdec.kr/downloadfile/HDEC_Supplier_Code_of_Conduct_(Rev.2)_E.pdf)

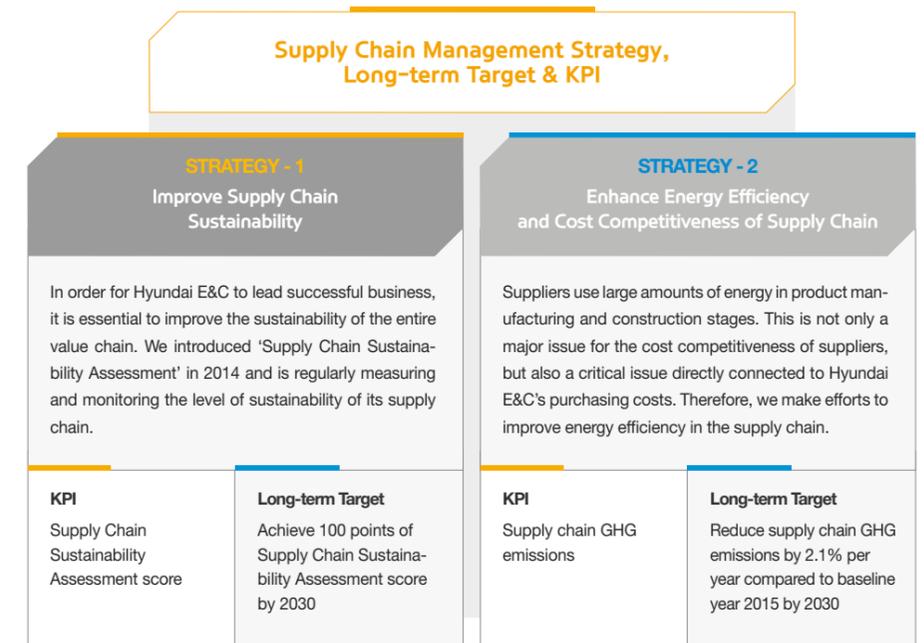
#### Sustainable Supply Chain Policy

To extend responsible and sustainable management throughout the supply chain, in October 2014, Hyundai E&C enacted the 'HDEC Sustainability Management Guideline for Suppliers' for the systematic and sustainable supply chain management. In July 2020, the 'HDEC Supplier Code of Conduct' was newly established and implemented to strengthen the competitiveness of the entire group value chain, covering 36 articles in 6 chapters. In May 2021, the 'Supplier Code of Conduct Practice Guidelines' was additionally enacted to suggest specific action plans. This guideline provides detailed guidelines for 1) policies and procedures, 2) organization, 3) operation, and 4) action in each of the four areas of the code of conduct.

#### Supply Chain Management Strategy

In order to fulfill the actual compliance with and practice of the sustainable supply chain policy, 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. Under the goal of pursuing shared growth for mutual benefit between Hyundai E&C and its suppliers, Hyundai E&C has established and is striving to achieve the 2030 supply chain sustainability goal.

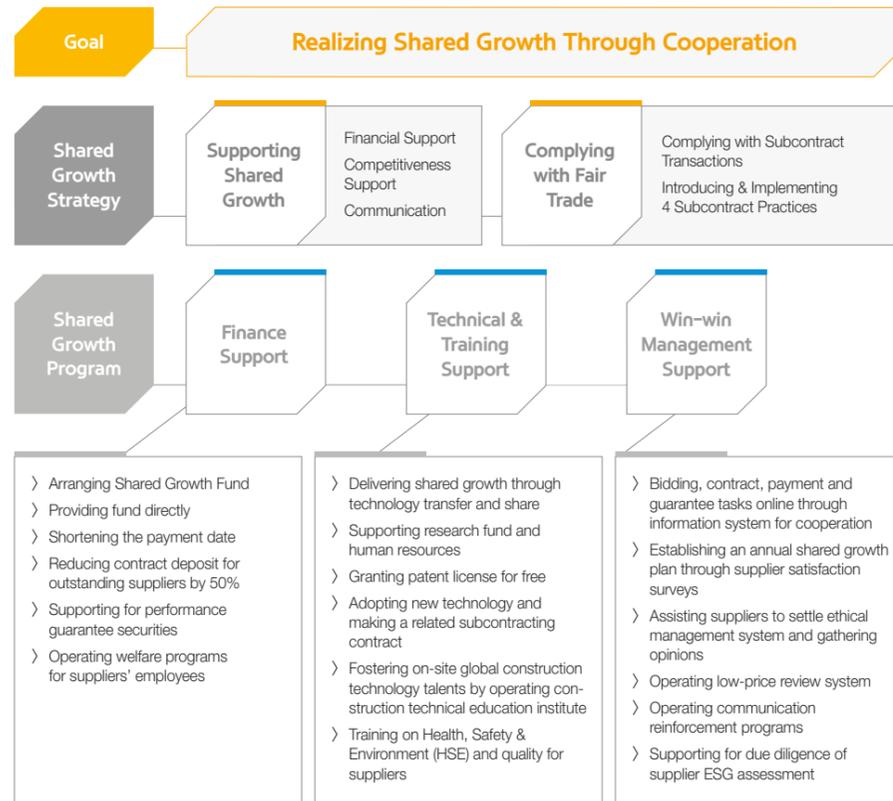
#### Supply Chain Sustainability Strategy System



## Shared Growth Strategy and Programs

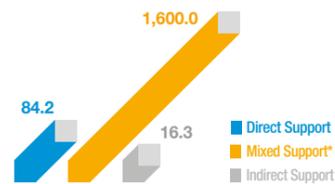
Hyundai E&C has constantly executed diverse activities to fortify the competitiveness of suppliers beyond simply communicating with them. Through a range of programs generating shared values of suppliers, we are leading the shared growth culture that is to respect suppliers advancing together. Therefore, the foothold to enter the global market has been consolidated through enhancing the ecosystem of the Korean construction industry.

### Hyundai E&C Shared Growth Strategy and Programs



## Shared Growth Programs

### Scale of Supplier Financial Support in 2020 (Unit: KRW 100 million)



\* A total of KRW 160 billion is established and the first loan amount is KRW 86.8 billion



Supplier Training Support

**Financial Support** Hyundai E&C is providing various financial support for business stabilization of suppliers with relatively weak financial bases. Hyundai E&C operates a network loan to support suppliers so that they can receive loans at a lower interest rate than the standard interest rate from financial institutions. Hyundai E&C is striving to provide practical help to suppliers in resolving their financial difficulties by establishing and operating the Shared Growth Fund with commercial financial institutions. Hyundai E&C has made payment to subcontracts within 10 days and monitors whether the payments made to the primary supplier are paid to the secondary supplier within a reasonable time thereby strengthening the sustainability of the entire supply chain. In 2020, the scale of financial support for suppliers was further expanded to overcome the COVID-19 crisis, and in particular, the Shared Growth Fund was significantly increased from KRW 100 billion in 2019 to KRW 160 billion through agreements with IBK Industrial Bank, Woori Bank, and Hana Bank. The size of the mutual growth fund in 2020 has been significantly increased from KRW 100 billion in 2019 to KRW 160 billion.

**Technical & Training Support** Hyundai E&C is operating a variety of shared growth programs to lead smart construction in the era of the 4th industrial revolution and to improve suppliers' technological competitiveness and educational quality. Hyundai E&C's unique Technology Contest is the only win-win cooperation technology competition among domestic construction companies. It supports verification and technology development expenses so that excellent technologies developed by partners can be discovered and immediately applied to on-site commercialization. Hyundai E&C also classifies its high-quality patented technology as sharing patents, so that suppliers can use them free of charge, and support technology transfer. Meanwhile, we are strengthening the technological capabilities of our partners by placing new orders for patents.

In addition, Hyundai E&C operates the only Construction Technology Specialized Training Center in the construction industry to nurture global construction technology talents that are close to the site, supplying them to the overall construction industry, including suppliers, and providing customized visiting training for them. In 2020, we provided wages for the employment of safety assistants to small and medium-sized suppliers to strengthen their safety management capabilities.

### Performance of Supplier Technical and Training Support in 2020

Category		Number of Support (cases)	Scale of Support (KRW 100 million)
<b>Technical Support</b>	Hyundai E&C Technology Contest	16	10.2
	Patent grant for free	83	
	Technology transfer	6	
	New patent order	17	
<b>Training Support</b>	Provision of human resources linked to suppliers	151	
	Job training for suppliers	Quality	131
		Management	177
	Labor	300	0.3
<b>Recruitment &amp; Wage Support</b>	Wage support for suppliers' safety guides	11	27.0

154 KRW billion

Overseas Revenue of Suppliers through Joint Projects in 2020

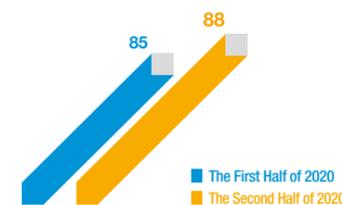
1,624.4 KRW billion

Overseas Revenue of Suppliers in 2020

### Supplier H-Dudrim

<https://dudrim.hdec.co.kr:4443/Partner/Main.aspx>

### Supplier Satisfaction in 2020 (Unit: points)



**Win-win Management Support** Hyundai E&C is conducting various win-win management support activities to support suppliers' export competitiveness and efficiency improvement. In 2020, 27 suppliers entered overseas projects with Hyundai E&C and signed new contracts worth KRW 154 billion. We focused on win-win management by purchasing construction equipment, providing BIM software support, and creating jobs. And we also conduct regular conversations through the 'Partner Council' to establish a smooth partnership with partners and form a consensus, and reflects them in improving the partner system. Hyundai E&C sends supplier newsletters composed of the major news of Hyundai E&C and interesting issues at domestic and overseas every quarter to strengthen fellowship.

For efficient work process and promotion of mutual cooperation of suppliers, Hyundai E&C operates the 'Hi-Partner' portal, which is a supplier collaboration information system. To create a more transparent channel for receiving grievances and complaints from suppliers, Hyundai E&C operates a bulletin board dedicated to 'Supplier H-Dudrim' to establish a communication channel for suppliers at all times, collects difficulties and suggestions from suppliers, and reflects them in work.

**Supplier Satisfaction** Hyundai E&C has been pursuing the shared growth management by regularly conducting supplier satisfaction surveys since 2009 to actively collect suppliers' requirements and apply them to the management thereby promoting shared growth management. The supplier satisfaction survey system of Hyundai E&C was developed in-house using VOC and IPA methods and is optimized to reflect and understand suppliers' needs and solve dissatisfied matters.

The supplier satisfaction survey is carried out every half-year in a system where each supplier evaluates and gives opinions about satisfaction with Hyundai E&C according to indicators prepared by item ranging from the selection stage to the payment stage. 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' voices and establish a basis for shared growth management.



Supplier Safety Management at Sites

## Hyundai E&C Strengthens Safety Management Capabilities of Suppliers

In June 2021, Hyundai E&C newly implemented the '50% Advance Payment System of Safety Management Expenditures' in order to improve the competitiveness of suppliers in safety management at construction sites. This is a system to help suppliers meticulously manage on-site safety from the early stage of construction without financial burden by

paying half of the safety management expenditure to suppliers in advance.

In addition, Hyundai E&C has introduced separate budgets for safety support expenses other than the legal safety management limit, so that suppliers can actively invest in safety expenses. We are expected that it will have a great effect in preventing safety management risks in the early stages of construction, which may be carried out passively, and preventing safety accidents in the Gray Zone\* that may occur at the site.

\* Areas where responsibility is unclear

## Supply Chain Sustainability Assessment

**Supply Chain Sustainability Assessment** ————— In order to strengthen supply chain capabilities and minimize operational risks, supply chain management that takes into account economic, environmental, and social factors is essential. Hyundai E&C selects suppliers according to assessment criteria for each area, such as material suppliers and construction contractors, and selects core suppliers by evaluating transaction performance annually. In 2014, Hyundai E&C developed the 'Supplier Sustainability Assessment Framework' for the first time in Korean construction industry and is diagnosing ESG risks for primary suppliers. In July 2020, the assessment system was strengthened and sophisticated with separating material suppliers and construction contractors. The assessment framework consists of detailed assessment indicators for each of the 21 areas.

### Supplier Sustainability Assessment System

Assessment Dimension	Major Assessment Areas
<b>Economy</b>	1 Sustainability goals 2 Ethics organization 3 Ethics policy 4 Ethics education 5 Risk management
<b>Environment</b>	6 Environmental management system 7 Environmental management organization 8 Environmental education 9 Environmental performance management (energy, GHG, water, waste) 10 Environmental management goals 11 Environmental regulations compliance
<b>Society</b>	12 Labor and human rights 13 Contract 14 Compliance with labor laws 15 Non-discrimination 16 Freedom of union membership 17 Human resource development 18 Safety management system 19 Safety management organization 20 Safety management performance management 21 Safety management training

(As of December 31, 2020)

### Supplier Classification Analysis

Supplier Category		Number of Suppliers (n)	Ratio of Suppliers	Ratio of Purchase
<b>Tier 1 Suppliers</b>	Total registered suppliers	3,828	100.00%	100.00%
	> Materials suppliers	2,052	53.61%	39.69%
	> Construction contractors	1,776	46.39%	60.31%
	Critical suppliers	168	4.39%	27.59%
<b>Non-tier 1 Suppliers</b>	Critical suppliers	0	0.0%	0.0%

(As of December 31, 2020)

**Results of Supplier Sustainability Assessment** ————— In 2020, Hyundai E&C independently developed the Supplier ESG Assessment Framework (as of 2020, consisting of detailed evaluation indicators for a total of 21 areas) in order to strengthen sustainable supply chain management capabilities through effective risk assessment of suppliers. Hyundai E&C is continuously reinforcing supply chain risk management by applying the assessment framework and the group's common supplier evaluation framework. Based on the results of the supply chain risk assessment, we establish corrective action plans for suppliers in need of improvement in ESG performance.

In addition, to secure self-reliance through ESG management support (education, consulting) of suppliers, we conduct on-site management due diligence. Due to the strengthening of supply chain sustainability assessment management, a total of 38 suppliers received sanctions based on the results of supplier assessment in 2020 (a 111% improvement in risk identification rate compared to a total of 18 suppliers subject to sanctions in 2019). Hyundai E&C will expand ESG management diagnosis for small and medium-sized business partners that are particularly vulnerable to ESG risks, and will make further efforts to improve supply chain sustainability through customized education and consulting support according to the identified risk types.

### Results of Supplier Assessment and Corrective Actions

(As of December 31, 2020, Unit: suppliers)

Risk Category	Risk Level	Risk Assessment		Risk Identification		Risk Mitigation		
		Scope	Ratio	High-risk Suppliers	Ratio	Corrective Actions / Termination	Ratio	
<b>Economic Risks</b>	Violation of the principle of ethics and anti-corruption	High	3,828	100%	0	0.00%	0	0.00%
	Deterioration of the financial structure including credit rating	Medium-high	3,828	100%	17	0.44%	17	0.44%
	Low supplier evaluation score	High	3,828	100%	13	0.34%	13	0.34%
	Poor supplier performance	Medium-high	3,828	100%	7	0.18%	7	0.18%
<b>Environmental Risks</b>	Violation of environmental regulations	High	3,828	100%	0	0.00%	0	0.00%
	Occurrence of environmental accident during construction	High	3,828	100%	0	0.00%	0	0.00%
	Other environmental risks	Medium-high	3,828	100%	0	0.00%	0	0.00%
<b>Social Risks</b>	Violation of labor or safety regulation	High	3,828	100%	0	0.00%	0	0.00%
	Occurrence of safety accident during construction	High	3,828	100%	0	0.00%	0	0.00%
	Other social risks	Medium-high	3,828	100%	1	0.03%	1	0.03%
<b>Total</b>			3,828	100%	38	0.99%	38	0.99%

## Advancing Strategic Social Contribution

As a global construction company that has grown with the public, Hyundai E&C is doing its best to coexist with the local community through strategic social contribution activities based on the characteristics of the industry. Hyundai E&C is proposing a sustainable local community support model for the construction industry by providing economic and social infrastructure for local communities, mainly in domestic and overseas countries, while improving business competitiveness.

### MANAGEMENT APPROACH

Hyundai E&C has been promoting strategic social contribution projects based on industrial characteristics to improve social value in overseas countries where it operates business.

### MAJOR PERFORMANCES

**49** Projects

Number of overseas social contribution projects (cumulative)

**3.8** Miles

Employee social contribution mileage in 2020

**1,734** Employees

Participants of Love Sharing Fundraising campaign in 2020

### ISSUE BOUNDARY

Employee Local Community

### FURTHER INFORMATION

[www.hdec.kr/en/invest/contribute.aspx](http://www.hdec.kr/en/invest/contribute.aspx)

## Social Contribution System



Establishment of Hyundai E&C Sustainability Management Council



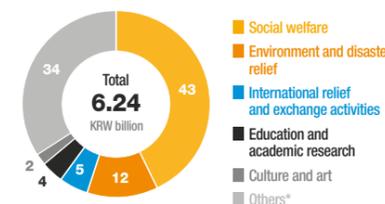
Operation of Jongno-gu Creative Education CSR Program

### Hyundai E&C Social Contribution Website

<http://csr.hdec.kr>

### Donation Expenditure in 2020

(Unit: %)



\* Supplier supports and mutual growth investment funds, etc.

## Social Contribution Vision and Strategy

Under the social contribution vision of "Trustworthy Partner for Today & Tomorrow", Hyundai E&C puts the highest value on "Human" and strives to realize humanity by creating a better place for living with one mind with customers. Hyundai E&C is conducting systematic social contribution activities based on the Six Moves that reflect the Hyundai Motor Group's social responsibility vision and philosophy, and promoting local social contribution activities by reflecting the construction industry capabilities for overseas developing countries that have entered the business. Since the establishment of a sisterhood relationship with Gahoe-dong, Jongno-gu, near the headquarter in 2011, we have been continuously collecting opinions from local residents and supporting the under-privileged every year. In particular, through the Sustainability Management Council launched in 2020, we are expanding beyond social contribution to socially responsible management that encompasses overall management.

### Social Contribution Vision

**Trustworthy Partner for Today & Tomorrow**

미래를 향한 진정한 파트너

#### Social Contribution Strategy

**DREAM MOVE**

Support second-class citizens' self-reliance and foster talents

**HAPPY MOVE**

Employee and customer participating in volunteer work

**GREEN MOVE**

Environmental Conservation and Response to Climate Change

**NEXT MOVE**

Social contribution utilizing the capability of the construction industry

**SAFE MOVE**

Construction safety and community safety promotion

**EASY MOVE**

Improvement of movement convenience of the transportation vulnerable second-class citizens

## Global Social Contributions

Starting from building a community center in the Philippines in 2011, In 2016, Hyundai E&C established the Hyundai KOICA Dream Center in Vietnam, the first CSV project of a construction company, and has been pursuing the development of the local community and training of construction manpower as well as providing training equipment and specialized construction training. Hyundai E&C has been promoting a total of 49 social contribution projects in 20 countries around the world, including health and hygiene, educational scholarship, cultural exchange, and relief for the poor. In 2020, Hyundai E&C conducted social contribution activities mainly in Bangladesh and Iraq. Happy Move Volunteer Corps was dispatched to Matabari, Bangladesh to renovate local public elementary schools, provide educational services, and carry out cultural exchange activities. Meanwhile, in Iraq, employees donated items such as clothing, miscellaneous goods, sports equipment, etc. We provided relief items for COVID-19, such as thermal imaging cameras. In addition, systematic support activities were carried out to minimize the damage from the COVID-19 by providing diagnostic kits and protective equipment worth KRW 620 million for six regions where overseas construction works are being carried out.

# Major Social Contribution Programs



## 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.



Hillstate Dream Kium Mentoring Volunteer Corps

### Major Program | 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. 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. In 2020, Youth mentees - College mentors - Employee mentors make up a group of 60 people to have diverse experiences in not only studies but also growth while accumulating relationships through activities for about 10 months.

#### [ INPUT ]

- \* Project donation: KRW 720 million
- \* Talent donation time by employees: 4,480 hours
- \* Teaching donation time by university students: 9,600 hours

#### [ OUTPUT ]

- \* Monetary value creation: KRW 910 million
- \* Providing career exploration opportunities
- \* Momentum for academic improvement and early career setting

#### Implementation of UN SDGs

- > SDG 04. Quality assurance of education



#### Educational scholarship support for youth

- > Community mentoring talent donation activities
- > Hillstate Dream Kium Mentoring Volunteer Corp



## 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.



School Support Project in Bangladesh

### Major Program | 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). Hyundai E&C also conducted technological and cultural exchange activities between Korean and Indonesian university students in cooperation with National University of Indonesia.

#### Implementation of UN SDGs

- > SDG 11. Realization of sustainable cities



#### 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



## 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, for implementing community support activities (food support, holiday support, blood donation, etc.)



Relief Goods and Blood Donation

### Major Program | Employee Volunteering (Food Supply and Blood/Product Donatio) and the Love Sharing Fundraising

In 2020, we provided nutritious food and groceries 10 times to about 1,100 low-income seniors living alone in Jongno-gu, where the headquarters is located, and provided holiday gifts to 1,900 low-income seniors on holidays (New Year's Day/Chuseok). In addition, we conducted a blood donation campaign to alleviate the difficult situation in blood supply due to the impact of COVID-19, and delivered livelihood support kits and 500 blood donations to residents of Daegu and Gyeongbuk areas, which were heavily damaged by COVID-19. In 2020, a total of 1,734 employees participated in the salary raising campaign through voluntary participation, and we plan to use approximately KRW 260 million raised donations to support socially marginalized and vulnerable groups in Korea and overseas.

#### Implementation of UN SDGs

- > SDG 16. Peaceful society and systems
- > SDG 03. Health and wellbeing



#### 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



## 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 develops and operate contents in the field of disaster safety and distribute safety products.



Agreement Ceremony for Disaster Safety Social Contribution

### Major Program | Disaster Safety Education and Safety Equipment Distribution

Hyundai E&C has been pioneering social contribution projects in the field of disaster safety based on its construction industry capabilities since 2018 for the first time in Korea, raising social contribution from post-disaster relief activities to preventive measures. Since the signing of a Memorandum of Understanding (MOU) with the Construction Industry and Social Contribution Foundation and the Plan Korea Committee in April 2021, we are focusing on the disaster safety education project and the development of safety products that prevent disaster safety. In 2021, we plan to distribute and educate disaster safety helmets for students in earthquake-prone areas, and calculate quantitative social values.

#### Implementation of UN SDGs

- > SDG 09. Pursuit of sustainable industrialization
- > SDG 03. Health and wellbeing



#### Disaster safety education and supply of safety equipment

- > Development and operation of disaster safety education projects
- > Distribution of safety equipment for disaster safety prevention



# HDEC PRINCIPLE

## New Era of Progress Implemented by Hyundai E&C

In order to fulfill its responsibilities as a global leading construction company, Hyundai E&C has not stopped thinking of sustainable tomorrow through the era of change and innovation.

Our four value principles are the practical principles for pursuing a management strategy that considers business values and socio-environmental values in a balanced manner.

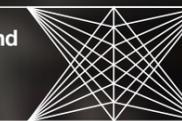
### Propelling Strategies

Establishing Sound  
Governance

Internalizing Compliance  
& Ethical Management

Managing  
Risk Proactively

Protecting Human  
Rights in Value Chain



# Establishing Sound Governance

The corporate governance structure of Hyundai E&C is based on the establishment of sound corporate governance, which creates shareholder value under the supervision of an independent board and emphasizes the interests of stakeholders in a balanced manner. Hyundai E&C is making various efforts to strengthen the independence, expertise, and diversity of the board of directors based on the corporate governance charter.

<https://www.hdec.kr/en/invest/overview.aspx>

## Governance Principles

**HDEC Corporate Governance Charter**  
[www.hdec.kr/en/invest/overview.aspx](http://www.hdec.kr/en/invest/overview.aspx)

**HDEC Corporate Governance Report**  
 (May 31, 2021)  
<http://dart.fss.or.kr/dsaf001/main.do?rcpNo=20210531800578>

By establishing a transparent and independent governance structure based on checks and balances, Hyundai E&C strives to establish a business environment and organizational culture that enables rational decision-making. In order to realize this, Hyundai E&C has adopted the recommendation of corporate governance best practices in line with international standards and to establish a transparent corporate governance system centering on a professional management system and independent board of directors. Hyundai E&C is also continuously improving its governance structure by establishing a corporate governance charter.

The basis of Hyundai E&C's governance model is to establish a sound and transparent governance structure based on the three principles of independence of the board, management expertise, and enhancement of stakeholder value. In order to secure the independence of the board of directors, which is the basic principle of the operation of the board of directors of Hyundai E&C, the independence of the board of directors is defined in the 'HDEC Corporate Governance Charter' and the conditions for securing independence are specified. In addition, the 'HDEC Corporate Governance Report' is annually disclosed by submitting to the Korea Exchange.

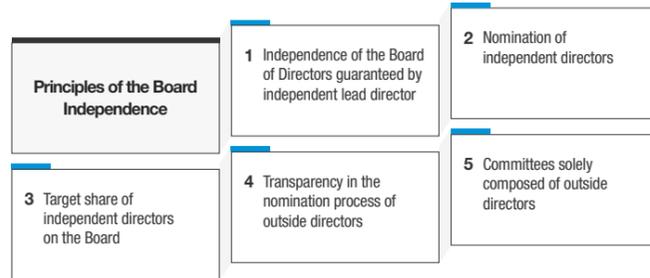
## Board of Directors

Hyundai E&C's governance system is established on the basis of the 'Independent Board of Directors'. Hyundai E&C operates a board of directors consisting of a total of seven members comprising three executive directors and four outside directors to ensure transparent decision-making through efficient checks and expert advice (as of May 2021). Due to the nature of the construction industry, in which fast decision-making is needed at business places located throughout the world, the CEO is also the chairman of the board of directors. Therefore, in order to allow the Board of Directors to function independently of the plural office system, more than half of the total number of directors is composed of outside directors, and an Independent Lead Director is appointed. To strengthen the independence, all chairmen of each committee are appointed as outside directors, and the ratio of outside directors within the Board is 57.14%, exceeding the 50% requirement under Article 542-8 Paragraph 1 of the Commercial Act.

### Definition and Principles of the Board Independence

**Definition of the Board Independence**  
 "Under the monitoring of independent Board of Directors, the corporate governance of Hyundai E&C aims to generate shareholder values through value-creating management, global future management, and sustainability management by a professional manager and to consolidate sound corporate governance that concerns interests of internal and external stakeholders in a balanced manner."

(HDEC Corporate Governance Charter Preface)



### Status of the Board of Directors (As of May 2021)

	Yoon Young-Joon President & CEO [Board Chairman]	Lee Won-Woo Executive Vice President	Kim Kwang-Pyung Senior Vice President
<b>Gender   Birth</b>	Male   DEC 1957	Male   FEB 1954	Male   MAY 1969
<b>Appointment</b>	MAR 2021	MAR 2018	MAR 2021
<b>Work Experience</b>	(Current) President of Hyundai E&C, CEO (Former) Executive Vice President of Hyundai E&C (Housing Works Division)	(Current) Executive Vice President of Hyundai E&C (Former) Executive Vice President of Hyundai E&C (Plant Division)	(Current) Senior Vice President of Hyundai E&C, CFO, (Former) Vice President of Hyundai E&C (Finance & Accounting Division)
<b>Education</b>	M.A. in Environment, Graduate School of Yonsei University	M.A. in Construction Project Management, Graduate School of Ulsan University	B.A. in Economics, Korea University
<b>GICS Classification</b>	Construction & Engineering	Construction & Engineering	Finance & Accounting
<b>Treasury Stocks</b>	2,300	1,000	

## Nomination of Directors

For the nomination of directors, Hyundai E&C selects the best experts by field who can provide expert advice for the benefits of the company and shareholders after considering the board diversity and the complementarity of skills, and fairly verifying whether the candidates meet the independence criteria. In addition, all directors are not appointed in a lump but are appointed individually to further ensure the rights of shareholders. In March 2021, Hyundai E&C appointed Ms Cho Hye-Kyung, a female outside director, to the Board of Directors, and is making continuous efforts to expand the diversity of the Board of Directors.

**Independence Standards for Directors** ————— 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 department (IR Team, Financial Planning Team, Accounting Team, Audit Team, Compliance Support Team) to faithfully provide the information necessary for business and support the smooth execution of duties by outside directors.

**Nomination Principle of the Board** ————— Directors are nominated at the general shareholders' meeting by the recommendation of the Outside 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 Outside 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.

### Independence Standards for Outside Directors

Basis: '2.4 Qualifications and Independence of Directors' of HDEC Corporate Governance Charter

**"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

Kim Young-Kee Outside Director [Lead Independent Director]	Kim Jae-Jun Outside Director	Hong Dae-Sik Outside Director	Cho Hye-Kyung Outside Director
Male   SEP 1956	Male   OCT 1960	Male   SEP 1965	Female   JUL 1964
MAR 2016	MAR 2020	MAR 2020	MAR 2021
(Current) CEO of T&P Tax Accounting Corp. (Former) Director of Investigation Bureau of NTS	(Current) Professor of Architectural Engineering at Hanyang University (Former) President of Korean Institute of BIM	(Current) Professor of Law School at Sogang University (Former) Lawyer at Yulchon L.L.C.	(Current) Professor of IT Convergence Engineering School at Hansung University (Former) Director of Korea Institute for Robot Industry Advancement
M.A. in Public Administration, Graduate School of ChungAng University	Ph. D. in Construction Management, Graduate School, University of Illinois at Urbana-Champaign, U.S.A	Ph. D. in Law, Graduate School of Seoul National University	Ph. D. in Advanced Control and Instrumentation, Graduate School of Seoul National University
Accounting & Finance	Construction & Engineering	Law	Construction & Engineering
100			

\* As of July 2021, the average service duration of Hyundai E&C board directors is 1.85 years

### Operation of the Board

100 %

Average Attendance Rate  
(As of 2020)

**Operation Status of the Board** In 2020, the Board of Directors was convened 4 regular and 5 temporary meeting times to resolve a total of 30 agendas, including approval of transactions with affiliates. 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. The average attendance rate of the board in 2020 is 100%.

**Committees in the Board** In October 2020, the Compensation Committee was newly established within the Board to expand the functions and roles of the Board. To enhance the expertise and efficiency of the works carried out by board of directors, Hyundai E&C has established and is operating four standing committees within the Board. Each committee is entrusted with part of the authority of the Board, 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.

Status of the Board Committees (As of July 2021)

Committee	Formation	Chairman (Position)	Purpose and Authority
<b>Audit Committee</b>	4 outside directors	<b>Kim Young-Kee</b> (Lead Independent Director)	Accounting audit and business audit
<b>Outside Director Nominating Committee</b>	4 outside directors and 1 inside director	<b>Cho Hye-Kyung</b> (Outside Director)	Investigation, examination, and general meeting recommendation of candidates for outside director
<b>Corporate Governance &amp; Transparent Management Committee</b>	4 outside directors	<b>Hong Dae-Sik</b> (Outside Director)	Sustainability agendas including internal transaction transparency and ethical management, protection of shareholder rights and interests, environment, society, and governance (ESG)
<b>Compensation Committee</b>	2 outside directors and 1 inside director	<b>Kim Jae-Jun</b> (Outside Director)	Remuneration for registered directors and other directors

2020 Board Efficiency Assessment Result  
(Unit: points of total 5 points)



**Board Efficiency Assessment** 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. 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 2020, the Board's Efficiency Assessment Score was counted as 4.84 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.

**Board Compensation** 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. 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 the Board the remuneration status of all directors and the committee of inspection has been disclosed on a quarterly, biannual and annual business reports.

Status of Top Management Compensation (As of December 31, 2020)

Category	Number of Persons (n)	Total Amount of Remuneration (KRW million)	Average Remuneration (KRW million)	
<b>Top Managements</b>	Inside directors*	2	993	496.5
<b>Employees and Outside Directors</b>	Outside directors	4	228	57.0
	Employees	6,303	535,558	85.0
	Total	6,307	535,786	85.0
Ratio of Top management compensation against the average of employee compensations (times)			5.8	

\* Excluding severance pay of executive director. Due to the resignation of Park Dong-Wook (former CEO, at the ninth meeting on December 21, 2020), the number of registered executives (inside directors) within the board of directors is two as the reporting standards above (as of December 31, 2020).

## Hyundai E&C, Strengthens Its Sustainability Management System Led by the Board Of Directors

### Establishment of a Board-level Sustainability Management System

As a responsible corporate citizen, Hyundai E&C has newly established the sustainability management (ESG) decision-making system and process at the board level, the company's highest decision-making body, to fulfill its social responsibilities through company-wide sustainability management. In particular, on October 23, 2020, Hyundai E&C established the transparent management committee operating regulations within the board of directors (Article 3 - Clause 7) to improve the reporting system on major ESG issues that are gaining importance internally and externally on sustainability management issues. issue) was revised. Through this, the review, deliberation/decision function and authority for other major non-financial management issues such as the environment, society, and governance have been strengthened.



Board ESG Seminar in 2020

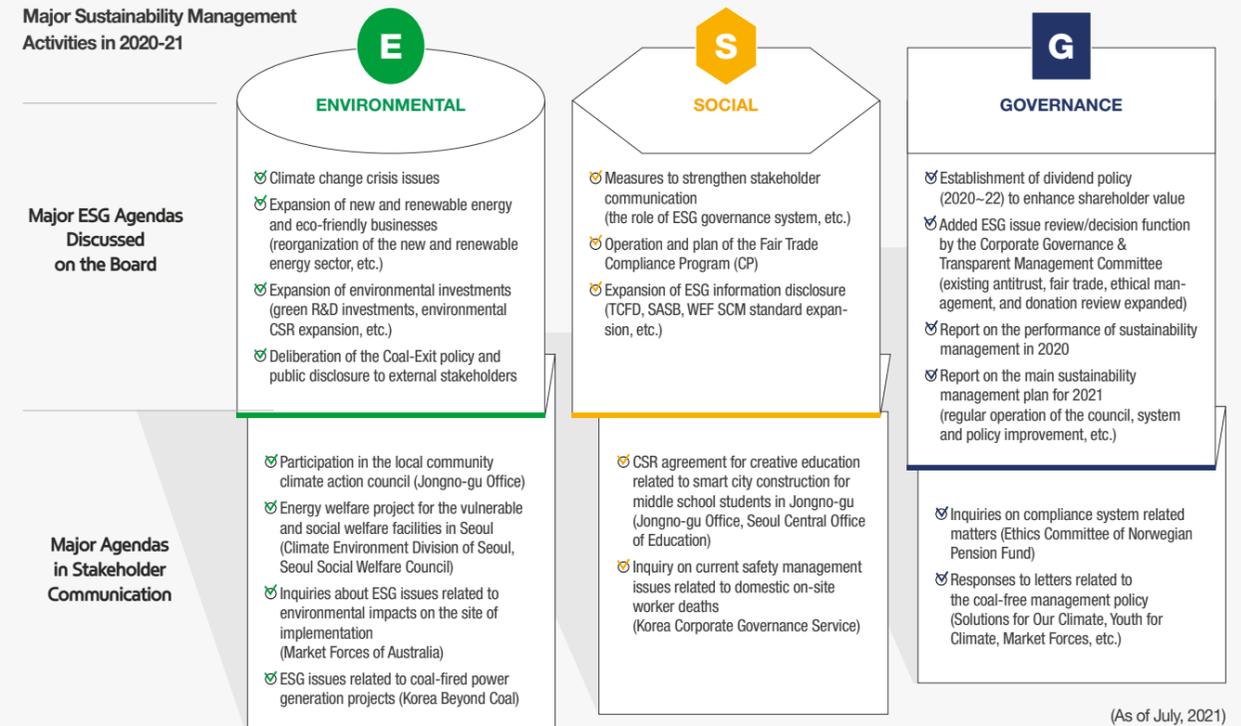
To strengthen the ESG risk expertise at the board level, in October 2020, the President of the Korea Corporate Governance Service was invited to conduct ESG training for the BOD under the theme of "The Necessity of ESG Management and the Role of the Corporate BOD".

### Reinforcement of the Sustainability Management Organization under the Board

In October 2020, Hyundai E&C launched the CFO-driven Sustainability Management Council as a company-wide sustainability management organization. The Sustainability Management Council is responsible for establishing a risk response plan by securing a company-wide driving force

for sustainability management issues and comprehensively analyzing financial and non-financial risk issues. (Please refer to page 9 for the organization chart of the council). In addition, the council collects opinions through active communication with stakeholders related to the environment, society, and governance, and strives to reflect them in the company's operation.

### Major Sustainability Management Activities in 2020-21



(As of July, 2021)

# Internalizing Compliance & Ethical Management

As a responsible corporate citizen, Hyundai E&C is striving to build trust with stakeholders through ethical management activities and compliance with fair trade. Hyundai E&C is striving to establish a corporate ethical culture by reinforcing ethics and compliance employees, affiliates, suppliers, and business partners.

<https://www.hdec.kr/en/invest/ethic.aspx>

## Ethical Management Policy

**Ethics Charter and Code of Conduct** In July 2020, Hyundai E&C completely revised the 'Ethics Charter and Code of Conduct, which is the standards for correct decision-making and ethical judgment in corporate management, and promotes ethical management based on the five codes of practice: (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 and improve its Ethics & Compliance Management System in response to rapidly changing industry trends and developments, ensuring the needs of the stakeholders are met.

**Reinforcement of Compliance Policies** Hyundai E&C regularly reviews internal compliance regulations by reflecting global standards and stakeholders' demand for the establishment and implementation of compliance policies. In December 2020, Hyundai E&C appointed an external expert (an international law firm) to conduct "Compliance Monitor" activities, and launched an internal task force to support external experts to diagnose internal compliance policies, derive system improvement plans, and apply work processes.

### Results of Compliance Monitor Activities in 2020-2021



**Anti-Corruption Compliance Policy** Since the enactment of the Anti-Corruption Compliance Policy & Procedures in April 2017, Hyundai E&C has been continuously revising the company regulations by comprehensively considering the anti-corruption issues identified in the business execution and the needs of stakeholders. In March 2020, provisions were added to require anti-corruption risks to be taken into account when hiring executives and employees, and signing third-party contracts. Under the newly added provisions, employees must obtain prior approval from the Compliance Team if they receive suspicious payment requests during the process of awarding the contract.

**Expanding Compliance Organization** In order to implement its ethical management 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) offering/giving counsel to employees on compliance issues. 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. In 2020, monthly compliance councils were held to disseminate ethical and compliance policies and fair-trade trends throughout the company. In 2021, the number of senior compliance ambassador increased from 23 to 26 and the number of junior compliance ambassador from 355 to 361 to expand the compliance organization. reinforced.

### Compliance Organization



**Strengthening Ethics & Compliance Training** Hyundai E&C periodically provides ethics/compliance training programs to all employees and collects the "Ethical Management Pledge" annually. Since the reinforcement of the anti-corruption training program in cooperation with external experts in 2019, Hyundai E&C has been conducting company-wide anti-corruption training. In line with the reinforcement, Hyundai E&C provided anti-corruption training to 1,834 employees who performed subcontract-related tasks at the headquarters and domestic sites in 2020, and conducted international compliance training from February to May 2021. Hyundai E&C is planning to appreciate the completion rate of ethics and compliance training with headquarters performance (KPI) from 2022 to raise anti-corruption awareness among executives and employees.

### Ethics & Compliance Education Performance in 2020

Category	Education Target	Education Content
Ethical Education	All employees	Ethical management trend, ethical management system, and ethical regulation education
Compliance Education	1,834 employees performing subcontract related work	Construction-related law compliance
Fair-trade Education	1,185 employees from relevant departments and sites	Fair Trade, Subcontracting and Compliance

**Reinforcement of Fair Trade Compliance** To settle the transparent and fair-trading culture, Hyundai E&C has introduced the Compliance Program (CP) designed to comply with Monopoly Regulation and Fair Trade Act as an internal control standard. We monthly 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. Hyundai E&C received no administrative measure for violating fair trade law in 2020, as a result of strengthening voluntary compliance with fair trade by conducting fair trade education for 1,185 employees in relevant departments and sites and reviewing any risk of violation of the law. In 2021, we plan to reinforce the effectiveness of education by revising the Fair Trade Compliance Manual and communicating it through extended education program specialized to each sector/target group.

### Status of Anti-Trust Penalty

Category	Unit	2017	2018	2019	2020
Total Fines	KRW million	21,700	0	0	0
Ratio to Sales	%	0.1285	0	0	0

### Cyber Audit Office

[http://audit.hdec.kr/Front\\_Eng/Main.aspx](http://audit.hdec.kr/Front_Eng/Main.aspx)

**Violation of Ethical Management and Consequences** To create strong ethical culture of the organization, Hyundai E&C operates a whistleblowing channel (Cyber Audit Office) that is available to all employees around the clock. Hyundai E&C is receiving reports of wrongdoings such as offer or acceptance of money and entertainment, violation of corporate policies, granting of favorable treatment to partners. The identity of the person making the report and content thereof are strictly kept confidential both within the Company and externally, as prescribed in Whistleblowing Policy and Procedure. In 2020, a total of 52 reports were received, of which 40 were determined to be true as a result of investigation by the Audit Group; disciplinary actions were taken on 9 cases of ethical management violations. Hyundai E&C will continue on with its Zero-Tolerance approach to bribery and corruption.

### Cases of Violation and Disciplinary Action Taken

(Unit: cases)

Category	Description	2017	2018	2019	2020
Actions on Reported Cases through Cyber Audit Office	Number of allegations	65	62	49	52
	Number of cases found true	45	36	33	40
	Number of cases found innocent	20	26	16	12
Occurrence of Ethics Violation Cases	Acceptance of hospitality/entertainment	2	0	0	2
	Abuse of position or authority	2	0	1	2
	Price fixing	0	0	0	0
	Other violation of related laws	0	0	1	0
	Harassment/Sexual harassment	0	2	4	5
	Total	4	2	6	9
Measurement of Disciplinary Actions Taken	Disciplinary Dismissal	1	1	1	5
	Recommended resignation	1	0	0	2
	Suspension	0	0	0	1
	Pay cut	0	2	4	0
	Reprimand	0	0	0	1
	Total	2	3	5	9

# Managing Risk Proactively

Hyundai E&C is striving to effectively secure business stability by identifying and preventing the potential crisis in advance through preemptive risk management. Hyundai E&C is also strengthening its competitiveness by conducting a systematic long-term strategic risk analysis to uncover new opportunities and integrate them into its business.

<https://www.hdec.kr/en/invest/safety.aspx>

## Risk Classification

**Corporate-wide Risks** ————— For effective responses to risks, Hyundai E&C classifies risks largely into corporate-wide risk, project risk, and long-term strategic risk, taking into account business areas, activity markets, macroeconomic environment, and stakeholder characteristics for management of the risks. Corporate-wide risks refer to those significant risks that can affect Hyundai E&C's business objectives among various risks to which the whole company is exposed. The corporate-wide standard risk-based classification system ("RBS") establishes a quantitative risk assessment standard as a major level (national environment, project feasibility, terms and conditions, bidding/quotation, project management, project execution, 6 divisions) - medium level (17 categories) - specific level (82 items). Based on accumulated project experience and cases, Hyundai E&C manages the agile risk rating by integrating occurrence probability - impact degree - risk frequency analysis.

**Project Risks** ————— Project risks refer to important risks that can affect project winning and the achievement of project goals when projects implemented. Hyundai E&C is proactively blocking project risks by establishing and operating a consistent and efficient project risk management system throughout the project lifecycle. Since 2014, Hyundai E&C is fundamentally blocking the winning of projects with apparent risks through the order winning stage multilayered filtering system. When projects have been selected and won through the foregoing process, high risks are intensively identified, and risks are divided into those that can be handled at the site and those that require head office's support so that appropriate responses can be carried out.

**Long-term Strategic Risks** ————— Long-term strategic risks are material risks that may significantly influence the future sustainability of Hyundai E&C. We have 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.

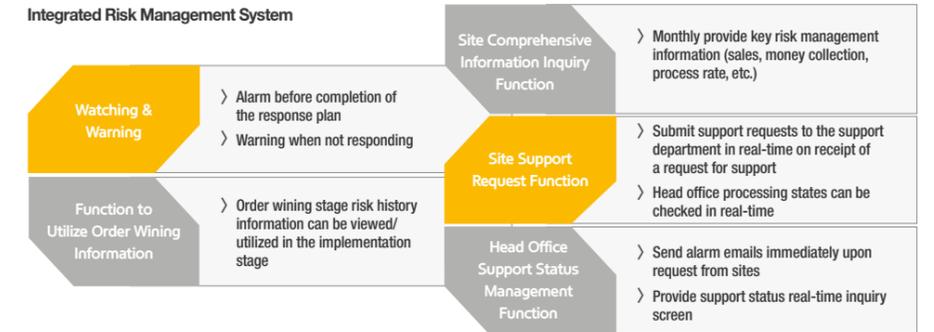
Construction Industry Megatrends against 2030	Urbanization	Water Scarcity & Pollution	Energy & Fuel	Material Resource Scarcity
<b>Risk Definition</b>	Overcrowding and urban poor due to population growth	Threats to business growth and market expansion due to water scarcity	Fluctuations in energy policy, energy supply and fuel prices due to increased energy consumption in developing countries	Intensifying resource shortages in metals, biomass, agricultural products, and water due to population growth and industrialization
<b>2030 Outlook</b>	> 60% of the world's population living in cities, projected to increase by 10% from 50% in 2013 <UN Population Division>	> Water demands in South Africa will increase by 283% compared to 2005, China's industrial water demand surged by 40% <2030 Water Resource Group / WEF>	> Global oil consumption will increase by 15% compared to 2010 due to increased transportation in emerging markets in 2030 <IEA>	> Mineral/metal/biomass extraction increased to 83 billion tons <KPMG>
<b>Risk Factor</b>	> Intensifying socio-economic problems in urban areas due to population growth	> Security risks surrounding water supply between companies and markets	> Adverting severe crises on energy shortage caused by demand increase for energy	> Intensifying global competition for securing resources
<b>Opportunity Factor</b>	> Increasing large & smart infrastructure in accordance with the expansion of the urban areas	> Expansion of demand for water treatment and environmental restoration technology	> Responding to energy shortage by developing renewable energy and low-carbon, high-efficiency technology	> Overcoming the era of resource scarcity through waste treatment and development of alternative construction materials
<b>Countermeasures</b>	> Development of cutting-edge construction technology to supply large & smart infrastructure - Long-span bridge construction technology, zero energy building, intelligent transportation system	> Development of water treatment and environmental restoration technology to overcome environmental risk - Seawater desalination, wastewater treatment and water reuse	> 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	> Development of waste recycling technology and substitute materials to prepare for resource shortages - Contaminated soil restoration technology
<b>UN SDGs</b>	SDG 11 Sustainable Cities and Communities	SDG 6 Clean Water and Sanitation	SDG 7 Affordable and Clean Energy	SDG 9 Industry, Innovation and Infrastructure

## Risk Management System

**Risk Management Organizations** ————— Hyundai E&C operates a corporate-wide risk management system to identify and manage risks that can occur in various types of projects, including infrastructure, building, housing, plant, and energy. Risks at all sites are managed by dividing them into order-taking and execution stages. Risks in the order stage before project participation are managed by the Budget Management Office, and risks in the project execution stage are managed by the Project Support Office and Implementation Support Office.

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 Budget Management Office, Business Support Office (RM Team), Implementation Support Office within the Finance and Economy Headquarters, are performing integrated risk management through organic collaboration, and the role scope is continuously expanding.

**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 (HPRMS) that encompasses risk management functions at the implementation phase in 2016. In 2019, the overseas project risk classification system was introduced into domestic projects with the completion of 82 detailed risk classification tasks. In December 2020, we opened the on-site V/O claims management system to strengthen our ability to manage claims-related risks. In 2021, we plan to advance the operation of the project risk management system.



Registration Status Of Project Risk Management System (As of December 2020)

Category	2016	2017	2018	2019	2020	Total
Infrastructure	142	484	291	167	190	1,274
Building	125	292	169	114	87	787
Housing	24	479	261	122	74	960
Plant	92	257	100	64	65	578
<b>Total</b>	<b>383</b>	<b>1,512</b>	<b>821</b>	<b>467</b>	<b>416</b>	<b>3,599</b>

**Risk Monitoring and Reporting System** ————— Hyundai E&C has defined 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.

### Risk Reporting System

Category	Risk Level	Reporting System
Board of Director	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)

# Protecting Human Rights in Value Chain

As a responsible global construction company, Hyundai E&C has established the highest standards for human rights management in all regions and processes in which it operates. Hyundai E&C establishes human rights respect and protection responsibilities for all stakeholders, complies with human rights regulations in the country where the project is carried out, and continues to strive to improve its own human rights policy and human rights risk management system.

<https://www.hdec.kr/en/invest/ethic.aspx>

## Human Rights Policy

**Human Rights Policy** ————— Hyundai E&C believes that corporate human rights policies should go beyond the legal level of human rights protection and develop into promises and efforts to promote human rights. Since the establishment of the "HDEC Human Rights Policy" in May 2017, Hyundai E&C has actively protected and promoted human rights through major human rights issues and vulnerable group management in all domestic and international businesses. In July 2020, Hyundai E&C revised the "HDEC Human Rights Charter" to reflect the global human rights policy and recommended the practice of the entire value chain process by reflecting the purpose of Hyundai E&C's human rights management in the "HDEC Supplier Code of Conduct". The charter consists of five chapters: Overview, Principles, System, Risk Management, Appendix and presents the human rights standards expected across the value chain.

### HDEC Human Rights Charter

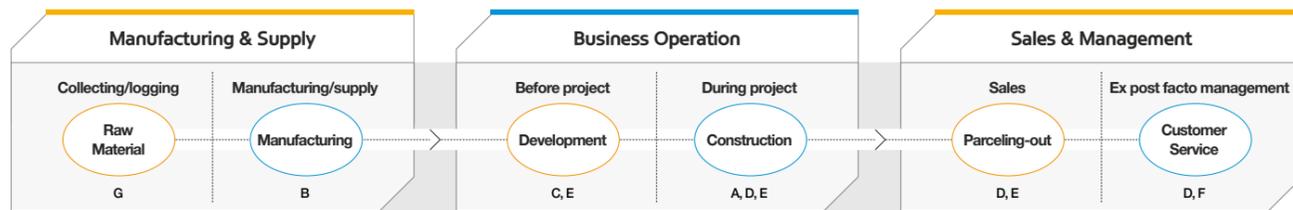
[www.hdec.kr/downloadfile/HDEC\\_Human\\_Rights\\_Charter\\_\(Rev.2\)\\_E.pdf](http://www.hdec.kr/downloadfile/HDEC_Human_Rights_Charter_(Rev.2)_E.pdf)

**Compliance with Global Human Rights Standards** ————— 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 reflect them in the charter. Hyundai E&C also actively practices the ten principles of human rights, labor, environment and anti-corruption in the UN Global Compact, an international agreement on corporate social responsibility.

## Human Rights Risk Management System

Due to the nature of the construction industry, workers of various nationalities and races work in the process of promoting large-scale overseas construction projects, and a global supply chain to supply construction materials is operated. Considering the specificity of the construction industry, Hyundai E&C strives to minimize human rights violations and impacts by inspecting and preventing human rights violations throughout the value chain in advance.

Hyundai E&C Human Rights Map and Major Human Right Issues



Major Human Rights Issues	Vulnerable Group	Review Targets	Issue Definition	Risk Level	Evaluation System	Scope	Identification	Action
<b>A. Business Operation</b>	Employees, local communities	Hyundai E&C	Potential human rights violations that may be caused by goods / services	Subjects of due diligence	On-site Human Rights Assessment	100%	21.6%	100%
<b>B. Supply Chain Human Right</b>	Supplier employees, migrant workers, external contract workers	Supplier, Local community	Issue of the violation of supplier employees' basic human rights, labor rights, and safety rights	Subjects of due diligence	Supplier ESG Risk Assessment	100%	0.99%	100%
<b>C. Indigenous People's Rights</b>	Indigenous people, local communities	Hyundai E&C	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%
<b>D. Privacy Protection</b>	Employees, customers	Hyundai E&C	Personal information and privacy protection issues of employees and customers	Subjects of due diligence	Information Security Inspection	100%	38.3%	100%
<b>E. Employee Human Rights</b>	Employees, women	Hyundai E&C	Issue of the violation of basic human rights, labor rights, safety violation issues in the working environment of employees	Preliminary caution				
<b>F. Emotional Worker Protection</b>	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				
<b>G. Illegal Logging</b>	Indigenous people, children	Supplier of wood	Issues of child labor exploitation in illegal logging process	Preliminary caution				

Through diagnostic analysis of the entire value chain of manufacturing/supply, business operation, and sales/management, major human rights issues were defined and priorities established according to the degree of risk exposure, based on the three aspects of policy declaration, policy implementation, and human rights remedies in 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, 3) Business Risk Assessment results, and 4) Information Security Inspection. In 2020, the number of On-site Human Rights Assessment indicators was expanded from 34 to 41 to enhance the identification of human rights risks (harassment, human trafficking, equal compensation, freedom of association and collective bargaining). In addition, human rights risk issues are reflected as key indicators in the Supplier ESG Risk Assessment, and remedial measures are implemented for recognized human rights risks through the due diligence process.

## Results of Due Diligence of Major Human Rights Issues

**On-site Human Rights Assessment** ————— To prevent any human rights violations that may arise in a global site where actual construction projects are underway, Hyundai E&C developed 'On-site Human Rights Checklist Assessment' in May 2017 for the first time among construction companies in South Korea to conduct close evaluation and inspections of every site every year. The 'On-site Human Rights Checklist' consists of a total of 41 indicators in four areas: respect for basic human rights, worker human rights protection, workplace safety assurance, and welfare benefits under the purpose operation of identifying human rights risks in global construction sites where multinational workers work in advance and actually improving the conditions.

In 2020, a total of 11,185 domestic and overseas workers at 37 overseas sites in 11 countries were completely evaluated through evaluation processes including self-check by sites, branch site visiting verification, and worker interviews. According to the results of evaluation in 2020, Hyundai E&C's global on-site human rights checklist implementation rate was 98.9%, 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.

Implementation Rates of 2020 On-site Human Rights Assessment

Area	Indicators (n)	Implementation Rates
<b>Respect for Basic Human Right</b>	10	97.3%
Prohibition of discrimination/abuse, political/religious freedom and grievance handling		
<b>Protection of Labor Right</b>	12	99.5%
Prohibition of forced/child labor, payment of salary, observe working hours		
<b>Provision of Safety</b>	7	99.6%
Safety compliance, safety equipment provision, health promotion		
<b>Welfare Benefits</b>	12	99.1%
Accommodation, restaurant, convenience facilities		
<b>Total</b>	<b>41</b>	<b>98.9%</b>

Results of 2020 On-site Human Rights Assessment

Category	Number of Site (n)	Ratio	Description
<b>Risk Evaluation</b>	37	100%	100% of the global sites where sales occurred
<b>Risk Identification</b>	8	21.6%	Sites where there is a lack of worker grievance relief system
<b>Corrective Actions</b>	8	100%	Operate counseling room and meetings to improve worker grievance relief system

Corrective Actions of 2020 On-site Human Rights Assessment

Category	Worker's Council Established	Grievance System Established	Working Hours Observed	Pay Slip Provided
<b>ST-38Q site, Saudi Arabia</b>	○			
<b>KNRP site, Kuwait</b>	○			○
<b>QAMA site, Qatar</b>		○		
<b>QAWI site, Qatar</b>		○		
<b>SSPO site, Singapore</b>	○			
<b>SIUS site, Singapore</b>	○	○	○	
<b>SKEEL site, Sri Lanka</b>	○	○		
<b>PAM3 site, Panama</b>		○		

**Supplier ESG Risk Assessment** ————— To extend responsible and sustainable management throughout the supply chain, Hyundai E&C developed and evaluated the 'Supplier Sustainability Assessment Index' for the first time in a domestic construction company in 2014, and regularly measures and manages the level of negative economic, environmental and social risks that may occur in the supply chain. This assessment includes supply chain human rights, labor and safety evaluation indicators that may arise in the supply chain. Detailed information, including the results of the 2020 assessment, can be found in the sustainable supply chain management section of this report (p. 52).

Results of 2020 Supplier ESG Risk Assessment

Category	Number of Suppliers (n)	Ratio	Description
Risk Evaluation	3,828	100%	100% of tier 1 suppliers
Risk Identification	38	0.99%	High-risk suppliers
Corrective Actions	38	100%	Induce the implementation of corrective measures and improvement; if no improvement, cancel the registration

**Business Risk Assessment** ————— Hyundai E&C is aware that potential human rights risks may arise due to multiple factors, including economic, social and cultural differences and long-term construction project progress, when entering a business site, new market, or overseas country requiring advancement of new construction methods (technology) and on-site management according to business portfolio expansion. 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.

Results of 2020 Business Risk Assessment

Category	Number of Projects (n)	Ratio	Description
Risk Evaluation	77	100%	100% of projects being promoted
Risk Identification	2	2.60%	Projects promoted in high human right risk countries
Corrective Actions	2	100%	Devise measures to mitigate or avoid risks

**Information Security Inspection** ————— Hyundai E&C recognizes the importance of personal information we collect, handle and store during our business and identifies it as a major human rights risk that leads to human rights violations of stakeholders such as customers and employees when information is leaked. Based on group security guide criteria, Hyundai E&C is implementing preventive measures by conducting simulation hacking of business systems and inspection of infrastructure systems annually through Hyundai AutoEver, a third-party IT system specialist, and deriving countermeasures by simulation analysis of discovered vulnerabilities.

Results of 2020 Information Security Inspection

Category	High-risk Vulnerabilities (n)	Ratio	Description
Risk Evaluation	107 (System check-ups)	100%	Infrastructure security check based on group security guide (OS: 65, DB: 13, WEB/WAS: 29)
Risk Identification	41	38.3%	Vulnerabilities identified in account and password management, solution security management area
Corrective Actions	41	100%	OS improvement, DB supplementation, WEB solution security management reinforcement

**Employee Human Rights** ————— Continuous education and management are necessary 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. 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 "Workplace Harassment Prevention Education", "Sexual Harassment Prevention Education", and "Education to Improve Perception of the Disabled" for all employees.

**Illegal Logging** ————— Hyundai E&C is aware that illegal logging without permission in the process of deforestation for the manufacture of wood finishing materials used in construction projects is becoming an international issue. When purchasing finished wood products for the interior, Hyundai E&C is receiving FSC (Forest Stewardship Council) certification and HB (Healthy Building Material) certification from suppliers that have acquired it. Also, when purchasing paper, we purchase 100% FSC certified paper.

Management of Potential Human Rights Issues

2020 Employee Human Rights Education

Trainees	Completion rate
6,732 Employees	94 %
Workplace Harassment Prevention Education	
6,502 Employees	90 %
Sexual Harassment Prevention Education	
6,708 Employees	94 %
Awareness Education for the Challenged	

# ESG DATA & INFORMATION

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## Financial Performance

### [Condensed] Consolidated Statement of Income

(Unit: KRW 100 million)

Category	2017	2018	2019	2020
Sales	168,871	167,309	172,788	169,709
Cost of Sales	151,081	150,697	155,529	155,740
Gross Profit	17,790	16,611	17,259	13,969
Operating Income	9,861	8,400	8,597	5,490
Income Before Income Tax Expense	5,548	8,979	7,989	3,956
Net Income	3,716	5,353	5,733	2,277
Other Comprehensive Income	726	-2,071	-332	-907
Total Comprehensive Income	4,441	3,282	5,402	1,370

### [Condensed] Consolidated Statement of Financial Position

(Unit: KRW 100 million)

Category	2017	2018	2019	2020
Current Assets	132,498	133,368	131,720	133,989
Non-current Assets	51,821	47,178	50,550	45,403
Total Assets	184,319	180,546	182,270	179,393
Current Liabilities	72,190	68,609	67,709	64,677
Non-current Liabilities	27,399	29,019	27,411	27,052
Total Liabilities	99,590	97,628	95,120	91,729
Capital Stock	5,573	5,573	5,573	5,573
Other Contributed Capital	10,282	9,979	10,138	10,135
Components of Other Capita	690	-2,675	-2,337	-2,398
Retained Earnings	48,132	49,864	53,252	53,008
Non-controlling Interests	20,053	20,178	20,524	21,346
Total Equity	84,730	82,919	87,150	87,664

### Consolidated Financial Stability

(Unit: %)

Category	2017	2018	2019	2020
Current Ratio	183.5	194.4	194.5	207.2
Debt Ratio	117.5	117.7	109.1	104.6
Net Worth Ratio	46.0	45.9	47.8	48.9

### Compliance

Hyundai E&C strictly complies with tax laws and related regulations in all 62 countries (as of May 2021) 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 2020. Hyundai E&C will endeavor to communicate with its stakeholders in a transparent manner.

## Long-term Sustainability Targets & KPIs

### Long-term Sustainability Targets

Focal Division	Long-term Sustainability Target	Key Sustainability Indicators	2018	2019	2020	2021(Target)
HDEC PROSPERITY 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 (%)	43.17	45.21	52.66	47.01
		Proportion of sustainable products in Infrastructure Works Division (%)	1.37	1.00	0.59	1.28
		Proportion of sustainable products in Building & Housing Works Division (%)	33.17	38.99	49.04	44.47
HDEC PLANET 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	Proportion of sustainable products in Plant Works Division (%)	8.62	5.23	3.04	1.26
		Total GHG emissions reduction (tCO <sub>2</sub> e)	66,580	65,182	24,130	24,636
		GHG emissions reduction by energy efficiency (tCO <sub>2</sub> e)	65,860	64,477	22,951	23,433
		GHG emissions reduction by energy facility replacement (tCO <sub>2</sub> e)	571	559	1,169	1,193
HDEC PEOPLE New Era of Shared Growth Accompanied by Hyundai E&C	Fortifying Core Technology Competitiveness of Value Chain: Investing about KRW 20 billion annually in fortifying core technology Competitiveness of value chain by 2030	GHG emissions reduction by eco-friendly vehicles (tCO <sub>2</sub> e)	149	146	10	10
		R&D investments (KRW 100 million)	189	187	183	189
		R&D human resource investments (KRW 100 million)	159	151	138	148
		R&D expenses (KRW 100 million)	27	29	44	38
		R&D asset acquisitions (KRW 100 million)	3	7	1	3

\* Definition of sustainable products: Energy plants, products of green business, green buildings, and high-efficiency buildings

\* Definition of R&amp;D investments: R&amp;D human resource investments, R&amp;D expenses, and R&amp;D asset acquisitions

### Sustainability KPIs

Focal Area	Long-term Sustainability Target	Key Sustainability Indicators	2018	2019	2020	2021(Target)
Enhancing Global Competitiveness	Increasing the proportion of sales of sustainable products to more than 60% against total revenues by 2030	Revenues (KRW 100 million, consolidated)	167,309	172,788	169,709	187,000
		Revenues (KRW 100 million, separate)	100,161	100,147	93,201	109,000
		Proportion of total sustainable products (%)	43.17	45.21	52.66	47.01
Innovating Core Technology and Service	Investing about KRW 20 billion annually in fortifying core technology Competitiveness of value chain by 2030	Domestic & overseas branches and offices (units)	30	28	33	33
		R&D investments (KRW 100 million)	189	187	183	189
		R&D human resource (persons)	140	143	114	168
		Patent registration (cases)	51	39	46	50
Responding Climate Change	Reducing GHG emissions by 2.1% per year compared to baseline year 2015 by 2030	Site technical supports (cases)	316	542	361	370
		Scope 1 GHG emissions (tCO <sub>2</sub> e)	423,202	417,904	167,071	366,426
		Scope 2 GHG emissions (tCO <sub>2</sub> e)	170,612	178,236	140,669	177,895
		Total GHG emissions reduction (tCO <sub>2</sub> e)	66,580	65,182	24,130	26,346
Realizing Eco-friendly Construction	Minimizing environmental impacts by achieving 'Environmental Penalty Zero' by 2030	Energy consumption (GJ)	7,694,510	7,767,260	4,064,530	7,096,425
		Water usage (thousand ton)	746.6	802.0	772.2	843.0
		Waste water discharged (thousand ton)	5,449.8	5,333.9	8,311.2	9,074.0
Cultivating Innovative Talents	Securing and fostering talents in design/engineering expertise and key core technologies	Waste generated (ton)	835,863	767,527	886,723	968,174
		Waste discharged (ton)	21,648	11,047	6,939	7,576
		Recruitment (persons)	1,106	1,067	1,153	1,605
Improving Safety & Health Implementation	Maintaining fatality rate remains zero by 2030	Annual compensation for employees (KRW 100 million)	5,559.7	5,270.4	5,355.6	5,485.9
		Training satisfaction (points)	4.50	4.50	4.50	4.52
		Job capability evaluation (points)	82	80	82	86
		On-site safety inspection (times)	3,386	3,725	1,675	1,634
Enhancing Value Chain Capability	Expanding supplier management evaluation and action rate to 100% by 2030	Fatality rate (%)	0.93	1.31	0.89	0.43
		LTIFR - Employees (n/million hours worked)	0.166	0.192	0.105	0.146
		LTIFR - Contractor (n/million hours worked)	0.877	0.917	1.024	0.924
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)	Supplier's sales in overseas market by Hyundai E&C (KRW 100 million)	1,120	1,137	1,540	2,000
		Total procurement cost (KRW 100 million)	66,122	61,764	87,257	100,000
		Amount of Win-win Growth Fund (KRW 100 million)	298	590	868	1,000
		Supplier satisfaction on operation (points)	84.5	85.0	86.5	87.0
		Donations at headquarters (KRW 100 million)	144.9	158.0	62.4	47.5
Overseas Social Contribution Investment (KRW 100 million)	Overseas social contribution countries (countries)	12.5	8.3	8.9	5.5	
		20	20	20	20	
Annual corporate-wide goal of employees' volunteer mileage program (mile per person)	8.5	6.5	3.8	5.0		

## Key Sustainability Indicators

### Energy Consumption

(Unit: GJ)

Category	2017	2018	2019	2020
<b>Non-renewable energy consumption (A)</b>	7,958,698	7,697,330	7,776,510	4,066,060
> Non-renewable fuels	6,157,150	6,078,870	5,997,050	2,390,220
> Electricity purchased	1,798,870	1,587,140	1,743,630	1,671,290
> Steam / heating / cooling and other energy purchased	2,678	31,320	35,830	4,550
<b>Renewable energy purchased or generated (B)</b>	2,539	2,820	9,250	1,530
<b>Total non-renewable energy consumption (A-B)</b>	7,956,158	7,694,510	7,767,260	4,064,530
<b>Total costs of energy consumption (KRW million)</b>	194,167	192,959	205,298	118,917

### Material Usage and Recycling

(As of 2020)

Category	Unit	Total Used	Total Site Used (Sites)	Total Recycled	Recycling Rate (%)
Wood	m <sup>3</sup>	23,871	14	0	0
Steel	ton	432,000	143	0	0
Concrete	m <sup>3</sup>	3,652,120	136	0	0
Aggregate	m <sup>3</sup>	604,465	18	22,237	3.7
Asphalt concrete	ton	224,768	3	0	0
Cement	ton	194,685	51	0	0
Sand	m <sup>3</sup>	37,810	2	0	0
LO2	ℓ	761,535	3	0	0
Munition	kg	267,880	6	0	0

### Waste Generation

Category	Unit	2017	2018	2019	2020
<b>Total waste generated (A)</b>	ton	358,226	835,863	767,527	886,723
<b>Total waste used/recycled/sold (B)</b>	ton	332,539	814,215	756,480	879,784
> Waste recycled	ton	330,221	809,834	753,518	876,444
> Waste sold	ton	2,318	4,381	2,962	3,340
<b>Total waste Disposed (A-B)</b>	ton	25,689	21,648	11,047	6,939
<b>Waste recycle rate (%)</b>	%	92.83	97.41	98.56	99.22
<b>Hazardous waste generated</b>	ton	83	67	17	3

### Turnover Rate

(Unit: %)

Category	2017	2018	2019	2020	
<b>Type</b>	<b>Total employee turnover rate</b>	4.63	5.53	3.78	5.85
	<b>Voluntary employee turnover rate</b>	1.85	2.08	1.49	1.19
<b>Gender</b>	<b>Male employee</b>	4.49	5.16	3.71	5.60
	<b>Female employee</b>	6.79	11.37	4.98	9.96
<b>Age group</b>	<b>Under 30</b>	0.95	1.01	2.16	1.89
	<b>30-50</b>	3.08	3.47	2.72	3.19
	<b>Over 51</b>	19.91	22.44	11.05	21.67
<b>Nationality</b>	<b>Asia</b>	4.61	5.48	3.75	5.85
	<b>America/Pacific</b>	0.02	0.04	0.02	0.00
<b>Management level</b>	<b>Management level Senior</b>	5.66	6.43	3.90	8.52
	<b>Junior</b>	3.15	4.40	2.96	2.66
	<b>Sub-total</b>	4.83	5.75	3.56	6.31
	<b>Non-management level</b>	4.63	5.53	3.78	5.85

\* Based on full-time employees (excluding executives, 4,018 employees)

### Starting Salary Rate

(As of annual salary)

Category	Unit	2017	2018	2019	2020
<b>Starting salary for new recruit (male)</b>	KRW	44,421,000	45,310,080	45,990,000	46,174,080
<b>Starting salary for new recruit (female)</b>	KRW	44,421,000	45,310,080	45,990,000	46,174,080
<b>Ratio of starting salary for new recruit against the minimum wage</b>	%	199	175	160	156
<b>Minimum wage</b>	KRW	6,470	7,530	8,350	8,590

### Employee Satisfaction

(Unit: points)

Category	2017	2018	2019	2020
<b>Employee satisfaction index</b>	83.5	83.5	83.5	86.8

### Living Wages

(As of December 31, 2020)

Category	Employee Ratio (%)	Hourly Wage (USD)	Hourly Living Wage (USD)	GAP (Times)	
<b>Employees</b>	<b>Rep. of Korea</b>	82.18	35.2	9.7	3.6
	<b>Iraq</b>	2.65	41.3	1.6	25.0
	<b>UAE</b>	2.49	36.0	4.2	8.6

### Social Contribution Activity Expenditures

(As of December 2020, Unit: KRW)

Category	Cash Contribution	Time	In-kind Giving	Overhead	Total
<b>Charitable donation</b>	3,012,449,000	0	0	0	3,012,449,000
<b>Community investment</b>	3,237,390,990	317,537,280	31,628,450	161,713,727	3,748,270,447
<b>Commercial programs</b>	123,000,000	0	0	4,563,275,700	4,686,275,700
<b>Total</b>	6,372,839,990	317,537,280	31,628,450	4,724,989,427	11,446,995,147

### Status of Top Management Stock Holdings

(As of December 31, 2020)

\* Based on the closing share price as of December 30, 2020 (KRW 37,450 per share)

Category	Total amount of shares (Shares)	Price of Shares (KRW)*	Ratio of Share Value against Base Salary (%)
<b>CEO Lee Won-Woo</b>	1,000	37,450,000	8.27
<b>Inside director Yun Yeo-Sung</b>	1,900	71,155,000	15.71

### Compensation Criteria and Methods of Directors

(As of December 2020)

Name	Types of Remunerations	Total Amount (KRW million)	Calculation Criteria and Method
<b>CEO Lee Won-Woo</b>	<b>Salary</b>	453	In accordance with the [Management Personnel and Treatment Regulations] considering the position, assignment and ability, KRW 453 million was paid in instalments within the limits of payment determined by the resolution of the general meeting of shareholders.
	<b>Incentive</b>	104	In accordance with the [Management Personnel and Treatment Regulations] considering the position, assignment and ability, KRW 104 million was paid in December within the limits of payment determined by the resolution of the general meeting of shareholders.
	<b>Other Earned Incomes</b>	0	Not applicable

### Policy Support Expenditures

(Unit: KRW million)

Category	2017	2018	2019	2020	
<b>Political Donation</b>	0	0	0	0	
<b>Policy Support Expenditures</b>	<b>Total</b>	1,656.5	1,840.5	1,844.4	1,636.4
	<b>Industry Promotion</b>	641.7	739.1	676.2	577.0
	<b>Overseas Business Promotion</b>	396.7	372.6	368.3	382.5
	<b>Association Dues &amp; Sponsorship</b>	586.3	567.4	643.9	587.3
	<b>Academy Dues &amp; Sponsorship</b>	31.8	161.3	156.1	89.6

The Largest Organizations donated in 2020 (Top 5)

- Construction Association of Korea (KRW 462.0 million, 28.24%): The Korean representative construction association conducting activities related construction industry including laws, systems, policy research, statistical survey and management analysis.
- International Contractors Association of Korea (KRW 381.5 million, 22.31%): A construction association operating for the purpose of supporting overseas business through collection, analysis and dissemination of overseas construction information.
- Seoul Chamber of Commerce and Industry (KRW 102.6 million, 6.27%): A private economic organizations for the purpose of promoting the Korean commerce and industry through mutual cooperation with domestic and overseas economic organizations.
- Korea Federation of Construction Contractors (KRW 100.0 million, 6.11%): 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.
- Korea Enterprises Federation (KRW 85.0 million, 5.19%): 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 100-400 and referring to the IR Framework Methodology of IIRC. Additionally, we reflected four principles of the inclusivity, materiality, responsiveness, and impact which AA 1000 standard requires for the accountability of the issue selection process and evaluation result.

## STEP 01 Identifying Sustainability Issues

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

Hyundai E&C created the sustainability management issue-pool (includes total 360 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 42 sustainability issues that have a high relevance to the managerial activities of Hyundai E&C.

#### \* Benchmarking of Global Guideline

- Content: Analysis of international standards and guidelines related to sustainable management and construction industry
- Target: GRI Standards, ISO 26000, IIRC IR Framework, DJSI, UNGC, UN SDGs, CDP, SASB, TCFD, WEF ESG Metrics

#### \* Construction Industry Analysis

- Content: Review and consider important issues in the construction industry through benchmarking of domestic and overseas construction companies
- Target: Global and domestic construction companies' reports

#### \* Stakeholder Issue Analysis

- Content: Review issues raised by stakeholders such as investors, government, and media surveys to derive issues related to Hyundai E&C and the construction industry in 2020
- Target: Offline media, online media, broadcasting media, business reports, audit reports, investor opinions, policies, and regulations

#### \* Hyundai E&C Management Issue Analysis

- Content: Derive management issues through analysis of management strategies around Hyundai E&C management environments, internal document review
- Target: Internal documents such as business strategy report, interview with persons in charge

## STEP 02 Prioritizing Sustainability Issues

### [Internal and External Stakeholders Survey Analysis]

On-line and off-line surveys of sustainability issues were conducted on a total of 2,802 persons consisting of employees and external stakeholders to collect opinions and analyze influences.

#### \* Questionnaire Survey

- Period: April 19 ~ May 2, 2021 (2 weeks)
- Participation: A total of 2,802 persons - 2,393 employees and 409 external stakeholders (customers, shareholders, investors, government, media, suppliers, local communities, academia, experts, NGOs, etc.)

### [Business Impact Analysis]

To analyze the impact of sustainability issues on the business perspective, the strategic linkages between individual issues and Hyundai E&C businesses and financial impacts of individual issues were comprehensively evaluated.

#### \* Business impact analysis

- Strategic linkage: Mid- and long-term goal achievement perspectives and business linkage analysis
- Financial impacts: Analyzed from the viewpoints of revenue creation and opportunity factors, cost savings opportunities and costs increase severity, current risk response, and severity in a case where a cost increase occurs in the future

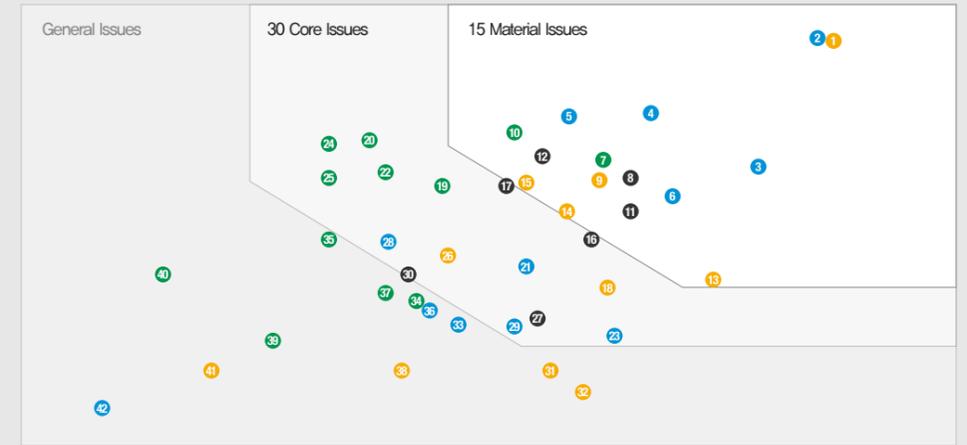
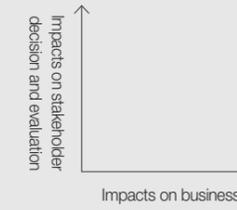
## STEP 03 Validating Material Issues

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: 15 material sustainability issues, 30 core issues, and general issues. In planning this report, we focused mainly on the 15 material sustainability issues that have the highest importance. Also, we endeavored to guarantee our stakeholders' right to know by including material and general issues.

#### \* Reporting Issue Selection

- GRI Standards applied
- Review by external experts and the management
- Verification of validity and prioritization of 42 sustainability issues
- Third party verification

## Materiality Analysis Matrix



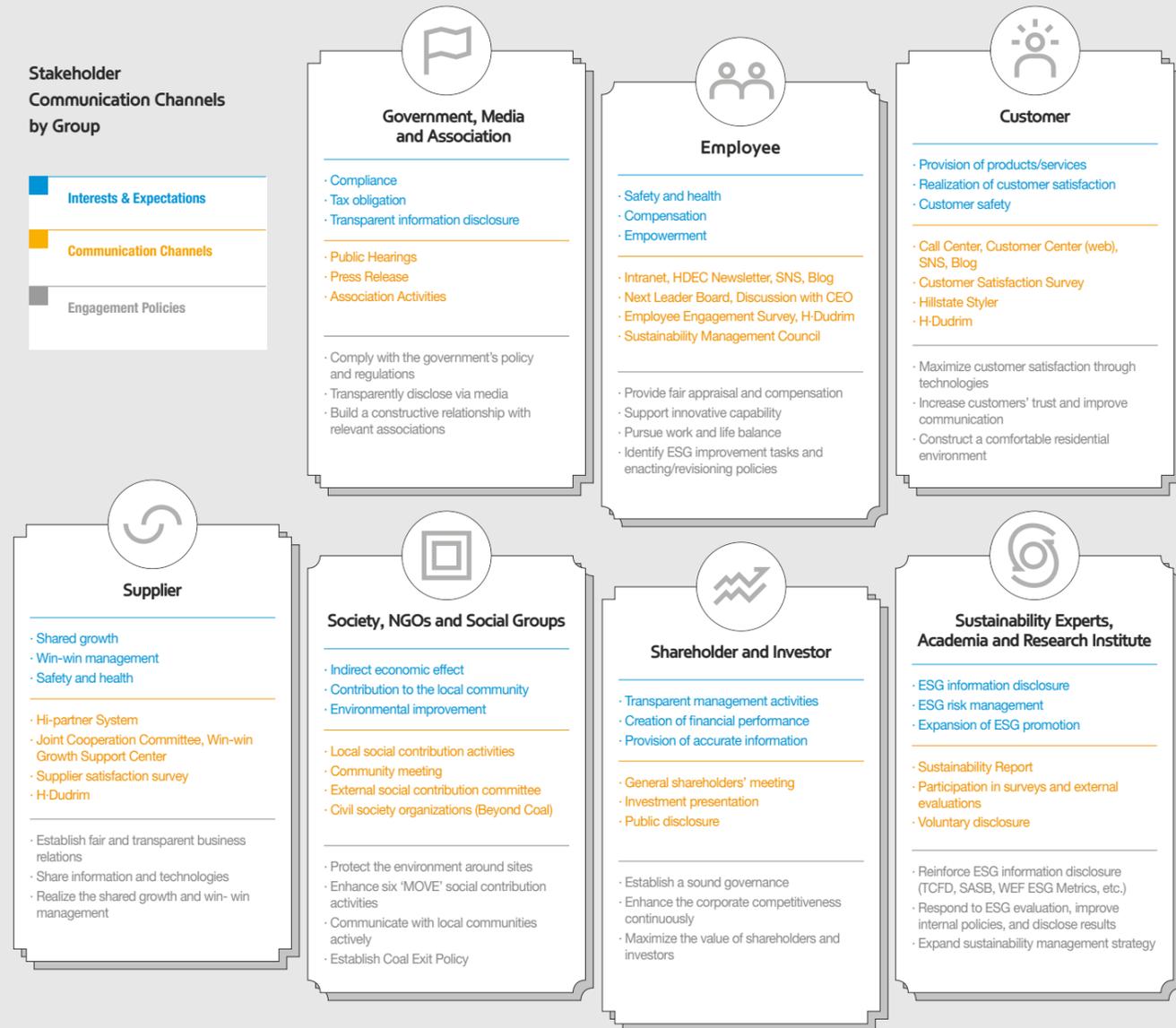
## Material Issue Analysis

Sustainability Division	GRI Standards Topic	Sustainability Issue	Materiality		
HDEC PROSPERITY New Era of Prosperity Created by Hyundai E&C	Strategy and Analysis, Organizational Profile, Economic Performance, Products and Services, Marketing and Labelling, Customer Privacy	2 Fostering and excavating new growth business	Material		
		3 Improving customer satisfaction and creating customer values	Material		
		4 Creating corporate performance and economic values	Material		
		5 Enhancing eco-friendly technology, design and construction competitiveness	Material		
		6 Innovating products, services and quality	Material		
		21 Diversifying overseas business and expanding global market	Core		
		23 Brand management and market leadership	Core		
		26 Fostering clean technology innovation and investment	Core		
		29 Expanding global value chain	Core		
		33 Improving cost competitiveness and profitability	General		
		35 Information security and client data protection	General		
		42 Contributing to society through infrastructure construction	General		
		HDEC PLANET New Era of Environment Led by Hyundai E&C	Materials, Energy, Water, Biodiversity, Emissions, Effluents and Waste	7 Complying with domestic and overseas environmental regulations	Material
				10 Propelling environmental management and minimizing environmental impacts	Material
				19 Fugitive dust management	Core
20 GHG emission reduction	Core				
22 Waste management and recycling expansion	Core				
24 Energy management and reduction	Core				
25 Responding climate change crisis strategically	Core				
34 Noise and vibration management	General				
35 Water management and usage reduction	General				
37 Soil contamination management	General				
HDEC PEOPLE New Era of Shared Growth Accompanied by Hyundai E&C	Occupational Health and Safety, Employment, Labor & Management Relations, Training and Education, Diversity and Equal Opportunity, Equal Remuneration, Indirect Economic Impacts, Supplier, Local Communities	1 Industrial safety management and preventing serious accidents	Material		
		9 Propelling supplier shared growth and partnership	Material		
		13 Fair performance evaluation and compensation	Material		
		14 Advancing supplier's risk evaluation and enhancing competitiveness	Material		
		15 Protecting human rights and preventing violations in business	Material		
		18 Respecting employee diversity and pursuing their equal opportunities	Core		
		26 Pursuing sustainable supply chain management	Core		
		31 Establishing labor-management relationship with trust and communication	General		
		32 Supporting employee career development and enhancing expertise	General		
		33 Strategic social contribution activities	General		
HDEC PRINCIPLE New Era of Progress Implemented by Hyundai E&C	Identified Material Aspects and Boundaries, Governance, Stakeholder Engagement, Ethics and Integrity	8 Propelling ethical, compliance & anti-corruption management	Material		
		11 Enhancing the sustainability (ESG) management	Material		
		12 Complying Fair trade and fair competition	Material		
		16 Proactive risk management	Core		
		17 Securing governance soundness and transparency	Core		
		27 Expanding stakeholder engagement and communication	Core		
		30 Complying with regulations of governments where we operate	Core		

# Stakeholder Engagement

**Stakeholder Engagement Policy** Hyundai E&C defined the seven major stakeholder groups who can influence the company either directly or indirectly while operating various communications channels for gathering opinions. In particular, we are strengthening information disclosure by reflecting global ESG information disclosure standards such as TCFD, SASB, and WEF ESG Metrics to actively respond to the recent expansion of information disclosure by stake-

holders on corporate ESG management. Hyundai E&C strives to contribute to the promotion of the happiness of all stakeholders by realizing sustainable economic and social value creation that enables the company and human society to grow together. We will continue to create a sustainable base for mankind by reflecting the opinions of our stakeholders.



Distribution of Stakeholder Interests in 2020

(Unit: KRW 100 million)

<b>Government</b> 1,678.8 Corporate tax payments	<b>Employees</b> 5,355.6 Total annual compensations	<b>Suppliers</b> 87,256.9 Procurement and subcontracting expenses	<b>Local Communities</b> 62.4 Donations from HQ	<b>Shareholder and Investor</b> 1,176.2 Dividends and interests
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# Greenhouse Gas Verification Statement

**[Terms of Engagement]**

Lloyd's Register Quality Assurance Ltd. was commissioned by Hyundai Engineering & Construction Co., Ltd. (Hyundai E&C) to provide independent assurance on its greenhouse gas (GHG) emissions in Korea and overseas for the calendar year 2020 against "GHG Target Management Scheme for quantification and reporting of GHG emissions in Korea" using "Verification guideline for GHG Target Management" system in Korea".

**[Management Responsibility]**

LR's responsibility is only to Hyundai E&C. LR disclaims any liability or responsibility to others as explained in the end footnote. The management of Hyundai E&C is responsible for preparing the report and for maintaining effective internal controls over all the data and information within the report. Ultimately, the report has been approved by, and remains the responsibility of Hyundai E&C.

**[LR's Approach]**

LR's assurance engagement has been carried out in accordance with our verification procedure using "Verification guideline for Verification guideline for GHG Target Management" in Korea" to limited level of assurance.

The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

- Visiting Hyundai E&C's headquarters located in Seoul and auditing management system to control the data and records regarding GHG emissions.
- Interviewing the relevant persons responsible for managing and maintaining data and associated records.
- Reviewing the historical data and information through sampling.

**[Level of Assurance & Materiality]**

The opinion expressed in this Assurance Statement has been formed on the basis of a limited level of assurance, and at the materiality of the professional judgement of the verifier.

**[LR's Opinion]**

Based on LR's approach, except for the effect of the matters described in the Basis for Qualified Opinion as below, nothing has come to our attention that would cause us to believe that the GHG emissions in the Table 1 are not reported in accordance with "GHG Target Management Scheme for quantification and reporting of GHG emissions in Korea", in all material respects.

- "Composite electricity/heat factors" which the IEA provided in 2011 were applied for calculating GHG emissions for overseas sites.
- For some overseas sites where the activity data was not available, it was estimated using GHG emission intensity.

Dated: May 14, 2021

**Lee IL-Hyoung**

On behalf of Lloyd's Register Quality Assurance Ltd.  
17th Floor, Singsong Building, 67 Yeouinaru-ro,  
Yeongdeungpo-gu, Seoul, 07327, Korea  
LR Reference: SEO6051437

Table 1. Summary of GHG Emissions from HE&C in 2020

(Unit: tCO<sub>2</sub>e)

Category	Direct emissions (Scope 1)	Indirect emissions (Scope 2)	Other indirect emissions** (Scope 3)
<b>Domestic</b>	10,986*	64,663*	330,060
<b>Overseas</b>	156,085	76,006	113,858

\* These were transposed from the National Greenhouse Gas Management System (NGMS, 2021.5.6).

\*\* This covers only GHG emissions from energy consumption of contractors' equipment.

# Third Party Assurance Statement

To readers of 2021 Hyundai Engineering & Construction Sustainability Report

## Introduction

Korea Management Registrar (KMR) was commissioned by Hyundai Engineering & Construction (Hyundai E&C) to conduct an independent assurance of its 2021 Sustainability Report (the "Report"). The data and its presentation in the Report is the sole responsibility of the management of Hyundai E&C. KMR's responsibility is to perform an assurance engagement as agreed upon in our agreement with Hyundai E&C and issue an assurance statement.

## Scope and Standards

Hyundai E&C described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3 and KMR's assurance standard SRV1000. We are providing a Type 2, moderate level assurance. We evaluated the adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact, and the reliability of the information and data provided using the Global Reporting Initiative (GRI) Index provided below. The opinion expressed in the Assurance Statement has been formed at the materiality of the professional judgment of our Assurance Team.

Confirmation that the Report was prepared in accordance with the Comprehensive Options of the GRI standards was included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process. We also confirmed that the report was prepared in accordance with the TCFD recommendations and SASB.

- GRI Sustainability Reporting Standards
  - Universal standards
  - Topic specific standards
    - Management approach of Topic Specific Standards
    - GRI 201: Economic Performance
    - GRI 205: Anti-Corruption
    - GRI 206: Anti-Competitive Behavior
    - GRI 302: Energy
    - GRI 303: Water and Effluents
    - GRI 305: Emissions
    - GRI 306: Effluents and Waste
    - GRI 307: Environmental Compliance
    - GRI 403: Occupational Health and Safety
    - GRI 412: Human Rights Assessment
    - GRI 414: Supplier Social Assessment
- SASB Sustainability Disclosure Topics & Accounting Metrics
- TCFD recommendations

As for the reporting boundary, the engagement excludes the data and information of Hyundai E&C's partners, suppliers and any third parties.

## KMR's Approach

To perform an assurance engagement within an agreed scope of assessment using the standards outlined above, our Assurance Team undertook the following activities as part of the engagement:

- reviewed the overall Report;
- reviewed materiality assessment methodology and the assessment report;
- evaluated sustainability strategies, performance data management system, and processes;
- interviewed people in charge of preparing the Report;
- reviewed the reliability of the Report's performance data and conducted data sampling;
- assessed the reliability of information using independent external sources such as Financial Supervisory Service's DART and public databases.

## Limitations and Recommendations

KMR's assurance engagement is based on the assumption that the data and information provided by Hyundai E&C to us as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. To address this, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to challenge the quality and reliability of the information provided.

## Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with Hyundai E&C on the revision of the Report. We reviewed the Report's final version in order to make sure that our recommendations for improvement and revision have been reflected. Based on the work performed, it is our opinion that the Report applied the Core Option of the GRI Standards. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

### Inclusivity

Hyundai E&C has developed and maintained different stakeholder communication channels at all levels to announce and fulfill its responsibilities to the stakeholders. Nothing comes to our attention to suggest that there is a key stakeholder group left out in the process. The organization makes efforts to properly reflect opinions and expectations into its strategies.

### Materiality

Hyundai E&C has a unique materiality assessment process to decide the impact of issues identified on its sustainability performance. We have not found any material topics left out in the process.

### Responsiveness

Hyundai E&C prioritized material issues to provide a comprehensive, balanced report of performance, responses, and future plans regarding them. We did not find anything to suggest that data and information disclosed in the Report do not give a fair representation of Hyundai E&C's actions.

### Impact

Hyundai E&C identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible. We recommend that it develop models for measuring social values considering its business characteristics to increase the effectiveness of CSR activities and continuously enhance the sustainability management system.

## Reliability of Specific Sustainability Performance Information

In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of economic, environmental, and social performance data related to sustainability performance. We interviewed the in-charge persons and reviewed information on a sampling basis and supporting documents as well as external sources and public databases to confirm that the disclosed data is reliable. Any intentional error or misstatement is not noted from the data and information disclosed in the Report.

## Competence and Independence

KMR maintains a comprehensive system of quality control including documented policies and procedures in accordance with ISO/IEC 17021-2015 - Requirements for bodies providing audit and certification of management systems. This engagement was carried out by an independent team of sustainability assurance professionals. KMR has no other contract with Hyundai E&C and did not provide any services to Hyundai E&C that could compromise the independence of our work.

July 2021 Seoul, Korea

# GRI Standards Index

GRI	GRI Standards	Contents	Page & Remarks	UN SDGs
<b>Universal Standards (GRI 100)</b>				
<b>GRI 102: Organizational Profile</b>	GRI 102-1	Name of the organization	4	
	GRI 102-2	Primary brands, products, and/or services	4-5, 12-19	
	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, 24, 38, 67	
	GRI 102-5	Nature of ownership and legal form	4	
	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, 42	
	GRI 102-8	a. Total number of employees by employment contract and gender 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)	42-43	SDG 8
	GRI 102-9	Describe the organization's supply chain	49-52	
	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	32-39, 46-48, 52, 66-68	
	GRI 102-12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	46-48, 66-68	
	GRI 102-13	Memberships in associations	87	
<b>GRI 102: Strategy</b>	GRI 102-14	Statement from the most senior decision-maker of the organization	6-7	
	GRI 102-15	Provide a description of key impacts, risks, and opportunities.	64-65	
<b>GRI 102: Ethics &amp; Integrity</b>	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	62-63	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. Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity	62-63	SDG 16
<b>GRI 102: Governance</b>	GRI 102-18	Governance structure of the organization	58-60	
	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.	9	
	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.	9, 60	
	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	9, 60	SDG 16
	GRI 102-22	Report the composition of the highest governance body and its committees	58-59	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)	58	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	58-59	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	58	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.	58-59	
	GRI 102-27	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	61	
	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	60	
	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	58-61	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.	58-61	
	GRI 102-31	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	58-61	
	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.	58-61	
	GRI 102-33	Report the process for communicating critical concerns to the highest governance body.	65	
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.	9, 45		
GRI 102-35	Report the remuneration policies for the highest governance body and senior executives	60		
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.	60		
GRI 102-37	Report how stakeholders' views are sought and taken into account regarding remuneration	60	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.	60		
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.	60		

GRI	GRI Standards	Contents	Page & Remarks	UN SDGs
<b>Universal Standards (GRI 100)</b>				
<b>GRI 102: Stakeholder Engagement</b>	GRI 102-40	List of stakeholder groups engaged by the organization	76	
	GRI 102-41	Percentage of employees covered by collective bargaining agreements	45	SDG 8
	GRI 102-42	Basis for identification and selection of stakeholders with whom to engage	76	
	GRI 102-43	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	76	
	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	74-76	
<b>GRI 102: Reporting Practice</b>	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	70	
	GRI 102-46	a. Explain the process for defining the report content and the Aspect Boundaries b. Explain how the organization has implemented the Reporting Principles for Defining Report Content	74-76	
	GRI 102-47	List all the material Aspects identified in the process for defining report content	75	
	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 102-50	Reporting period	About this report	
	GRI 102-51	Date of most recent previous report	JUL 2020	
	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	80-83	
	GRI 102-55	GRI Content Index for the chosen option	80-83	
<b>GRI 103: Management Approach</b>	GRI 103-1	a. Why the Aspect is material. Report the impacts that make this Aspect material	74-75	
	GRI 103-2	b. How the organization manages the material Aspect or its impacts		
	GRI 103-3	c. Evaluation of the management approach		

GRI	GRI Standards	Contents	Page & Remarks	UN SDGs
<b>Top-specific Standards (GRI 200, 300, 400)</b>				
<b>ECONOMIC PERFORMANCE (GRI 200)</b>				
<b>GRI 201: Economic Performance</b>	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	5, 76	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	64-65	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	
<b>GRI 202: Market Presence</b>	GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	73	
	GRI 202-2	Proportion to senior management hired from the local community at significant locations of operation	N/A	
<b>GRI 203: Indirect Economic Impacts</b>	GRI 203-1	Development and impact of infrastructure investments and services supported	53-55	SDG 2, 5, 7, 9
	GRI 203-2	Significant indirect economic impacts, including the extent of impacts	76	SDG 8, 10, 17
<b>GRI 204: Procurement Practices</b>	GRI 204-1	Proportion of spending on local suppliers at significant locations of operation	49-52	SDG 12
<b>GRI 205: Anti-corruption</b>	GRI 205-1	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	52, 64, 67	SDG 16
	GRI 205-2	Communication and training on anti-corruption policies and procedures	62-63	SDG 16
	GRI 205-3	Confirmed incidents of corruption and actions taken	63	SDG 16
<b>GRI 206: Anti-competitive Behavior</b>	GRI 206-1	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	63	

# GRI Standards Index

GRI	GRI Standards	Contents	Page & Remarks	UN SDGs
<b>ENVIRONMENTAL PERFORMANCE (GRI 300)</b>				
<b>GRI 301: Materials</b>	GRI 301-1	Materials used by weight or volume	72	
	GRI 301-2	Percentage of materials used that are recycled input materials	72	
	GRI 301-3	Percentage of products sold and their packaging materials that are reclaimed by category	72	SDG 8, 12
<b>GRI 302: Energy</b>	GRI 302-1	Energy consumption within the organization	72	SDG 7, 8, 12, 13
	GRI 302-2	Energy consumption outside of the organization	72	SDG 7, 8, 12, 13
	GRI 302-3	Energy intensity	72	SDG 7, 8, 12, 13
	GRI 302-4	Reduction of energy consumption	72	SDG 7, 8, 12, 13
	GRI 302-5	Reductions in energy requirements of products and services	72	SDG 7, 8, 11, 12, 13
<b>GRI 303: Water</b>	GRI 303-1	Total water withdrawal by source	38	SDG 6
	GRI 303-2	Water sources significantly affected by withdrawal of water	38	SDG 6
	GRI 303-3	Percentage and total volume of water recycled and reused	38	SDG 6, 8, 12
<b>GRI 304: Biodiversity</b>	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	39	
	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	39	
	GRI 304-3	Habitats protected or restored	39	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	39	
<b>GRI 305: Emissions</b>	GRI 305-1	Direct greenhouse gas (GHG) emissions (Scope 1)	35	SDG 3, 12, 13, 14, 15
	GRI 305-2	Indirect greenhouse gas (GHG) emissions (Scope 2)	35	SDG 3, 12, 13, 14, 15
	GRI 305-3	Other indirect greenhouse gas(GHG) emissions (Scope3)	35	SDG 3, 12, 13, 14, 15
	GRI 305-4	Greenhouse gas(GHG) emissions intensity	35	SDG 13, 14, 15
	GRI 305-5	Reduction of Greenhouse gas(GHG) emissions	35	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
<b>GRI 306: Effluents &amp; Waste</b>	GRI 306-1	Total water discharge by quality and destination	38	
	GRI 306-2	Total weight of waste by type and disposal method	72	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	39	
<b>GRI 307: Environmental Compliance</b>	GRI 307-1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	86	SDG 8, 16
<b>GRI 308: Supplier Environmental Assessment</b>	GRI 308-1	Percentage of new suppliers that were screened using environmental criteria	52	
	GRI 308-2	Significant actual and potential negative environmental impacts in the supply chain and actions taken	52	SDG 15

GRI	GRI Standards	Contents	Page & Remarks	UN SDGs
<b>SOCIAL PERFORMANCE (GRI 400)</b>				
<b>GRI 401: Employment</b>	GRI 401-1	Total workforce by employment type, employment contract and region	43, 72	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	45	SDG 8
	GRI 401-3	Return to work and retention rates after parental leave, by gender	45	SDG 5, 8
<b>GRI 402: Labor/ Management Relations</b>	GRI 402-1	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	45	SDG 8
<b>GRI 403: Occupational Health and Safety</b>	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	46-47	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	47	SDG 3, 8
	GRI 403-3	Workers with high incidence or high risk of diseases related to their occupation	47	SDG 3, 8
	GRI 403-4	Health and safety topics covered in formal agreements with trade unions	46-47	
<b>GRI 404: Training &amp; Education</b>	GRI 404-1	Average hours of training per year per employee by gender, and by employee category	44	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	44	SDG 8
	GRI 404-3	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	44	SDG 5, 8
<b>GRI 405: Diversity and Equal Opportunity</b>	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	42	SDG 5, 8
	GRI 405-2	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	42	SDG 8, 10
<b>GRI 406: Non-discrimination</b>	GRI 406-1	Total number of incidents of discrimination and actions taken	63	
<b>GRI 407: Freedom of Association and Collective Bargaining</b>	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	52, 66-68	SDG 8
<b>GRI 408: Child Labor</b>	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	52, 66-68	SDG 8, 16
<b>GRI 409: Forced or Compulsory Labor</b>	GRI 409-1	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of all forms of forced or compulsory labor	52, 66-68	SDG 8
<b>GRI 410: Security Practices</b>	GRI 410-1	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	68	SDG 16
<b>GRI 411: Rights of Indigenous Peoples</b>	GRI 411-1	Total number of incidents of violations involving rights of indigenous people and actions taken	66-68	
<b>GRI 412: Human Rights Assessments</b>	GRI 412-1	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	52, 66-68	
	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	68	
	GRI 412-3	Total number and percentage of significant investment agreements and contracts that include human rights clauses of that underwent human rights screening	66-68	
<b>GRI 413: Local Communities</b>	GRI 413-1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	53-55	
	GRI 413-2	Operations with significant actual and potential negative impacts on local communities	53-55	
<b>GRI 414: Supplier and Social Assessment</b>	GRI 414-1	Percentage of new suppliers that were screened using labor practices criteria	52	SDG 5, 8, 16
	GRI 414-2	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	52	SDG 8, 16
<b>GRI 415: Public Policy</b>	GRI 415-1	Total value of political contributions by country and recipient/beneficiary	73	SDG 16
<b>GRI 416: Customer Health and Safety</b>	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	46-48	
	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	
<b>GRI 417: Marketing and Labeling</b>	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	
<b>GRI 418: Marketing and Labeling</b>	GRI 418-1	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	N/A	
<b>GRI 419: Socioeconomic Compliance</b>	GRI 419-1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	70	SDG 16

# WEF Stakeholder Capitalism Metrics

Theme	Metrics	Disclosures	Page
<b>Governing purpose</b>	Setting purpose	The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders.	4-5
<b>Quality of governing body</b>	Governance body composition	Competencies relating to economic, environmental and social topics	58-59
		Executive or Non-Executive	58-59
		Independence	58-59
		Tenure on the governance body	58-59
		Number of each individual's other significant positions and commitments, and the nature of the commitments	58-59
		Gender	58-59
		Membership of under-represented social groups	58-59
<b>Stakeholder engagement</b>	Material issues impacting stakeholders	A list of the topics that are material to key stakeholders and the company,	59, 76
		how the topics were identified and how the stakeholders were engaged.	74-75
<b>Ethical behaviour</b>	Anti-corruption	Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region	Total number and nature of incidents of corruption confirmed during the current year, but related to previous years 63
			Total number and nature of incidents of corruption confirmed during the current year, related to this year 63
		Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption	62-63
<b>Risk and Opportunity Oversight</b>	Integrating risk and opportunity into business process	A description of internal and external mechanisms for:	Seeking advice about ethical and lawful behaviour and organizational integrity; 62-63
		Reporting concerns about unethical or unlawful behaviour and lack of organizational integrity.	62-63
<b>Risk and Opportunity Oversight</b>	Integrating risk and opportunity into business process	Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks).	the company appetite in respect of these risks, 64-65
			how these risks and opportunities have moved over time and the response to those changes 64-65
<b>Climate change</b>	Greenhouse gas (GHG) emissions	For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO <sub>2</sub> e) GHG Protocol Scope 1 and Scope 2 emissions	35
		Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate	35
	TCFD implementation	Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) 32-35	
		If necessary, disclose a timeline of at most three years for full implementation 32-35	
		Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement - to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C - and to achieve net-zero emissions before 2050 32-35	
<b>Nature loss</b>	Land use and ecological sensitivity	Report the number of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas	39
<b>Freshwater availability</b>	Water consumption and withdrawal in water-stressed areas	Report for operations where material: with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool	megalitres of water withdrawn 38
			megalitres of water consumed 38
			and the percentage of each in regions 38
		Estimate and report the same information for the full value chain (upstream and downstream) where appropriate	38
<b>Dignity and equality</b>	Diversity and Inclusion	Percentage of employees per employee category,	by age group 42
			by gender 42
			by other indicators of diversity 42
	Pay equality	Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality:	women to men 45
			minor to major ethnic groups n/a
		and other relevant equality areas n/a	

Theme	Metrics	Disclosures	Page
<b>Dignity and equality</b>	Wage level	Ratios of standard entry level wage by gender compared to local minimum wage	73
		Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO	60
<b>Dignity and equality</b>	Risk for incidents of child, forced or compulsory labour	An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to:	Type of operation (such as manufacturing plant) and type of supplier; and 66-68
			Countries or geographic areas with operations and suppliers considered at risk 66-68
<b>Health and well-being</b>	Health and safety	The number and rate of fatalities as a result of work-related injury	47
		The number and rate of high-consequence work-related injuries (excluding fatalities)	47
		The number and rate of recordable work-related injuries	47
		The number and rate of main types of work-related injury	47
		the number of hours worked	47
		An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers	46-48
<b>Skills for the future</b>	Training Provided	Average hours of training per person that the organization's employees have undertaken during the reporting period, (total number of hours of training provided to employees divided by the number of employees)	by gender 44
			by employee category 44
		Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees)	44
			by age group 43
<b>Employment and wealth generation</b>	Absolute number and rate of employment	Total number and rate of new employee hires during the reporting period,	by gender 43
			by other indicators of diversity 43
			by region 43
			by age group 72
		Total number and rate of employee turnover during the reporting period,	by gender 72
			by other indicators of diversity 72
	by region 72		
<b>Employment and wealth generation</b>	Economic contribution	Revenues	5, 70
		Operating Cost	70
		Direct economic value generated and distributed (EV&D), on an accruals basis, covering the basic components for the organization's global operations, ideally split out by:	Employee wages and benefits 45
			Payments to providers of capital 76
			Payments to government 70, 76
		Community investment 53-55	
<b>Employment and wealth generation</b>	Financial investment contribution	Financial assistance received from the government: total monetary value of financial assistance received by the organization from any government during the reporting period	
		Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company's investment strategy	n/a
		Share buybacks plus dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders	n/a
<b>Innovation of better products and services</b>	Total R&D expenses	Total costs related to research and development.	26-28
<b>Community and social vitality</b>	Total tax paid	The total global tax borne by the company	corporate income taxes 70
			property taxes n/a
			non-creditable VAT and other sales taxes n/a
			employer-paid payroll taxes n/a
			and other taxes that constitute costs to the company, by category of taxes n/a

## SASB Index

Topic	Code	Accounting Metric	Category	Remarks
Environmental Impacts of Project Development	IF-EN-160a.1	Number of incidents of non-compliance with environmental permits, standards, and regulations	Quantitative	No violations of environmental laws (disposal matters) for which the disposal of the corporate has been confirmed (as of December 31, 2020). Hyundai E&C is fully aware that the construction industry is an order-made production industry and it is hard to receive an order if an environmental accident or violation of environmental regulation occurs. Therefore, Hyundai E&C has thoroughly managed the on-site environment management by complying with domestic and overseas regulations in business and conducting an external independent evaluation and internal evaluation by experts.
	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. In 2020, environmental evaluation and inspections were conducted for 49 domestic and overseas sites, 29 occasional inspections and 37 initial site supports.
Structural Integrity & Safety	IF-EN-250a.1	Amount of defect- and safety-related rework costs	Quantitative	As of 2020, the total cost of rework is KRW 62.7 billion (in consolidated basis), and it is transparently disclosed through the business report FY2020.
	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 2020, the amount of litigation related to defects or safety (accumulate): KRW 40.36 billion. The number of new defendant defect litigation: 9 cases (the amount of litigation: KRW 5.43 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 'Safety Management Index (p. 47)' and 'Key Sustainability Indicators (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 (ISO 14001/ 50001) since 2013 to promote efficient environmental energy management and manage the performance. Since 2020, Hyundai E&C analyzes and manages the environmental and energy impacts of the overall construction business operation by applying the ISO 50001:2018 standard.
	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 2020, the amount of backlog related as follows: - hydrocarbon related projects: 28 projects (3 domestic and 25 overseas), KRW 6,452.1 billion. - renewable energy projects: 2 projects, KRW 10.6 billion - Daesan Biomass Power Plant Construction, Seosan Solar Power Plant O&M Project.
	IF-EN-410b.2	Amount of backlog cancellations associated with hydrocarbon-related projects	Quantitative	As of the end of 2020, 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 2020, 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 the end of 2020, there are a total of seven projects in the 20 lowest rankings in Transparency International's Corruption Perception Index (3 in Libya, 1 in Venezuela, 1 in Yemen and 1 in Iraq). The order backlog of these projects totaled KRW 3,084.2 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 2020, 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	Hyundai E&C enacted the Anti-Corruption Compliance Policy & Procedures in April 2017 and strives to comply with ethical management principles in all countries and regions where it operates business. In March 2020, provisions were added to require that anti-corruption risks be taken into account when hiring executives and employees and signing third-party contracts, and to obtain prior approval from the Compliance Team if suspicious payment requests are received during the execution of the contract. In addition, Hyundai E&C requires the counterparty to clearly understand the company's Ethics Charter & Code of Conduct, accept the anti-corruption clause in the contract, and demands a pledge of compliance.
Activity Metrics	IF-EN-000.A	Number of active projects	Quantitative	As of the end of May 2021, 172 domestic and 63 overseas sites are in progress.
	IF-EN-000.B	Number of commissioned projects	Quantitative	In 2020, 30 domestic and 8 overseas sites were completed (in Taking-Over Certificate basis).
	IF-EN-000.C	Total backlog	Quantitative	As of the end of 2020, the total order backlog is KRW 66,671.8 billion (in consolidated basis) – KRW 41,592.0 billion in domestic and 25,079.8 billion in overseas.

## TCFD Index

Topic	TCFD recommendation	Page & Remarks	Page
Governance	1a) Describe the board's oversight of climate-related risks and opportunities	CDP, CC1.1a	32
	1b) Describe management's role in assessing and managing climate-related risks and opportunities	CDP, CC1.2a	32
Strategy	2a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	CDP, CC2.1	33
	2b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	CDP, CC2.2, CC2.3	33
	2c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	CDP, CC3.2	33
Risk Management	3a) Describe the organization's processes for identifying and assessing climate-related risks	CDP, CC2.2	34
	3b) Describe the organization's processes for managing climate-related risks	CDP, CC2.2	34
	3c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	CDP, CC2.2	64
Metrics and Targets	4a) Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process	CDP, CC2.1b, CC7.3	35
	4b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	CDP, CC6	35
	4c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	CDP, C4.1	35

## Major Awards & Memberships

### 2020-21 Major Awards

Award	Description	Host / Provider
2021 Overseas Construction Awards	Grand Prize (MOLIT* Minister's Prize)	Money Today
2021 Korea Residential Service Awards	Best of Best (Eco-friendly category)	Money Today
Apartment Brand Grand Prize	High-quality design category	Asia Economy
Hall of Fame Housing Brand Grand Prize	Grand Prize (Innovation category)	Newsway
2021 First-half HanKyung Residential Culture Awards	Grand Prize	HanKyung
2021 Well-being Apartment Awards	Grand Prize (Brand category)	HanKyung Business
2020 Overseas Construction Awards	Grand Prize (MOLIT* Minister's Prize)	Money Today
2020 Eco-friendly Construction Awards	MOLIT* Minister's Prize	Joongang Daily (Economist)
2020 Smart Construction Awards	Grand Prize (Overseas category)	Etoday
2020 Korea Construction Awards	Brand Prize (Building category)	Joongang Daily
Global Standard Management Awards	Social Contribution Prize	Korea Management Registrar

\* 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	Building SMART Korea	Korea Management Association

\* 121 business or academic memberships in total

## Letter for Stakeholders on the Coal Exit Declaration

Dear investors, those from NGOs (Non-Government Organizations), and all other stakeholders,

Hyundai Engineering and Construction (the "Hyundai E&C") has sought sustainable management and global Corporate Social Responsibility (CSR) for the longest period of time in the Korea's construction industry based on its faith in not only economic values but also social values as absolute ones. Driven by such an effort, Hyundai E&C has been recognized as a leader in the construction industry with maintaining the status as a member of the DJSI (Dow Jones Sustainability Indices) World for eleven (11) consecutive years.

In particular, we have launched the "Hyundai E&C Sustainability Steering Committee" in October 2020 in an effort to further promote sustainable management so that it would take root. We also have overhauled the ESG (Environmental, Social and Governance) management scheme to a level corresponding to a Board of Directors, as a final decision-making body, by amending operational rules of the "Corporate Governance & Transparent Management Committee" for which all members are outside (independent) directors.

This year, the ESG organizations of Hyundai E&C discussed the importance of the ESG agenda and related future business directions. A consensus has been reached that a way to strengthen CSR in response to climate change currently facing us is how enterprises should pursue for sustainable growth in the end as a responsible member of the global community. In this regard, we finally would like to inform all our stakeholders of decisions that have been ratified by the Board of Directors.

### 1. Hyundai E&C Declaration on Coal Exit

Hyundai E&C decided to totally exclude the possibility of participation in any of investment and/or construction projects to newly build coal-fired power plant either in Korea or abroad subsequently to the completion of construction/bidding and the fulfillment of other contractual commitments of ongoing projects.

### 2. Renewable Energy and Environmental Business to be Expanded

To keep pace with the increasing social interest in low-carbon and eco-friendly economies, Hyundai E&C continues to expand the boundaries of renewable energy including solar power, hydrogen fuel cell, and offshore wind power generation as well as other environmental business and energy-efficient products such as smart farm, biogas, polluted soil purification and water treatment. We aim to further diversify our energy business portfolio by gradually transitioning conventional items which could cause climate change risks on the basis of the "Hyundai E&C Vision 2025" released last year. To be part of the effort, the department engaged in the coal-fired power has been transformed into a renewable energy department aiming at such business transition.

### 3. Efforts to Secure Sustainable Competitiveness

As mentioned above, we will not spare any effort to invest in green R&D in pursuit of expanded portfolio of renewable energy and environmental business. In addition, we will make an investment in renewable energy and environmental business fields both at home and abroad utilizing the fund raised by issuing ESG bonds this year. Concurrently, we will try to create social values by expanding social contribution campaign for environmental and safety sectors and joining the common effort to solve social problems.

### 4. Continuous Endeavor for Global Response to Climate Change

Hyundai E&C has taken part in the Carbon Disclosure Project (CDP) since 2012 and has disclosed all information related to carbon emissions and others including corporate strategy for climate change response. We will continue to practice environmental energy management in terms of climate change response, reducing greenhouse gas emissions, and expanding portfolio of energy efficient products.

In addition, we will identify items for reducing greenhouse gas emissions to apply to the construction sites while carrying out CSR activities to reduce carbon emissions engaging all executives & employees to join. In particular, in an effort to live up to the vigorous trend of socially responsible investment and requirements from stakeholders who tend to evaluate corporate values in the long run, we support the Task Force on Climate-related Financial Disclosures (TCFD) and plan to put more focus on ESG information disclosure by extensively incorporating recommendations from the Sustainability Accounting Standards Board (SASB), TCFD and WEF Stakeholder Capitalism Metrics by 2022.

We hope that this declaration could set a new milestone for our construction industry to follow in the right direction and subsequently bring about a greater impact to the overall economy so that, in the end, it could change the environment of project award in the construction industry. Hyundai E&C will continue to fulfill its roles as a global leader of the engineering & construction industry and make all-out efforts to promote sustainable management staying in contact with all stakeholders.

Thank you.

Chairman of the Corporate Governance  
& Transparent Management Committee  
Hyundai Engineering and Construction Co., Ltd.

Lead Independent Director Sung-duck Park  
(Commissioner for Shareholders' Rights)



Chief Executive Officer  
Hyundai Engineering and Construction Co., Ltd.

President Young-joon Yoo



COO of Plant Division  
Hyundai Engineering and Construction Co., Ltd.

Vice President Won-woo Lee



## Acknowledgement

### Sustainability Steering Committee

Description	Department	Executive Member	Steering Member
Comprehensive	IR Team	Moon Je-Cheol	Kim Se-Won
			Lee Jung-Min
			Kim Gwang-Hyun
Economic	Infrastructure Management & Administration Team	Kim Kwang-Soo	Hyun Ji-Yul
	Housing Works Management & Administration Team	Park Se-Jin	Park Sung-Won
	Plant Management & Administration Team	Shim Bo-Hyeon	Yeo Joo-Heon
	IR Team	-	Choi Kyoo-Hyun
	Auditing Team 1	Yun Jeong-il	Yang Ji-Hyuk
	Business Strategy Team	Seong Wan-Sang	Koh Tae-Ik
	Project Management Team	Byun Kyung-Hyun	Hong Dae-Ho
	Research Administration Team	Park Koo-Yong	Park Jun-Yong
	Compliance Management & Administration Team	Suh Hee-Suk	Kim Young-Sung
Environmental	Environmental Management Team	Kim Je-Young	Hong Hyun-Jong
Societal	Safety Planning Team	Im Byung-Chun	Choi Jae-Ik
	Procurement Planning Team	Song Ken-Il	Lee Young-Je
	Corporate-Culture PR Team	Han Sung-Ho	Kim Su-Jung
	Communication Team	Yang Sang-Woo	Kook Jung-Hoon
	Human Resources Operation Team	Ku Young-Cheol	Lee Joong-Jae
	IR Team	-	Ahn Cheol-Ho

### Special Thanks

Department	Name
ICT Convergence Tech Research Team	Shin Seong-Wook
IR Team	Lee Soo-Kyoung
MI/Planning Team	Lee Byoung-June
	Ting Hsueh Ping
RM Team	Kim Jae-Hoon
Housing Works Management & Administration Team	Kim Sang-Hyun
Business Planning Team	Min Yoon-Gun
Global Partnership Developing Team	Jeong Byung-In
Corporate Culture Team	Kim Jun-Woo
Security Management Team	Hong Geun-Ho
Business Support Team	Park Seong-Su
Human Resources Operation Team	Jang Min-Seok
	Kwak Dae-Hyun
Human Resources Planning Team	Jung Yeong-Hun
Human Resources Supporting Team	Kim Na-Yeon
Compliance Management & Administration Team	Kim Sung-Ik
Plant Management & Administration Team	Kim Bo-Ra
	Lee Dong-Seon
Environmental Management Team	Kwak Hoon



## 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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