

Your Partner, Hyundai Engineering

2010~2011 HYUNDAI ENGINEERING
SUSTAINABILITY REPORT

About this Report

Reporting Information

This is the second sustainability report published by Hyundai Engineering, which includes its efforts for sustainable growth and performances in the economic, environmental and social areas. This report will serve as the momentum for the examination of the sustainable management, and Hyundai Engineering hopes this second publication becomes a communication channel for co-development with stakeholders.

Reporting Scope and Period

This report covers activities and performances of Hyundai Engineering's sustainable management for two years from January 1, 2010 to December 31, 2011.

Reporting and Assurance Standards

This report was prepared in accordance with the GRI (Global Reporting Initiative) G3.1 Guidelines together with the guidance on ISO 26000 and UNGC.

The reliability of the contents was verified through the DNV Protocol for Verification of Sustainability Reporting V.3.0 standard by DNV, a third-party assurance institute. For more details about the result, please refer to the third-party verification report.

Detailed Information on the Report

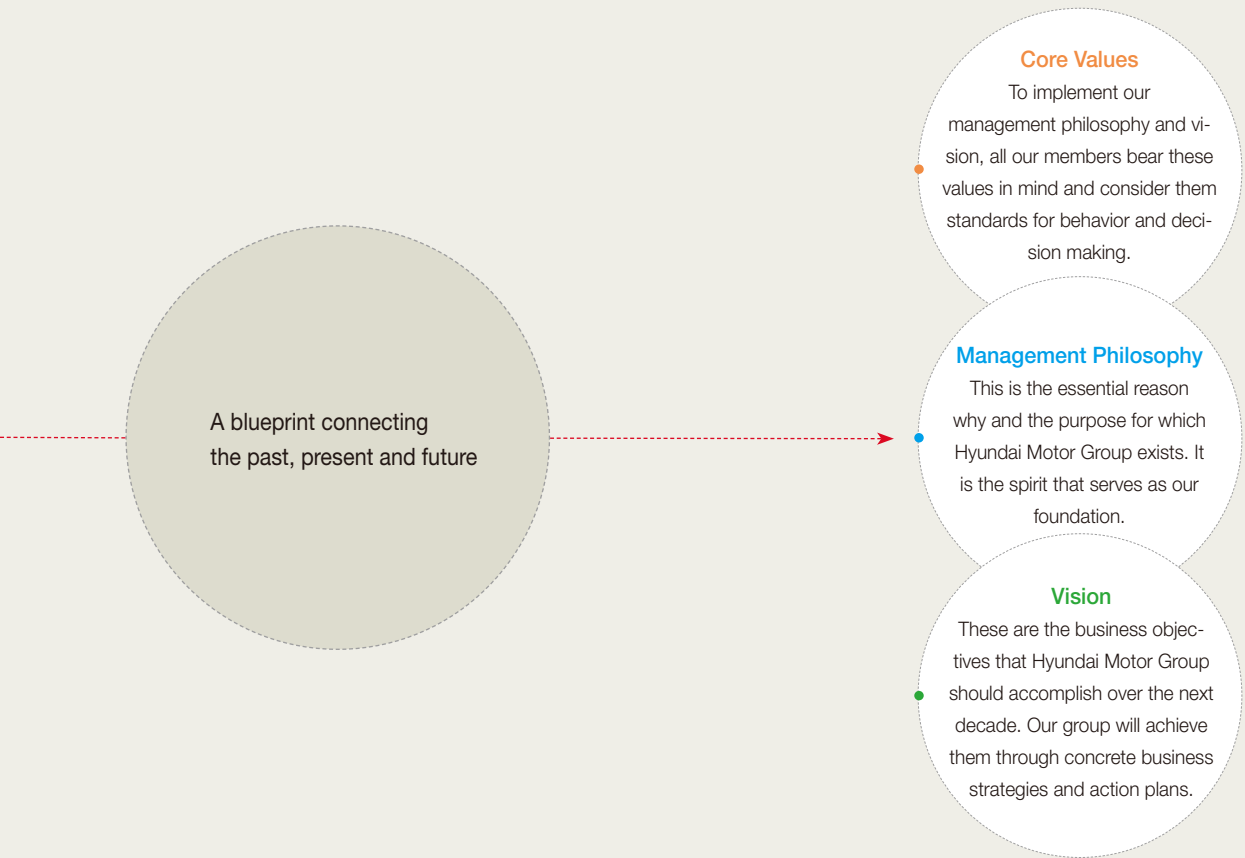
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Philosophy

A blueprint connecting the past, present and future of Hyundai Motor Group

Since its establishment Hyundai Motor Group has built a history of success based on challenge and passion. Such entrepreneurship has been reestablished as a systematic management ideology made up of the management philosophy, vision and core values. This will be maintained and developed even further in the future.



Hyundai Motor Group Structure



Core Concept of Management Philosophy

We will realize the dream of mankind by creating a new future through ingenious thinking and continuously challenging new frontiers.

Unlimited Sense of Responsibility

Hyundai Motor Group is striving to successfully operate businesses based on a sense of responsibility to all stakeholders. This responsibility drives us even further to provide superior quality to our customers.

Realization of Possibilities

Hyundai Motor Group has a distinctive spirit of accepting challenge that rejects complacency and it is never held back by the fear of failure. This spirit has come to be written into our DNA for success and it makes the impossible, possible. Based on our pioneering spirit and responsible entrepreneurship, which form the root of our group's splendid story of expansion, Hyundai Engineering will work together with our employees, partner companies and local communities to promote harmonious development and growth.

Respect for Mankind

The greatest objective and premier value for business Management is to practice love for humanity. Hyundai Motor Group is striving to improve general living standards by providing top-quality products and services to more people. In addition, we are working to become a company that contributes to the global community by responding proactively to environmental issues.

5 Core Values



CHALLENGE

We refuse to be complacent, embrace every opportunity for greater challenge, and are confident in achieving our goals with unwavering passion and ingenious thinking.



COLLABORATION

We create synergy through a sense of "togetherness" that is fostered by mutual communication and co-operation within the company and with our business partners.



CUSTOMER

We promote customer-driven corporate culture by providing the best quality and impeccable service with all values centered on our customers.



GLOBALITY

We respect the diversity of cultures and customs, aspire to be the world's best at what we do, and strive to become a respected global corporate citizen.



PEOPLE

We believe the future of our organization lies in the hearts and capabilities of individual members, and will help them develop their potential by creating a corporate culture that respects talent.



Automobile Parts

- HYUNDAI MOBIS
- HYUNDAI WIA
- HYUNDAI DYMOS
- HYUNDAI POWERTECH
- KEFICO
- HYUNDAI PARTECS
- HYUNDAI METIA
- HYUNDAI WISCO
- HYUNDAI MSEAT
- HYUNDAI IHL



Service/Finance

- HYUNDAI CAPITAL
- HYUNDAI CARD
- INNOCEAN
- HMC INVESTMENT
- SECURITIES
- HYUNDAI COMMERCIAL
- HAEVICH HOTEL & RESORT JEJU
- HYUNDAI NGV
- HYUNDAI FARMLAND & DEVELOPMENT



Logistics & IT

- HYUNDAI GLOVIS
- HYUNDAI ROTEM
- HYUNDAI AUTOEVER
- HYUNDAI MNSOFT
- HYUNDAI C&I
- HYUNDAI CARNES

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2010~2011 Highlights



03

ENR THE TOP 200 INTERNATIONAL DESIGN FIRMS

RANK	FIRM	Firm Type	2011 \$ MIL.
1	Fluor Corp., Irving, Texas, U.S.A	EC	3,482.7
2	Parsons, Pasadena, California, U.S.A	GE	3,429.0
3	Worleyparsons Ltd., North Sydney, NSW, Australia	EC	3,413.6
47	Hyundai Engineering Co. Ltd., Seoul, S. Korea	EC	299.3
88	AP M&P, Stockholm, Sweden	E	293.9



01

Joined the Hyundai Motor Group 2011. 04. 01

With the entry into the Hyundai Motor Group, Hyundai Engineering will focus on maximizing synergy and diversifying its business portfolio.

02

Won the USD 500 Million Export Tower 2010. 12. 01

Hyundai Engineering won the 'USD 500 Million Export Tower' at the '47th Trade Day,' which was held by the Ministry of Knowledge Economy and sponsored by the Korea International Trade Association.

03

Ranked 47th in the 2012 ENR rankings 2012. 07. 23

Hyundai Engineering ranked 47th in the top 200 International Design Firms by ENR (Engineering News-Record, US) up 7 levels over the previous year and currently top-ranking among the domestic firms.

04

Obtained the 'KEPIC Quality System' certification 2011. 02. 18

Hyundai Engineering obtained the 'KEPIC (SN) Quality System' certification for capability and quality in the nuclear power plant business from Korea Electric Association.

05

Opened the 'Hope Creation Center' for Disabled People 2010. 07. 26

To create jobs for severely disabled people, Hyundai Engineering opened a work site for those individuals together with the Yangcheon Welfare Center for the Disabled.



06

Won an order for FEED of the Kandym Field Gas Plant from Uzbekistan

2011. 08. 09

Hyundai Engineering will implement the FEED (Front-End Engineering and Design) project for the nation's largest gas treatment facility in Bukhara, Uzbekistan.

07

Won an Order for the Kenyan Olkaria Geothermal Power Plant project amounting to USD 373 million worth

2011. 11. 08

Based on unique experience and performance in geothermal power plant project among Korean companies, Hyundai Engineering won an order for the Kenyan Olkaria geothermal power plant project. This project will allow Hyundai Engineering to further secure a competitive advantage in the power plant market in Kenya.

08

Won the Grand Prize at the '2011 Seoul Service Award'

2011. 10. 31

Hyundai Engineering won the Grand Prize in the group sector at the '2011 Seoul Service Award' on the recommendation of the Sinmog Welfare Center and Yangcheon Welfare Center for the Disabled. (This award was established to cite exemplary citizens and organizations for their commitments to regional development by Seoul City and Hankook Ilbo in 1989.)

09

Joined the UN Global Compact

2010. 06. 08

Hyundai Engineering became a member of UNGC (UN Global Compact), an international organization, for the first time among the domestic engineering companies.

10

Introduced the Compliance Program

2011. 06. 23

The Compliance Program (CP) was introduced to enhance the transparent and ethical management system in Hyundai Engineering.

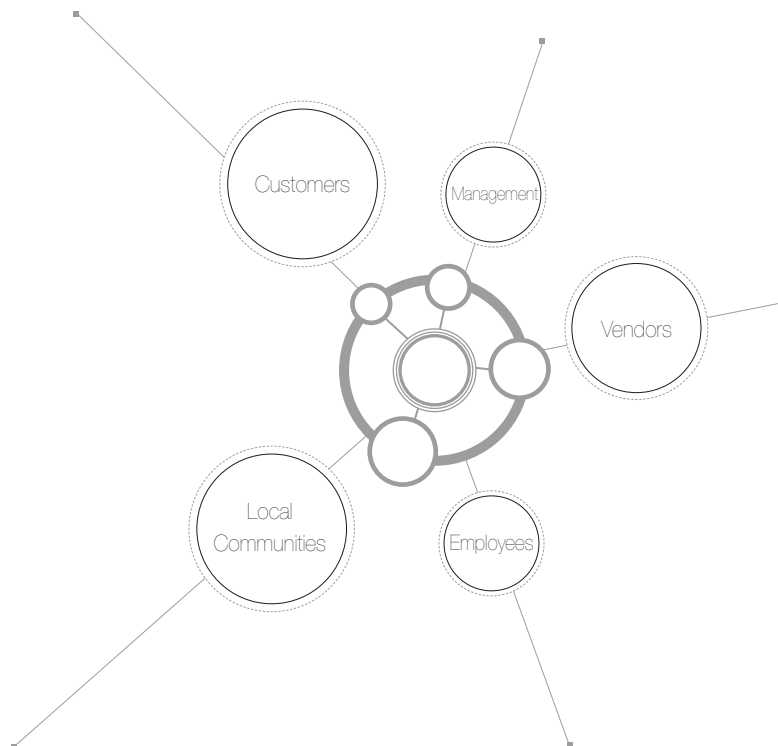
A Sustainable Future for All

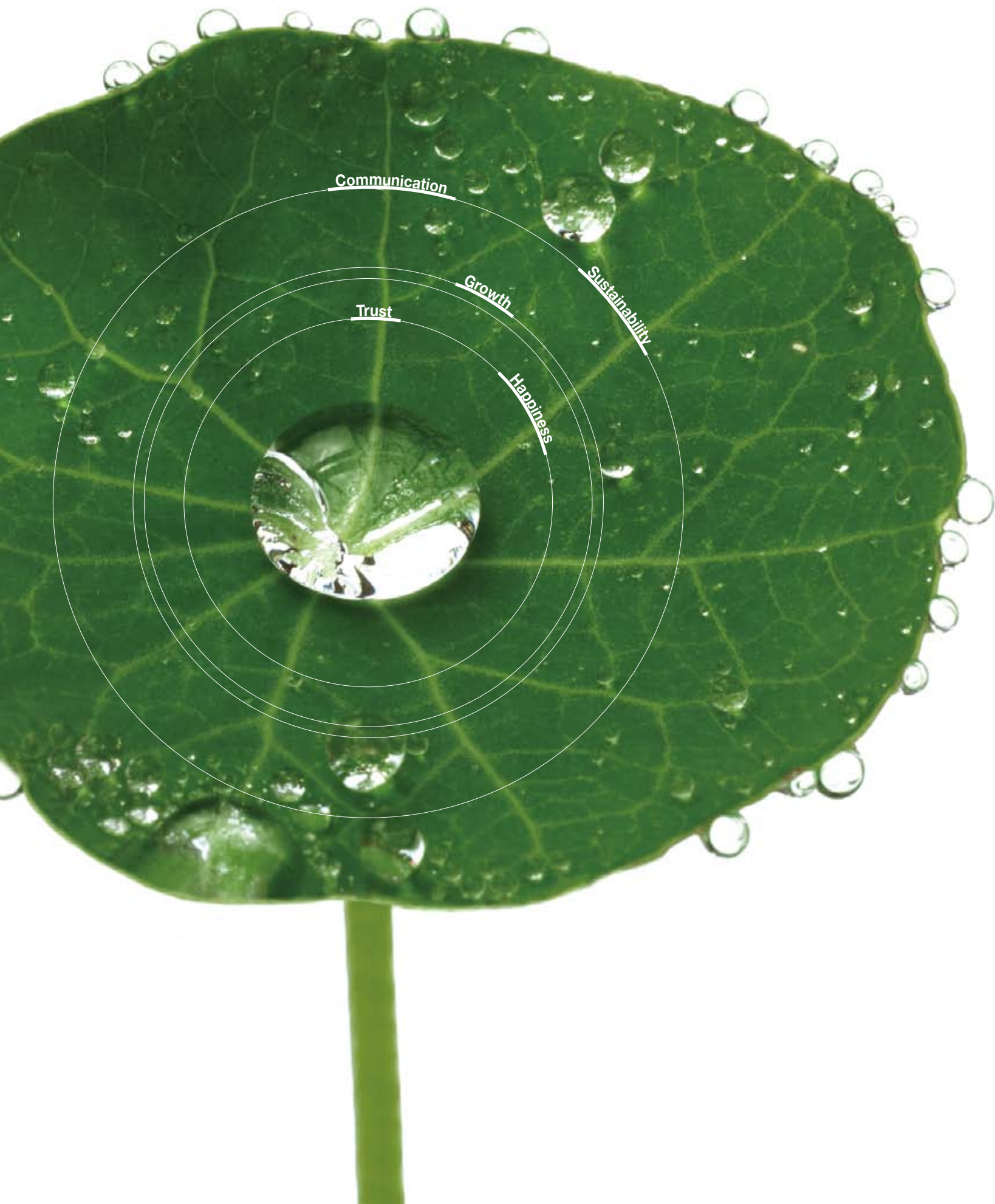
Hyundai Engineering has been committed to creating a better world through continuous changes and innovation for the past 38 years.

Based on such performances, Hyundai Engineering is laying the foundation for future growth. Designing and building a world where all people can enjoy the happiness and sustainable growth - this is Hyundai Engineering's promise to next generations.

With differentiated capabilities accumulated for the past 38 years, Hyundai Engineering has made great strides. Hyundai Engineering achieved KRW 1.66 trillion in sales in 2011 and leaped up to 47th in the international design firms sector of engineering company rankings released by ENR in 2012.

These remarkable performances resulted mainly from efforts and supports of all stakeholders including shareholders, customers, vendors and employees, which eventually proved that Hyundai Engineering has continued to deliver values to the society. With a strong awareness of corporate citizenship, Hyundai Engineering has devoted itself to the development of the society. Hyundai Engineering pursues becoming a future-oriented company that grows together with all executives and employees, communicates with each other on the basis of strong trust, practices sharing management and considers the happiness of next generations as well as current generation.





President Message



“Hyundai Engineering will sustainably grow in harmony with society and the environment by proactively engaging in communication with stakeholders and fulfilling its corporate social responsibility.”

Our valued stakeholders,

I would like to extend my sincere gratitude for your unwavering support and affection.

Hyundai Engineering has been seizing new opportunities for value creation by leveraging consistent technological development based on engineering expertise gained through 38 years of experience and challenging spirit as a market pioneer. As a result, Hyundai Engineering posted record business performances in 2011 with KRW 1.66 trillion in sales and KRW 204.6 billion in ordinary profit. The performances were possible thanks to employees who had consistently led changes and innovation with a positive attitude and our stakeholders who had provided us with interest and support.

In 2011, Hyundai Engineering became part of the Hyundai Motor Group. We are striving to achieve the Hyundai Motor Group's vision of creating a new future to realize human society's dream by thinking creatively and pursuing challenges consistently. Our capability, combined with that of the Hyundai Motor Group, will maximize our synergistic effect, transforming Hyundai Engineering into a global top-tier engineering company. At the same time, we aim to grow into a sustainable enterprise that fulfills corporate social responsibility as a member of society. To this end, we will proactively carry out communication with various stakeholders. We promise you the following commitments to build a better future for all.

Hyundai Engineering will evolve into a value-added engineering company that leads the world. New orders received in 2011 amounted to approximately KRW 4.3 trillion, the largest since the foundation, of which 90.1% originated from overseas businesses. Securing both growth potential and stability through strengthening the business platform will enable Hyundai Engineering to grow into a world-class engineering company.

Hyundai Engineering will become a trusted company that provides the greatest value to customers. Our technological competitiveness accumulated for 38 years and customer-centered management approach have served as the foundation for providing the best value and quality to customers of more than 20 countries in the world.

Hyundai Engineering will consistently build trust with customers by focusing on developing design and engineering technologies that meet customer requirements.

Hyundai Engineering will pursue win-win partnership with vendors. In June 2011, the Compliance Program was introduced to ensure fair competition and transactions. In addition, a variety of programs for co-prosperity and win-win management have been offering to our vendors. Hyundai Engineering will continue to maintain and develop win-win partnership with vendors.

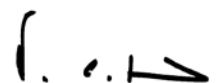
Hyundai Engineering will provide employees with optimal working environment. Healthy corporate culture stems from free communication and communal spirit of all members makes it possible to create the best synergetic effect. Hyundai Engineering will establish a great workplace where employees are able to strike a balance between work and personal life as well as freely communicate with each other by developing and promoting various communication programs.

Hyundai Engineering will strive to minimize environmental impact and become a company with warm heart that shares performances with local communities. Protecting the environment surrounding us and delivering environmental values to local communities are the reasons why we are continuously focusing on developing eco-friendly engineering technologies. In 2011, we received the grand prize in the group sector at the 'Seoul Service Award' thanks to voluntary works and donations that we had conducted. Hyundai Engineering will become a company beloved by local communities for a long time.

With future-forward ideas and proactive challenging spirit, Hyundai Engineering will continue to grow and develop to build a promising future. We would like to ask for your keen interest and strong support.

Thank you.

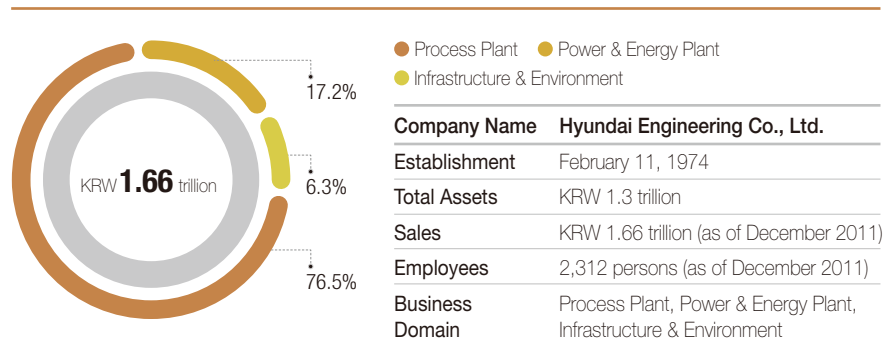
President of Hyundai Engineering Kim, Wee-chul



Corporate Profile

Summary

Since its foundation in 1974, Hyundai Engineering has implemented various projects in approximately 50 countries, gaining 38 years of experience and developing advanced technology. As attested by its 47th position in the list of Top 200 International Design Firms chosen by Engineering-News Record (ENR) magazine of the United States (US) in 2012, the company enjoys strong global recognition.



Sales (as of December 2011)

KRW 1.66 trillion

Number of Employees (as of 2011)

2,312 persons

Global Network

By providing excellent engineering services in the Middle East, Asia, Africa and Latin America, Hyundai Engineering's reputation as a global company has been enhancing. Hyundai Engineering will continue to expand its market share in the future by pioneering into new markets and responding to local needs.

■ Headquarters ● Business & Marketing ▲ Project Office



History of HEC

Established as a company specialized in engineering business 38 years ago, Hyundai Engineering has been growing into a comprehensive engineering company and now aims for a world-class player.

2000S

Aiming for a World Class Player

- 2001** Established the Technology Research Center
- 2004** Received the IR52 Jang Young-Shil Award
- 2007** Received the 'Civil Structure Award of the Year'
Received the National Environmental Management Award
- 2009** Obtained the OHSAS certification
- 2011** Joined the Hyundai Motor Group
- 2012** Ranked 47th in the top 200 International Design Firms by ENR

1990S

Growing into a Comprehensive Engineering Company

- 1991** Received the 'Honor of a Steel Tower Industry' at the 24th Science Day
- 1994** Obtained the ISO 9001 certification
- 1996** Received the Minister Prize at the 2nd Environmental Technology Award (HAF method)
Obtained the ISO 14001 certification

1980S

Technological Self-sufficiency and Business Expansion at Home and Abroad

- 1985** Conducted overseas consulting projects for the first time among Korea's private enterprises (5th & 6th electricity projects of Nepal, etc.)

Organization

In consideration of its business characteristics, Hyundai Engineering has been divided into three divisions and six offices. Close enterprise-wide cooperation is carried out to achieve the economic feasibility and stability of projects, and to promote the public interest.

Economic Feasibility

Organization

- Each business division (Process Plant, Power & Energy Plant, Infrastructure & Environment)
- Business & Marketing Office
- Planning Office / Finance & Economy Office
- CM Planning Office

Role

- Business development and project implementation
- Market survey and marketing activity at home and abroad and contracts
- Establishment of mid to long term business plans and goals

Stability

Organization

- Finance & Economy Office
- General Administration & Management Office
- Plant Business Supporting Office
- Planning Office
- CM Planning Office
- Business Sites

Role

- Management of budget and financial risks
- Personnel and general affairs, and response to legal affairs
- Process control and quality management, and HSE control
- Training and expansion of ethical management
- Non-financial risk management at business sites

Public Interest

Organization

- Infrastructure & Environment Division / Plant Business Supporting Office
- Finance & Economy Office
- General Administration & Management Office
- Planning Office

Role

- Development and application of eco-friendly technologies
- Tax payment and wage payment
- Win-win activities with vendors
- Establishment of social responsible activity plans and implementation of PR activities

Sustainable Management of Hyundai Engineering

VISION 2020

The 'VISION 2020' of Hyundai Engineering represents the commitment to completing a sustainability management system in cooperation with a diverse range of stakeholders including employees, customers and vendors, and to practicing sustainability activities, beyond the accomplishment of financial performances.

Mission

To be a global leading engineering company that creates higher value by implementing all processes including project planning to maintenance based on original intellectual properties

To be a company that contributes to the welfare of mankind and fulfills social responsibilities by practicing management activities for transparency, ethics, environment, co-prosperity and sharing.

Vision

Global

- Operating businesses on the world stage

Premier Engineering

- Providing high value-added engineering services including FEED/PMC and basic design

Partner

- A reliable company that puts top priority on creating customer value
- A company that grandly competes with competitors in technology and quality
- A partner for green growth

Core Competency

Developer Competency

- Business planning and consulting capacity for developing business
- Global financing capacity

PM/CM, RM

- Integrated project management
- Advanced risk management to preemptively perceive internal and external risk factors and respond to them

Global Partnership

- Alliances with license owners and advanced engineering vendors
- Localization by cooperating with outstanding construction companies and outsourcing vendors in each region
- Partnership with global vendors

Core Technology

- Original technologies (licenses and top-tier engineering technologies such as FEED/PMC and basic design)
- Core technologies for new businesses

Growth Strategy

SOCIAL ASPECT

Holding in respect by fulfilling social responsibilities

ECONOMIC ASPECT

Providing high value-added engineering services including FEED and PMC, etc.

Growth
Strategy of
Hyundai
Engineering

ORGANIZATIONAL ASPECT

Establishing a horizontal organization with talents and a transparent and healthy corporate culture with autonomy and communication

BUSINESS ASPECT

Pursuing the goal of becoming the world's top engineering company that conducts EP & CM

Business Portfolio

Business Structure (in 2011)

4 Portfolio 27 Categories

Sales Growth (in 2011)

34.4 %

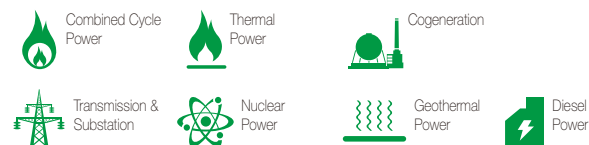
PROCESS PLANT

Hyundai Engineering has completed more than 400 process plant projects in the domestic and overseas markets including the desulfurization plant in Turkmenistan, polypropylene plant in Vietnam, gas processing plant of South Pars field development phase 2&3 and 4&5 in Iran, Hyundai Petrochemical's Complex No.1 and 2, and new construction and expansion of Hyundai Oil Refinery's oil refinery. These remarkable performances were mainly attributable to the commitment to providing quality engineering, procurement, and construction (EPC) services to customers around the world based on core design technology and high-caliber manpower. Hyundai Engineering will strive to maximize customer value by offering efficiency and quality secured from the environmental management system as well as cutting-edge technology.



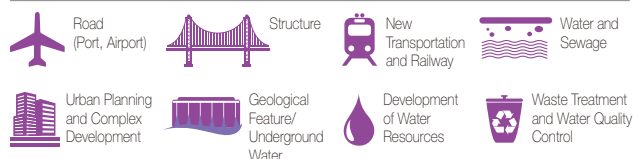
POWER & ENERGY PLANT

The EPC service of Hyundai Engineering encompasses the overall scope of power and energy plant projects including consultation, feasibility study, basic and detailed design, procurement, construction, supervision, and test & commissioning. As a leader in combined cycle power plant sector, Hyundai Engineering is expanding its reach to diesel power plant, nuclear power plant, geothermal power plant and new and renewable energy plant sectors. The advanced engineering technology will contribute to the development of the power generation and energy industries in the future.



INFRASTRUCTURE & ENVIRONMENT

With the mission of 'implementing human-oriented infrastructure and environmental plant projects', Hyundai Engineering has developed, commercialized, and applied a 'total solution' including technologies on water purification, wastewater treatment and waste treatment to a variety of projects in the water and environmental plant sectors. In addition, Hyundai Engineering is taking part in eco-friendly water resource development projects to cope with deepening water shortage and climate change and to restore the river ecosystem. Moreover, the cutting-edge technology and resource has allowed Hyundai Engineering to proactively join SOC projects for a range of infrastructure such as road and bridge construction. Among new growth engines, Hyundai Engineering developed the technology for the bi-modal tram, a new transportation mode, and is focusing on green transportation including eco-friendly railway technology.

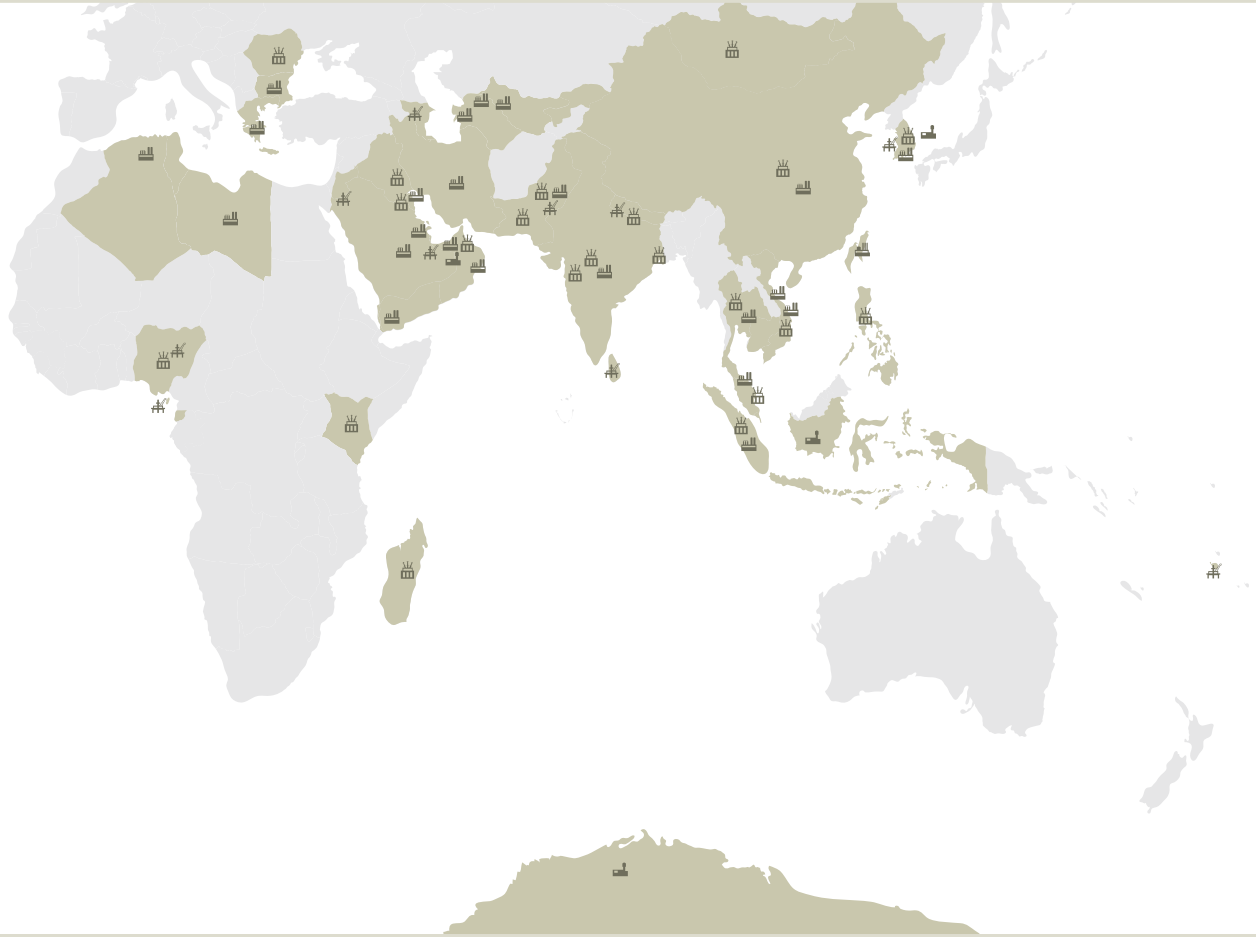


INDUSTRIAL PLANT

With comprehensive engineering capabilities encompassing feasibility study, design, procurement, construction to test & commissioning, Hyundai Engineering has implemented a variety of industrial plant projects related to steel, metal, cement, shipyard, environment facilities, and food & beverage since the establishment. Key projects include Hyundai Hysco's cold rolled carbon steel sheet plant in Dangjin, Cibinong cement plant in Indonesia, Hyundai Samho Heavy Industries' Yeongam shipyard, BOSCH's technology center in Yongin, Jang Bogo Station in the Antarctic, Hyundai Elevator's high-speed test tower and the photovoltaic plant in Bulgaria.



Hyundai Engineering in the World



EUROPE

GREECE

- Crude & Vacuum Distillation Unit

BULGARIA

- Chervenikovo 4MW & Palauzovo 5MW PV Plant

ROMANIA

- Petrobrazi Generation Power Plant

ANTARCTIC

ANTARCTIC

- Antarctic Sejong Science Station
- Jang Bogo Antarctic Research Station

AFRICA

MADAGASCAR

- Ambatovy 120MW CFPP Cogeneration

ALGERIA

- Bir-el-M'sana (BMS) Field Development
- Arzew Refinery Plant

EQUATORIAL GUINEA

- Water Supply and Sewage Treatment Plant in Evinayong, Ebibeyin and Mongomo

NIGERIA

- Alaoji Add-on Combined Cycle Power Plant

TUNISIA

- Phosphoric Acid Plant

KENYA

- Olkaria I Additional (140MW) Geothermal Power Plant
- Olkaria 4 (140MW) Geothermal Power Plant

MIDDLE EAST

IRAQ

- Al-Mussaib Thermal Power Station
- Al-Qudus 4x125MW Gas Turbine Power Plant
- Rumaila 5x292MW Gas Turbine Power Plant
- Taza 292MW Gas Turbine Power Plant

IRAN

- South Pars Field Development - Phase 2&3
- South Pars Field Development - Phase 4&5

KUWAIT

- KNPC New Oil Pier
- Shuaiba North Combined Cycle Cogeneration Power Plant

LIBYA

- Misurata Thermal Power Plant
- Tripoli West 1400MW Thermal Power Plant

OMAN

- Aseeb STP & Ancillary Work
- Musandam Oil & Gas plant (MGP)

QATAR

- Ras Laffan C Power & Water

SAUDI ARABIA

- Jubail Polysilicon Plant
- AAC Ethyleneamine Plant

UAE

- Rolling Mill 1200MW Combined Cycle Power Plant
- Jebel Ali - L II Power Station
- Group Base Oil Production Facilities

JORDAN

- Wastewater Treatment Plant At WADI ES SIR

CENTRAL ASIA

TURKMENISTAN

- Turkmenbashi Oil Refinery
- Gas Desulfurization Plant

UZBEKISTAN

- UGCC Utility & Offsite
- Kandym Fields Gas Processing Plant (FEED)

AZERBAIJAN

- Water Supply & Sanitation System

ASIA

BANGLADESH

- Ashuganj 225MW Combined Cycle Power Plant

- Compressor Station

- Meghnaghat 450MW Combined Cycle Power Plant

- Haripur 365MW Combined Cycle Power Plant

INDIA

- Hiranandani LNG Terminal (FEED)
- HPCL Hydrogen Generation Plant
- Mangalore Barge Mounted 240MW Combined Cycle Power Plant
- Pune 2500MW Combined Cycle Power Plant
- GMR 200MW Diesel Power Plant

MONGOLIA

- Dalanzadgad Cogeneration Plant

NEPAL

- Sunsari Morang Irrigation
- Chameliya Hydropower Plant
- Kanti Rajapath Road Improvement

PAKISTAN

- MCR DHDS Plant
- UCH-II 400MW Combined Cycle Power Plant
- Century Paper Mill 26MW Cogeneration Power Plant
- Pirkoh Gas Compression Facilities
- Small Dams
- GEPCO 132kV Substation

Total New Orders (in 2011)

4.3 trillion
KRW

Order Backlog (in 2011)

6.8 trillion
KRW


Global Premier Engineering Partner

Hyundai Engineering achieved new orders of KRW 4.3 trillion in 2011, a record high since the establishment. Order backlog as of the end of December 2011 amounted to KRW 6.8 trillion, which guarantees stable projects for the next three years. Years of experience and technological capability solidifies the position as a global engineering leader that is capable of delivering engineering, procurement, and construction management (EP&CM) services.

PROCESS PLANT

Algeria, Bangladesh, Chile, China, Colombia, Greece, India, Indonesia, Iran, Korea, Kuwait, Libya, Malaysia, Mexico, Oman, Pakistan, Qatar, Saudi Arabia, UAE, Taiwan, Thailand, Tunisia, Turkmenistan, Uzbekistan, Vietnam

POWER & ENERGY PLANT

Bangladesh, Barbados, Brazil, Colombia, Honduras, India, Indonesia, Iraq, Korea, Kenya, Madagascar, Mongolia, Nepal, Nicaragua, Nigeria, Pakistan, Philippines, Romania, Thailand, UAE, Vietnam

INFRASTRUCTURE & ENVIRONMENT

Azerbaijan, Colombia, Equatorial Guinea, Fiji, Jordan, Nepal, Oman, Pakistan, Qatar, Sri Lanka

INDUSTRIAL PLANT

Antarctic, Bulgaria, Indonesia, UAE

KOREA

- HDO Lube Base Oil Plant
- HDO #2 HOU (EPC)
- HDO #2 HOU (FEED / PMC / LLI Procurement Contract)
- 4th Polyethylene Plant
- MMA/PMMA Plant Expansion
- MMA/PMMA Plant
- KCC Polysilicon Plant
- KCC Silicone Plant 1&2
- Hyundai Petrochemical Complex 1&2
- Hyundai Oil Refinery Phase 1&2
- Bosch Yongin Research Center
- HMC Aero-acoustic Wind Tunnel Bldg.
- Wartsila-Hyundai 50 DF-Ship Engine Factory
- Jeju Diesel Power Plant Unit 1&2
- Yeoung Wol 900MW Combined Cycle Power Plant
- Yong Duk 40MW Wind Power Plant
- Yong Hung 1740MW No. 5 & 6 Thermal Power Plant

CHINA

- Pingdingshan / Shaanxi / Chisui Urea Plant
- Coloane B Combined Cycle Power Plant

THAILAND

- SIPCO 160MW Combined Cycle Cogeneration Power Plant
- Electrical Power and Steam (114MW)
- MOC Aromatics Recovery Unit

SRI LANKA

- Polonarua Water Supply Plant

TAIWAN

- Lube Base Oil Plant

VIETNAM

- Ba Ria 60MW Add-on Combined Cycle Power Plant
- PVTEX PET Plant
- Dung Quat Polypropylene Plant

MALAYSIA

- Melawa Diesel Power Plant
- Plant Rejuvenation and Revamp 2
- Gas Processing Plant 2&3

PHILIPPINES

- Northern Panay 138kV Transmission & Substation

INDONESIA

- Suban 1&2 Gas Processing Facilities
- Sumpal Gas Processing Facilities
- MEB / DEB Add-on Combined Cycle Power Plant
- Cibinong Cement Mill Plant
- Darajat Geothermal Power Plant Station 1,2

OCEANIA

FIJI

- Fiji-Ba & Sigatoka Bridge

NORTH AMERICA

MEXICO

- Sempra Baja LNG Terminal

LATIN AMERICA

BARBADOS

- Barbados 60MW Diesel Power Plant

BRAZIL

- Porto Velho 340MW Combined Cycle Power Plant

CHILE

- Nueva Ventanas 260MW Thermal Power Plant

COLOMBIA

- Bello Sewage Treatment Plant
- Colombia Diesel Unit (HDT)
- Termotasajero II 160MW CFPP

HONDURAS

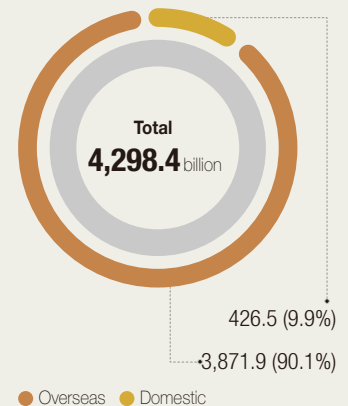
- Honduras 13.8kV & 34.5kV Distribution

NICARAGUA

- Nicaragua 138kV Substation

New Orders (as of 2011)

(KRW in billions)



Major Projects

HEC's Major Projects

Hyundai Engineering is not only focusing on achieving new orders in existing overseas markets including the Middle East, but continuously developing new profitable markets such as Equatorial Guinea, Kazakhstan, Turkmenistan and Uzbekistan.

Gas Desulfurization Plant Project in Turkmenistan

Ordered by Turkmengas (National Oil Corporation)
Location Mari Yoloten in Turkmenistan
Amount USD 1,290 MIL
 (HEC's share: USD 1,160 MIL)
period From January 2010 to February 2012
 (37 months)
Project Oil refinery expansion and construction of high-octane gasoline facilities (30 thousand barrels/day)



Arzew Refinery Project in Algeria

Ordered by SONATRACH (National Oil Corporation of Algeria)
Location Arzew in Algeria
Amount USD 402 MIL
 (HEC's share: USD 201 MIL)
period From February 2009 to April 2012
 (38 months)
Project Construction of new polyester production facilities (500 tons/day) and UT/OS



PVTEX PET Project in Vietnam

Ordered by PVTEX (National Fiber Corporation of Vietnam)
Location Hai Phong in Vietnam
Amount USD 251 MIL
 (HEC's share: USD 187 MIL)
period From July 2009 to August 2011
 (25 months)
Project Construction of new polyester production facilities (500 tons/day) and UT/OS



Ochang CIGS Thin Film Solar Cell Plant Project in Korea

Ordered by Hyundai Avancis Co., Ltd.
Location Chungcheongbuk-do in Korea
Amount KRW 33.6 BIL
 (HEC's share: KRW 33.6 BIL)
Period From May 2011 to June 2012
 (13 months)
Project Construction of a power plant to supply electricity and steam to existing chemical plants



PTT Chem EPS 120MW Project in Thailand

Ordered by PTT Global Chemical Public Company
Location Rayong in Thailand
Amount USD 110 MIL (HEC's share: USD 77 MIL)
Period From August 2008 to October 2011
 (38 months)
Project Construction of a power plant to supply electricity and steam to existing chemical plants



QUDUS Gas Turbine Power Plant Project in Iraq

Ordered by Ministry of Electricity, Republic of Iraq
Location Al-Qudus (north of Baghdad) in Iraq
Amount USD 219 MIL
 (HEC's share: USD 219 MIL)
Period From April 2011 to October 2012
 (18 months)
Project Construction of a new gas turbine power plant with the production capacity of 500MW



Stakeholder Engagement

Stakeholder Communication Channel

The stakeholders of Hyundai Engineering are defined into six groups of employees, customers, vendors, local communities, shareholders and investors, and the government, media and associations. Hyundai Engineering will continue to engage in diverse activities to facilitate communication and build positive synergistic relationship with stakeholders.



Management

Definition

Companies and individuals holding HEC's shares

Communication Channel

General shareholders' meeting, disclosure, and analyst meetings

Major Issues

Maximization of shareholder value and enhancement of corporate competitiveness

Commitments of Hyundai Engineering

Preparation of new growth engines and pursuit of growth and stability at the same time

Customers

Definition

Project owners and partners

Communication Channel

Customer satisfaction survey and customer center on the website

Major Issues

Improvement of technical skills and quality

Commitments of Hyundai Engineering

Reinforcement of competitiveness in technology and quality, and continuous customer satisfaction management

Page **20p~31p**

Page **32p~41p**

Vendors

Definition

Equipment suppliers and design/construction partners, etc.

Communication Channel

E-Procurement, purchasing management system and discussion meetings

Major Issues

Fair trade and synergy creation by mutual cooperation

Commitments of Hyundai Engineering

Establishment of compliance programs and enhancement of business partner support programs

Page **42p~47p**

Employees

Definition

Executives and employees of Hyundai Engineering

Communication Channel

Junior Committee, communication with the President (E-Mail To President within the intranet)

Major Issues

Work environment improvement, fair evaluation and reward

Commitments of Hyundai Engineering

Enhancement of global capabilities, operation of various welfare programs, work-life balance, accident-free sites, establishment of a healthy labor-management culture

Page **48p~63p**

Local Communities

Definition

Local residents and governments around business sites

Communication Channel

Company-wide social contribution activities in which all employees participate, and environmental effects evaluation

Major Issues

Voluntary works, environmental protection activities, donations and sisterhood relationships

Commitments of Hyundai Engineering

Systematic social contribution activities, eco-friendly management, and minimization of environmental effects

Page **64p~83p**

Government, Media, Associations

Definition

Government, media, associations and subsidiary organizations

Communication Channel

Public hearing, press release, and response to survey

Major Issues

Participation in policy-making and prevention of law violations and corruption

Commitments of Hyundai Engineering

Observance of the laws and regulations, and establishment of anti-corruption corporate cultures

Page **46p~47p**

Page **79p~83p**

Materiality Assessment

Materiality Assessment Process

The materiality assessment has been conducted to discover the major tasks for Hyundai Engineering's sustainability management and to set up content that reflects stakeholders' interests. The assessment included 3 steps of issue check, collection of stakeholders' opinions and determination of key issues. The results were as follows:

Step 1. Issue Check

- 1-1 Review of global standards
(GRI G3.1 Guidelines, ISO 26000, etc.)
- 1-2 Benchmarking (Engineering and construction industries, etc.)
- 1-3 Media research
(Search of various media articles)

Key Issues Selection

Step 2. Collection of Stakeholders' Opinions

- 2-1 Employee survey (Intranet)
- 2-2 External stakeholder survey (E-mail)
- 2-3 Interviews
(Stakeholders representing each group)

Materiality Test

Step 1. Issue Check

1-1 Review of Global Standards

Hyundai Engineering identified major issues based on international sustainability standards such as the GRI G3.1 Guidelines and ISO 26000, simultaneously classifying and analyzing Hyundai Engineering's activities and performances by each issue.

1-2 Benchmarking

Hyundai Engineering discovered the major issues related to its industry by benchmarking competitors in the engineering industry and advanced construction companies of excellent sustainability management. Hyundai Engineering's activities and performances were compared with and analyzed by each issue.

1-3 Media research

Media research has been conducted to analyze various articles related to Hyundai Engineering, which were released through the media between January 1, 2010 and December 31, 2011.

Step 2. Collection of Stakeholders' Opinions

2-1 Employee Survey

A survey targeting employees, who are internal stakeholders, was carried out through the intranet. The survey showed that the

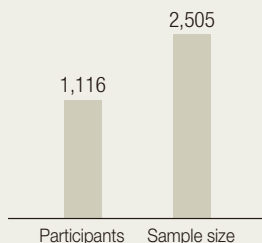
establishment of a healthy corporate culture and the formation of consensus on sustainability were important for Hyundai Engineering's sustainability management.

2-2 External Stakeholder Survey

A survey targeting external stakeholders, excluding employees, was carried out through e-mail. The respondents thought that the market dominance and growth potential would significantly affect sustainability management of Hyundai Engineering.

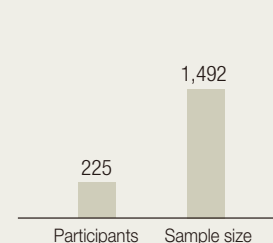
Employee survey

(Response rate: 44.6%)



External stakeholder survey

(Response rate: 15.1%)



2-3 Interview

Hyundai Engineering classified all stakeholders into 6 groups and interviewed representative stakeholders from each group.

* 6 Groups: shareholders and investors, customers, vendors, employees, local communities, and the government/media/associations

Step 3. Determination of Key Issues

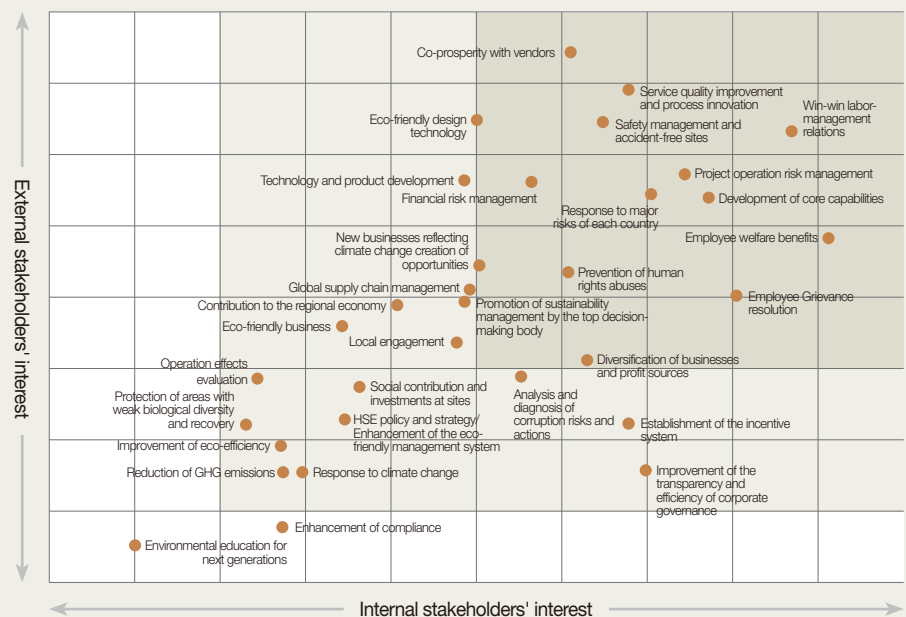
- 3-1 Materiality assessment matrix (Importance of internal and external stakeholders)
- 3-2 Determination of key issues and setup of contents

Review, Conclusion

Step 3. Determination of Key Issues

3-1 Materiality Assessment Matrix

The following materiality assessment matrix shows Hyundai Engineering's priorities during the reporting period. The horizontal axis and vertical axis shows internal stakeholders' interest and external stakeholders' interest, respectively. Major issues comprehended through step 1 and step 2 were arranged by the priorities and their interest, of which items with great interest were selected as key issues.



3-2 Determination of Key Issues and Setup of Contents

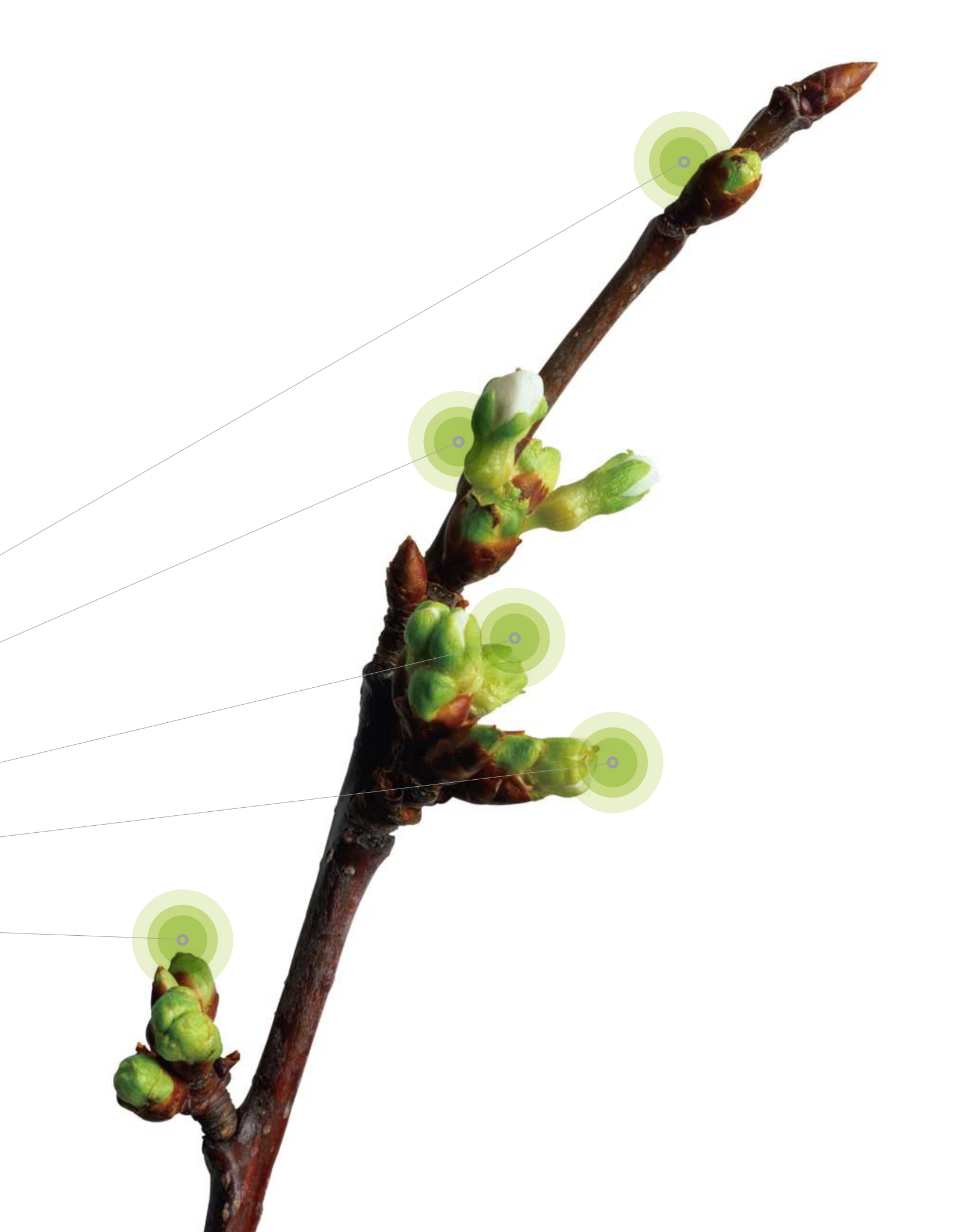
Key issues identified through the materiality assessment matrix should be appreciated and solved for Hyundai Engineering's sustainability management. Thereby, activities and performances related to key issues were disclosed through this sustainability report.

Classification	Key Issues	Page	Contents
Management	Risk control	24~25	Risk management
Customers	Service quality improvement and process innovation	32~41	CRM and quality management
Employees	Win-win labor-management relations and employee welfare benefits	61~63	Employee welfare benefits and labor-management communication
Vendors	Co-prosperity with vendors	42~47	Selection of and support for vendors
Local Communities	Contribution to regional economy	66~71	Social contribution activities
	Eco-friendly business and enhancement ecofriendly management system	72~81	Green engineering and eco-friendly technologies

Sustainable Growth for the Future

Hyundai Engineering has put listening to stakeholders' interest and opinions at the top priority of its management activities. Stakeholders' opinions will be used as the most important compass for Hyundai Engineering's sustainability management.







Management

Innovative Leadership

Corporate Governance	22
Risk Management	24
Ethical Management	26
Creation and Distribution of Economic Value	28
Special New Growth Engines	30

Disclosure on Management Approach

Management Principle



The business management of Hyundai Engineering is based on the principles of 'sound corporate governance', 'strict risk management', and 'transparent ethical management'. Hyundai Engineering aims to share value with stakeholders by securing growth potential and stability, and maximizing economic value through the reinforcement of the management platform. Moreover, Hyundai Engineering will consistently diversify businesses and overseas markets by identifying new growth engines for the future. Instead of being complacent, Hyundai Engineering will continuously pursue sustainable development.

Key Performance



Classification		Unit	2010	2011
Corporate Governance	BOD meeting	Number	5	8
	Attendance rate (Other non-standing directors)	%	57.9	56.5
Risk Management	Identification of core risks	item	-	10
	Identification of project risks		-	51
Ethical Management	Number of ethical management trainees	person	1,364	1,700
Creation of Economic Value	Sales	KRW in billions	1,237.2	1,662.9
	Ordinary income		166.3	204.6
Distribution of Economic Value	R&D investments	KRW in millions	2,271	2,264
	Investments in local communities		475	667
New Growth Engines	Number of new orders from new growth engine businesses	projects	42	65
	Proportion of new orders from new growth engine businesses	%	1.2	22.8

Interview



The sustainability management strategy must be reflected in the business strategy in order for Hyundai Engineering to maintain its business performance and achieve further development. For instance, Hyundai Engineering needs to contribute to the local community, in addition to entering into and reaping success in overseas markets. This will strengthen the leadership in the global market.

Moreover, Hyundai Engineering should build trust with stakeholders such as project owners and employees, and the government by disclosing information on pending issues in a transparent manner. Lastly, stakeholders' ideas on such issues should be reflected in an integrated manner to come up with changes to make improvements.

Hye-jin Kim(Business Planning Group, Planning Division, Hyundai Engineering & Construction)

Corporate Governance

1

Number of Board Meetings (in 2011)

8 times

Attendance Rate of Other Non-standing Directors (in 2011)

56.5%

Board of Directors (BOD)

Hyundai Engineering promotes the transparency of the BOD in order to establish sound corporate governance and deliver more values to stakeholders.

Composition of the BOD

The BOD consists of three inside directors including the president and two other non-standing directors. The chairmanship of the Board is assumed by the president, whose appointment is voted upon by the BOD. As competent persons who are able to make decisions on whole range of management activities, directors are elected by a majority vote of shareholders and more than a quarter of total issued shares at the general shareholders' meeting.

Audit System

One auditor is appointed in the general meeting to regularly monitor the financial and accounting status of Hyundai Engineering in order to improve the transparency of the BOD. The auditor can present opinions at the BOD meeting and make a request for reporting on the overall management. The auditor also has the supervision right on the execution of directors' duties.

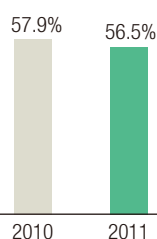
Operation of the BOD

Hyundai Engineering currently does not have a subcommittee that deliberates and decides on the mandates of the BOD. In principle, a regular BOD meeting is held once a quarter. However, in the case of a material issue, it could be held through the notification of the agenda and reason. A decision in the board is made by majority participation and votes. In

BOD Meetings and Attendance Rate

Year	Number of Meetings
2010	5 (regular 4, extraordinary 1)
2011	8 (regular 4, extraordinary 4)

Attendance Rate of Other Non-standing Directors



Board of Directors

(as of March 14, 2012)

Classification	Name	Position
Inside Directors	Kim, Wee-chul	President
	Kim, Ok-chul	Head of the Power & Energy Plant Division
	Choi, Min-tak	Head of the Finance and Economy Office
Other Non-standing Directors	Chung, Soo-hyun	President of Hyundai Engineering & Construction (HDEC)
	Kim, Jong-ho	Head of the Plant Business Division of HDEC
Auditor	Kang, Soon-moon	Head of the Business Management Office of HDEC

the case of a tie vote, the chairman holds the decision-making right. A director is also able to join a voting of the BOD via video conference.

BOD with Expertise

Other non-standing directors with experience and expertise on the construction industry are participating in the BOD of Hyundai Engineering. Advisory committees can be organized to deal with special issues of the proposed agenda, but there is no advisory committee currently.

Key Agenda of 2010 / 2011

In 2010 and 2011, the key agenda of the BOD were: 1) establishment of local subsidiaries and branch offices to facilitate entry into overseas markets, and 2) approval regarding sustainable management. Meanwhile, in regards to sustainability management issues, the key agenda in 2010 and 2011 were the establishment of an internal job welfare fund and the appointment of an executive regarding the adoption of the Compliance Program, respectively.

The Key Agenda for Sustainability Management by the BOD

Classification	Major Agenda for Sustainability Management
2010	Establishment of an internal job welfare fund
2011	Appointment of an executive regarding the adoption of the Compliance Program.

Evaluation and Remuneration

The remuneration limit of directors is determined by a majority vote of the shareholders at the general meeting. Retirement pay is paid within the remuneration limit and a total of KRW 4.0 billion was determined at the general shareholders' meeting in 2011. The payment of remuneration is disclosed through Data Analysis, Retrieval and Transfer System (DART) every quarter.

Remuneration of the BOD Members

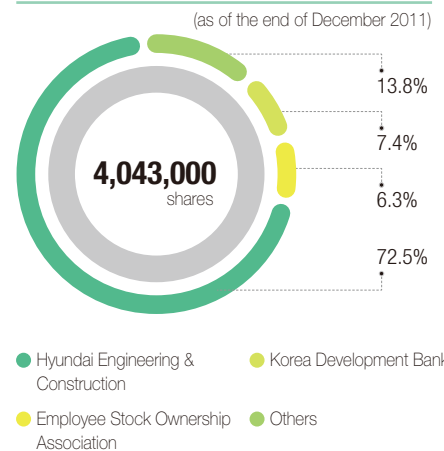
(2011, KRW in millions)			
Classification	Number of Members	Total Payment	Average Payment per Member
Standing Directors	7	2,874	411
Auditor	1	13	13
Sub Total	8	2,887	424

* The BOD members changed to 3 inside directors, 2 other non-standing directors and an auditor as of July 12, 2011.

Share Ownership Structure

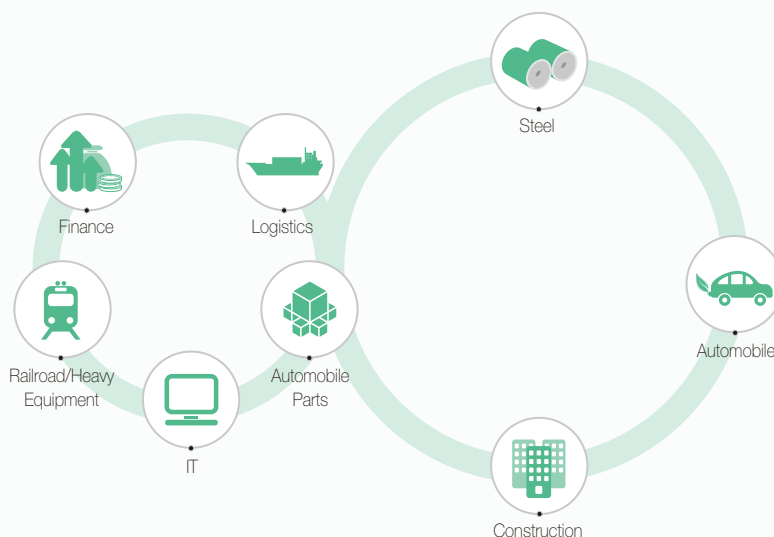
As of December 2011, the number of issued shares was 4.0 million, of which 72.5% is owned by Hyundai Engineering & Construction and 7.4% by Employee Stock Ownership Association. The executives and employees are committed to making Hyundai Engineering a blue-chip company loved and trusted by customers and shareholders based on a solid corporate governance system.

Share Ownership Structure



Synergy Effect from the Acquisition by Hyundai Motor Group

With becoming part of Hyundai Motor Group as a momentum, Hyundai Engineering expects to grow into a hub of new growth engines by harnessing the synergy effect created with the group. Hyundai Engineering will pursue new businesses and secure competitiveness and advanced technology by cooperating with affiliates in the construction, technology, and financial industries. By doing so, Hyundai Engineering will serve as a beachhead of Hyundai Motor Group in emerging markets in the new and renewable energy, water and environment, and resource development sectors.



Risk Management

2

Identification of Core Risks (in 2011)

10 Risks

Identification of Project Risks (in 2011)

6 Stages 52 Risks

Risk Management System

With an awareness of the importance of risk management, Hyundai Engineering established a company-wide risk management system in link with the risk management system of Hyundai Motor Group.

supporting groups manage and report on the risk in their respective areas. Their risks are comprehensively managed by the Planning Office in turn.

Financial Risk

Considering numerous foreign currency transactions arising from overseas projects, Hyundai Engineering manages the fluctuation risks related to exchange rates and raw materials prices.

• Foreign Exchange Risk

The foreign currency settlement of each project usually takes about two to three years. In consequence, it is sometimes difficult to define the point of settlement or expenditure of recurring transactions regarding project progress after the conclusion of a contract. Focused on the unpredictability of the financial market, Hyundai Engineering strives to minimize foreign exchange risk to prevent negative impact on the financial results.

Integrated Risk Management System

To efficiently manage potential risks such as uncertain global economy, increased and diversified demand of stakeholders and climate change, Hyundai Engineering determines the priority of risk factors and operates comprehensive and integrated risk management system.

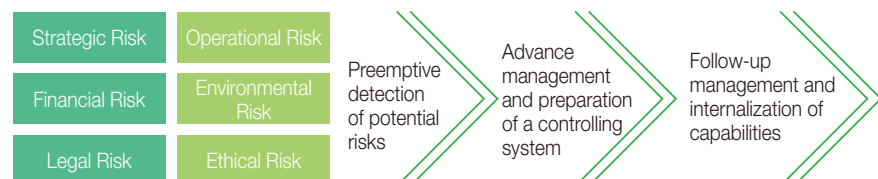
Risk Management Organization

Hyundai Engineering operates an integrated risk management system to rapidly cope with risks. The president is also serving as the Chief Risk Management Officer (CRO), and risk managers of each business division and

Risk Management Organization



Integrated Risk Management System



• Information Disclosure

Hyundai Engineering provides executives and employees with information on internal and external circumstances and situations of competitors every week.

Operation Risk

Hyundai Engineering endeavors to minimize risk that may occur during project implementation processes by identifying and deliberating potential risk for each project phase in advance. Moreover, the risk is converted into monetary terms, of which the cost for the risk deliberation process could be executed and managed. The strict risk management results in flawless project implementation as well as outstanding financial performances.

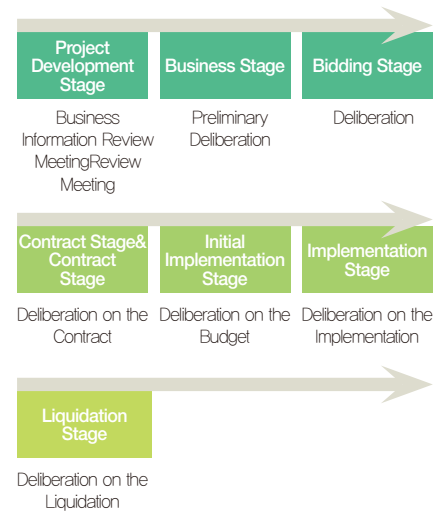
Environmental Risk

To respond to ever-intensifying environmental issues, treatments of climate change, energy and water are reflected in Research and Business Development (R&BD). Hyundai Engineering will continue to manage environmental risks and utilize them as business opportunities.

Selection of Core Risks

Potential risks that may emanate from uncertain management conditions should be preemptively managed. To this end, Hyundai Engineering selected core risks and prepared manuals to cope with each risk. The selected core risks are regularly evaluated and monitored by early warning system, thus impacts from risks are efficiently managed and minimized at Hyundai Engineering.

Operational Risk Management Process

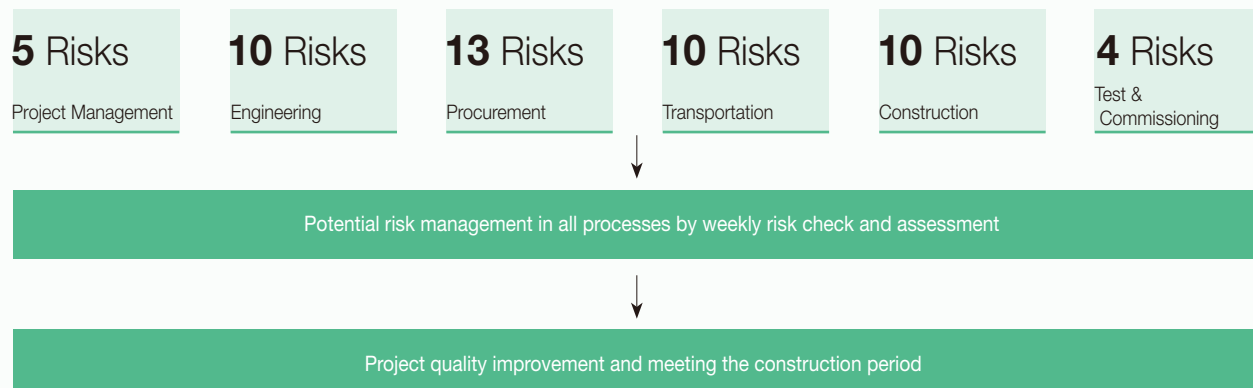


Core Risks



Project Risk Management

To systematically manage risks in each project, Hyundai Engineering strives to detect potential risks and conducts weekly risk assessment by each project.



* Kinds and the number of risks are different by each project.

Ethical Management

3

Training Session for Ethical Management (in 2011)

20
Hours per employee

Number of Trainees (in 2011)
* excluded site staff

1,700
Employees

Ethical Management System

Introduction of the Code of Ethics

Since the stipulation of the internal Code of Ethics in January 2009, Hyundai Engineering has been striving in cooperation with employees to settle ethical management as part of the corporate culture.

Code of Ethics

We carry out business with honesty, integrity, and responsibility, and establish a corporate culture of mutual respect and trust.

We strive to increase corporate value and maximize shareholder interests by promoting the transparency and efficiency of business management.

We put top priority on customer satisfaction, and provide quality products and services that the customer demands.

We make fair and transparent transactions with vendors, and strengthen relationships with them in pursuit of co-prosperity.

We respect our competitors, relevant regulations and business practices and pursue fair and free competition.

We strive to achieve sustainable development as an eco-friendly company, and contribute to the preservation of planet earth and the prosperity of humankind.

We fulfill corporate social responsibility by complying with the law and contributing to the public interests of the nation and society.

Ethical Management Guideline

The Ethical Management Guideline helps employees in correctly understanding and implementing ethical management. The practical guideline provides assistance in resolving ethical issues that arise during business operation and a base for decision-making.

Ethical Management Organization

The organization for ethical management was reformed to fully ingrain ethical management to the company and establish a system to monitor the implementation of ethical management programs. The ethical management secretariat was formed under the president to carry out the overall operation of ethical management. The corporate ethics committee was also built up to pursue collaboration with each business division. It has five sub-divisions to encourage the implementation of ethical management activities.

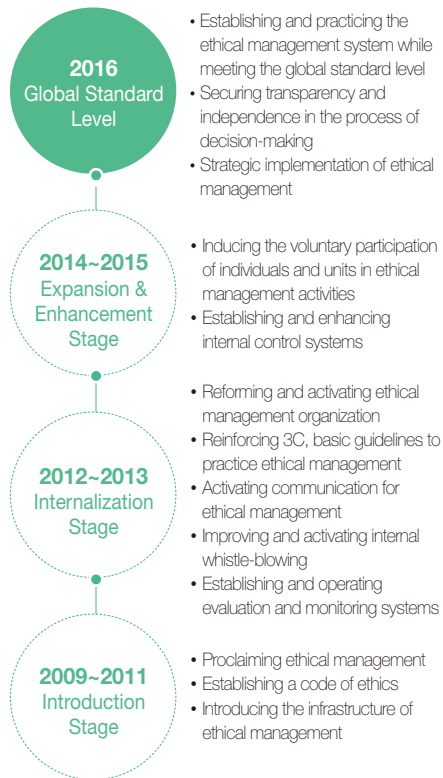
Oath of Ethical Management

Hyundai Engineering mandates employees to make an oath to comply with the Code of Ethics in order to raise awareness of ethical management and facilitate its implementation.

Ethical Management Organization Chart



Ethical Management Roadmap



deliberated under a rigorous and fair procedure by the Ethics Committee to determine the disciplinary measures. From the second half of 2012, the construction sector of Hyundai Motor Group including Hyundai Engineering plans to operate an integrated cyber audit system.



Cyber Audit Office
http://www.hec.co.kr/html/company/management/ethics_manage_03_01.asp

Expansion of Ethical Management Co-prosperity Activities

Hyundai Engineering strives to share the ethical management system with investors, customers, and vendors in order to form a transparent, fair and ethical business relationship.

Ethical Management Training

Program	Year	Training Hours per Employee	Number of Trainees
Beyond Ethical Management, Practice of Sustainability Management	2010	16	1,364
Sexual Harassment Prevention Education	2011	20	1,700

※ Excluded site staff

Especially, to establish and maintain a win-win relationship with vendors, any receipt of money or valuables and unnecessary entertainment is prohibited. Meanwhile, transparent transaction is being implemented by reflecting reasonable procurement prices and open bidding.

Incentive System

To encourage voluntary compliance with the Code of Ethics, Hyundai Engineering provides incentives to selected employees who exemplify ethical management every half year. The incentive system inspires them to implement the ethical management proactively and voluntarily.

Ethical Management Activities

Ethical Management Training

Hyundai Engineering mandates every employee to receive ethics training to raise understanding on the Code of Ethics and establish a continuous ethical management system. The course strengthens compliance with the code during work processes and business operation. In addition, the curriculum is consistently improved for higher effectiveness.

Cyber Audit (Hotline) System

A cyber audit (hotline) system is operated to provide counseling and receive reports on unfair implementation of tasks, unreasonable requests, and illegal actions of employees. Personal information of the informant is strictly treated as confidential in an undisclosed manner. The reported complaints are internally

Improvement of the Ethical Management System

In 2012, Hyundai Engineering conducted an internal diagnosis of the level of company-wide ethical management, which represented that core platform (3C) of implementation and systematic operation turned out to be insufficient. As a result, Hyundai Engineering is currently engaged in projects to reestablish the organization on ethical management and reinforce the implementation platform. The efforts are expected to contribute to the development of a corporate culture that puts emphasis on ethical management.

Core Platform to Practice Ethical Management (3C)

- Code of conduct (norms and guidelines)
- Compliance check organization (check and monitoring)
- Consensus by education (sympathy development)

Tasks for the Improvement of the Ethical Management System

- Constitution and operation of a re-sponsible organization
- Amendment of the code of conduct, norms and guidelines
- Establishment and implementation of the ethical management system
- Ethical management communication
- Activation of monitoring
- Establishment and operation of the evaluation and check system

Creation & Distribution of Economic Values

4

Ordinary Income Margin (in 2011)

12.3%

Credit Ratings (in 2011)

A+

Continuous Growth and Profit Creation

Sales and Profits

Hyundai Engineering has realized sustainable growth for the recent 2 years. Despite tough economic conditions, The sales have increased to KRW 1.2 trillion in 2010 and KRW 1.66 trillion in 2011 after surpassing KRW 1.0 trillion in 2009. These remarkable performances were mainly attributable to relentless efforts for developing overseas markets and expanding business areas by all employees armed with a challenging spirit.

Ordinary income and net income have also grown stably. In particular, ordinary income increased 23% over the previous year to KRW 204.6 billion in 2011, exceeding the industry average. In this way, Hyundai Engineering is evolving as a sustainable company that

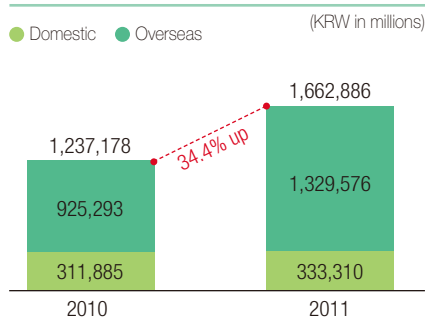
achieves both qualitative and quantitative growth.

Stable Financial Structure

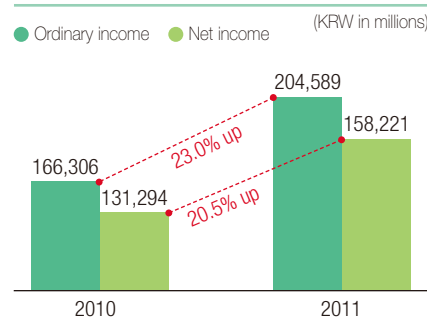
Current Ratio and Debt-to-Equity Ratio

Hyundai Engineering steadily maintains the proportion of cash and cash equivalent assets by continuous sales growth and efficient financial management, and demonstrates the zero-borrowing operation since 2008. Current ratio in 2011 was 145.5%, an increase over the previous year, and debt-to-equity ratio was 152.9%, a decrease year-on-year. Hyundai Engineering has focused on maintaining sound cash flows in each business sector and maximizing profitability instead of pursuing impellent sizable growth, which has contributed to securing stable financial structure.

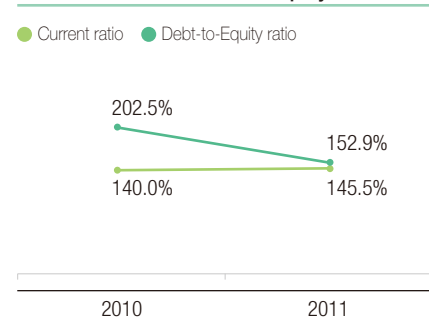
Sales



Profits



Current Ratio and Debt-to-Equity Ratio



Credit Ratings

Hyundai Engineering's credit rating increased to 'A+' in 2011 from 'A' in 2010, thanks to continuous growth and a stable financial structure.



Credit Rating Certification (left: Korea Investors Service, right: Korea Ratings Corporation)

Distribution of Economic Values

Shareholders and Investors

Hyundai Engineering is continuously developing new business opportunities and focusing on efficient management activities to maximize shareholder value. Total dividends paid to shareholders in 2011 were KRW 2.0 billion.

Customer

To provide customers with premier products and services, Hyundai Engineering is always committed to investing in R&D activities. Total R&D investments in 2011 were KRW 2.3 billion.

Vendors

Win-win cooperation with vendors is being promoted through fair procurement and outsourcing contracts. Hyundai Engineering complies with the system and policies to select vendors and the processes are regularly evaluated and monitored. Operating costs in 2011 increased 32.8% over the previous year to KRW 1.1 trillion, mainly due to sales growth.

Employees

A variety of welfare benefit programs are being operated to allow employees to harmonize their work and personal lives and to be filled with pride in the company. In addition, systematic educational programs are provided to improve their capabilities. Personnel expenditures in 2011 were KRW 197.8 billion, up 16.2% over the previous year, due to an increase in the number of employees.

Local Communities

Hyundai Engineering is conducting various social contribution activities such as donations to philanthropic organizations, investments in regional infrastructure and cultural supports to grow together with local communities. Total amounts to be invested in local communities in 2011 increased 40% over the previous year to KRW 670 million. Hyundai Engineering aims to promote strategic social contribution activities that can highlight the characteristics of the engineering industry.

Government

As a member of corporate citizens, Hyundai Engineering is loyally conducting its obligation to the state through the earnest payment of corporate tax. In 2011, the corporate tax was KRW 46.4 billion, up 32.4% over the previous year, due to profit increases and net gains on financial income.

Indirect Economic Effect

Hyundai Engineering contributes to the creation of jobs indirectly through its business operations. According to the employment input table by the Bank of Korea, the employment inducement effects of Hyundai Engineering was 4,733 persons in 2011.

* Employment inducement coefficients: 1.42 people per KRW 100 million in sales (Construction Industry, 2009 Employment Input Table)

Distribution of Hyundai Engineering's Economic Values in 2011



Shareholders & Investors (Dividends)



Customers (R&D Investments)



Vendors (Operating Expenses)



* KRW 527.0 billion for raw materials and KRW 538.7 billion for outsourcing

Employees (Personnel Expenditures)



* including wages, retirement benefits and welfare benefits

Local Communities (Investments in Local Communities)



* including Love Volunteer Group and personnel expenditures

Government (Corporate Tax)



Special

New Growth Engines

12 Key New Growth Engines

In 2011, Hyundai Engineering designated 12 new growth engine businesses and strived to secure their global competitiveness by preemptively coming up with technologies and capabilities required in each business as well as identifying the development trend of the engineering industry. The performances contributed to paving the way for the solidification of the position in existing markets and development of new promising markets.



Syngas Technology

The Syngas technology sector is expected to continue to lead the increase of demand. Therefore, new orders will be continuously placed from the Middle East and Asian countries including China, and African and Central Asian nations with fluent gas resources are planning for new projects. Hyundai Engineering will proactively participate in such projects by signing a strategic alliance with overseas firms equipped with track records in the sector and joining investment projects of public corporations in cooperation with domestic trading companies.

Coal Gasification

Demand for energy that utilizes coal as a source is expected to rise due to the depletion and price hike of traditional resources. Therefore, Hyundai Engineering is pursuing the business of coal gasification through proactive sales activities to project owners and licensors. The major markets for this sector are Asian countries and Australia that are rich in coal reserves. It is forecasted to expand in the future to include African and Latin American nations.

LNG Liquefaction

New orders are predicted to be placed consistently in the LNG Liquefaction sector given the increased consumption of natural gas that is recognized as eco-friendly fuel. The exceptional benefit of the sector is that it overcomes the geopolitical limits posed by the pipeline supply. While the area is monopolized by key players in overseas countries, Hyundai Engineering is striving to sign strategic alliances with new licensors and joining mid-sized plant projects in collaboration with domestic trading companies and energy companies to enter the market.

Offshore Facilities

The offshore facilities sector is a core area of the engineering business that accounts for 30% of the EPC plant business precluding oil exploration and development. Hyundai Engineering is securing experience and a track record through strategic alliances with existing players. Moreover, Hyundai Engineering is fortifying internal capabilities by securing relevant technology and analyzing related examples.

Geothermal Power

The geothermal power plant project received in Olkaria, Kenya in 2011 has enabled Hyundai Engineering to secure global competitiveness and unleashed the business expansion in this sector. The number of projects in the geothermal power plant sector is on the rise centered on Europe and Africa, and market volume is also expected to consistently grow as some countries are planning to build new geothermal power plants.

Solar Power

Demand for solar power will be continuously grow, as it is predicted to account for around 2,000GW of power generation around the world by 2020. Although Korean companies are latecomers compared to those from advanced countries, Hyundai Engineering will secure the leading position by identifying pending technology-related issues and its solutions, and nurturing engineering experts in the sector.



Nuclear Power Plant Design

The market for nuclear power plant engineering is expected to be contracted in the short-term due to concerns on the risk caused by the nuclear meltdown in Japan. However, Hyundai Engineering will continue to focus on securing stability by technological agreements with leading overseas companies and hiring engineering experts equipped with years of experience. By doing so, Hyundai Engineering will lay the foundation for EPC services in the overseas nuclear power plant market as well as prepare for potential demand in the long-term.

Small Modular Reactor (SMR) Design

Hyundai Engineering has been pursuing the SMR design business by developing high-temperature gas related technology and acquiring the standard engineering license.

Water & Environment

The water and environment business sector is predicted to enjoy consistent demand due to water scarcity around the world. The sector includes water supply and sewage projects, water treatment utilizing membranes, and desalination utilizing reverse osmosis membrane. The area holds great business potential with expectations on the surge in market size led by Africa and the Middle East. Hyundai Engineering has been mobilizing all efforts to win overseas water and environment plant projects by leveraging on HANT and HSC, its proprietary technologies.

New Transportation

Hyundai Engineering is engaged in futuristic new transportation projects in line with government-led projects. In particular, advanced countries have been leading research and development on an eco-friendly surface-type new transportation system, which is expected to experience gradual market growth.

Offshore Wind Power

The offshore wind power market has been continuously growing thanks to national policies related to new and renewable energy worldwide. Hyundai Engineering plans to enter the EP/EPC market by taking the initiative position in the basic design sector to gain external recognition. Collaboration and technological alliance with companies equipped with advanced technology will be concluded to improve the technological capability in this sector.

Steel & Non-ferrous Metals

Hyundai Engineering has been pursuing steel and non-ferrous metal plant projects. This business is expected to create synergetic effects within Hyundai Motor Group by tapping into years of experience and technology from the construction business.



Major New Orders in the New Growth Engine Business Sector in 2011

(as of 2011)

Business Division	Project Name	Date	Amount (KRW in billions)
Process Plant (including Industrial Plant)	Kandym Fields Gas Processing Plant Project (FEED), Uzbekistan	August 2011	252.2
	CIGS Solar Cell Plant of Hyundai Heavy Industries, Korea	April 2011	33.6
	Photovoltaic Power Plant, Bulgaria	November 2011	131.9
Power & Energy Plant	Olkaria Units 1 & 4 Geothermal Power Plant, Kenya	October 2011	428.8
	Water Supply & Sewerage System Project, City Of Anisok, Equatorial Guinea	January 2011	57.1
Infrastructure & Environment	Water Supply & Sewerage System Project, City Of Evinayong, Equatorial Guinea	May 2011	36.9
	Water Supply & Sewerage System Project, Kurdakhani, Absheron Peninsula, Azerbaijan	December 2011	14.3



Customers

Customer Satisfaction

Customer Management	34
Quality Management	36
New Technologies	38
Special	40
Research & Business Development (R&BD)	

Disclosure on Management Approach

Management Principle



The activities for customer satisfaction are based on the three pillars of 'quality management', 'new technology development', and 'customer relationship management'. Hyundai Engineering strives to maximize customer value by providing world-class quality competitiveness achieved through continuous innovation. Also, new technology is developed to create new growth engines with high added value, offering services demanded by the customer in a timely manner. Hyundai Engineering makes efforts to proactively achieve customer satisfaction, going beyond resolving customer complaints. The internalization of customer satisfaction culture and the establishment of an integrated customer management system are also being promoted to improve customer value.

Key Performance



Classification		Unit	2010	2011
Quality Management	ISO 9001/KS Q ISO 9001 Certification	—	Certified	Certified
	KEPIC Certification	—	—	Certified
New Technologies	R&D investments	KRW in billions	2.27	2.26
Customer Relationship Management	Customer Satisfaction	Point	67.5	73.6
	Awareness	%	82.0	86.6

Interview



Hyundai Engineering should maximize the internal synergistic effect by trusting one another through a high level of ethical management. Companies' efforts to voluntarily comply with ethics are no longer an option, but a must for survival. We hear many examples where companies with solid business results collapse due to the loss of confidence from the market and society caused by a weak sense of ethics and unethical actions including book rigging. Hyundai Engineering needs to learn a lesson from such cases to strengthen the platform for sustainable growth.

In addition, Hyundai Engineering should also base business operations on communication with and trust from the local community, due to the characteristics of the engineering industry. Therefore, I believe a customer service representative should be designated for each local project site to develop customer relationship management programs, building trust with the local residents through volunteering activities that are globalized and localized at the same time.

Han-bok Ju (Team Manager, Electric and Electronics System Team, Hyundai Corporation)

Customer Management

1

Customer Satisfaction (in 2011)

73.6_{points}

Awareness (in 2011)

86.6_%

Customer Satisfaction Management

Customer Satisfaction Management System

With the recognition that customer satisfaction is the foundation for sustainable management, Hyundai Engineering is committed to resolving complaints and satisfying customers. The culture of customer satisfaction has been ingrained in the daily business operation of employees, and customer value has been improved through integrated customer management.

The customer satisfaction center plays a role as a main channel to receive various opinions from customers and respond to them. And complaints received via the website and the telephone services are designated with staff members who take charge to identify the cause and completely resolve them.

Customer Satisfaction Management Process



Protection of Customer Information

Hyundai Engineering is committed to preventing information leakage by strictly protecting customer and project-related information through the security process including the Digital Rights Management (DRM). Under the general supervisor for information security, supervisors for the security of documents, facilities, telecommunication, and computer system are designated for a systematic prevention. During 2010 and 2011, there has not been a single case of the leakage of confidential customer or company information.

Customer Satisfaction Activities

A company-wide campaign focused on reforming the awareness on customer satisfaction has been implemented to strengthen the involvement of every employee. Information on various activities aimed at satisfying customers including simple procedures such as answering phone calls is

provided through the internal web magazine or intranet. Under the belief that small changes make big strides, Hyundai Engineering is raising awareness and changing actions related to customer satisfaction.

Customer Satisfaction Survey

Hyundai Engineering conducts an objective survey on customer satisfaction annually through an external survey company. The results are used to identify issues that need improvement and follow up on the findings.

In 2009, the results revealed that not only the overall satisfaction but also the satisfaction for each process decreased compared to the previous year. Therefore, a task force team dedicated to improving customer satisfaction was established. It carried out activities such as inculcating the culture of customer-first in the organization, analyzing the cause of complaint in depth, and developing resolutions.

As a result, Hyundai Engineering scored 73.6

in the customer satisfaction survey in 2011, showing an improvement in all processes over 2009. However, the level of satisfaction on sales operations and engineering quality was weaker than the overall satisfaction, which was in turn, lower than the level of expectation. To make enhancements, Hyundai Engineering plans to strengthen the engineering quality through engineering standardization, increase the number of experts, and reinforce activities in sales operation.

Action Plans for Customer Satisfaction

Find the touch point in terms of customer viewpoint

Provide what the customer wants, not what we could offer

Inspect current level of each touch point

Investigate the gap between the customer expectation and the actual offering and consider the causes

Reorganize the touch point / select action plans

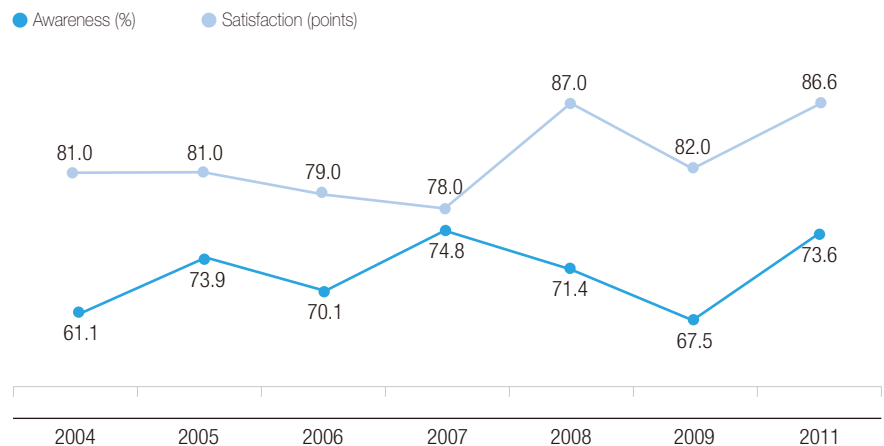
Eliminate the unnecessary tasks and actualize the requirements

"I" am the one to do it.

Myself, as a leader of customer satisfaction

Increase of customer value

Customer Satisfaction and Awareness



* There was no customer satisfaction survey in 2010.

Quality Management

2

Global Quality Management Standard
Certification

ISO 9001

Nuclear Quality
Assurance Certification

KEPIC

For the Best Quality Quality Management (QM) System

Hyundai Engineering is committed to implementing quality management in order to satisfy customers. The Quality Management Team under the Plant Business Supporting Office is dedicated to providing internal training on quality assurance, certifying and managing quality for EPC, and the quality control system. Key principles of quality management are 'creation of customer's future values by consistent quality improvement', 'maximization of the competitiveness in technology and quality', and 'maximization of business efficiency through intelligence management and process innovation'. Hyundai Engineering implements quality assurance activities

for each business including engineering, procurement, and construction under the principles. In the case of nuclear projects, the relevant team, and employees are mandated to comply with nuclear project quality guarantee principle.

Key Quality Management Activities

Operation of Quality Management System

Among quality management systems, the Project Quality Rating System enables Hyundai Engineering to quantitatively measure the level of quality of every project. In addition, Hyundai Engineering undertakes regular quality audit, quality trend analysis, and review by management to offer service with optimal quality.

Quality Management Principles

Hyundai Engineering has been striving to guarantee the reliability of projects that it implements based on years of experience and technological capability in the engineering and construction businesses. It implements an efficient quality management system that puts priority on customer satisfaction. The company will comply with the following principles to provide better products and services to customers.

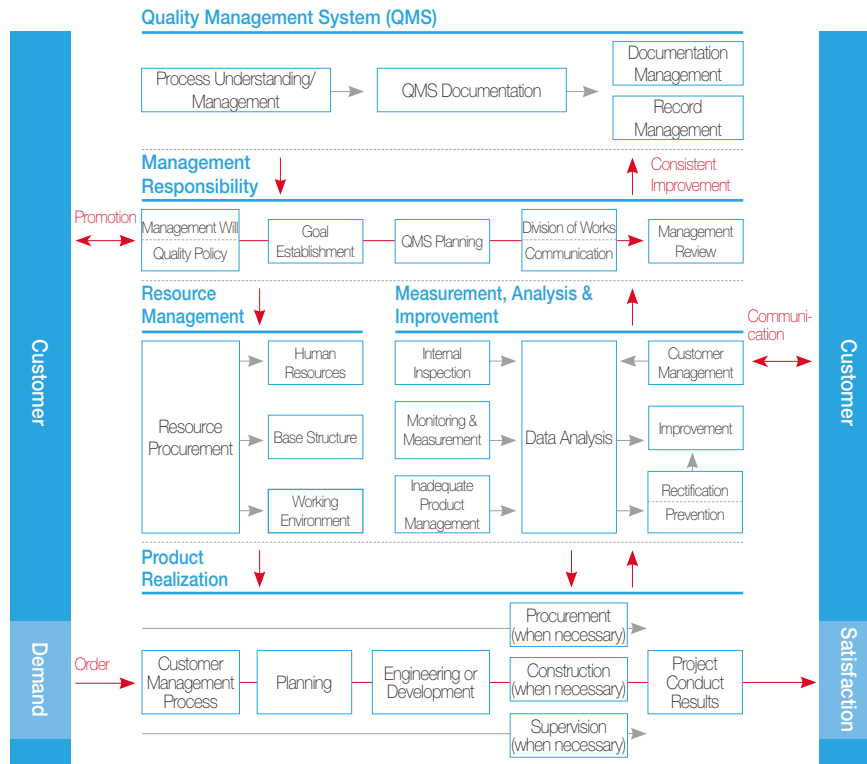
1. Creation of customer's future values by consistent quality improvement
2. Maximization of the competitiveness in EPCM technology and quality
3. Maximization of business efficiency through intelligence management and process innovation

Every organization under Hyundai Engineering shall establish a quantifiable quality goal based on the principles and spare no efforts to achieve it. The company shall provide sufficient support for the accomplishment. Every employee shall understand the principles and carry out their daily tasks following the quality management system. The principles and the Project Quality Rating System shall be regularly monitored and continuously improved.

President of Hyundai Engineering Kim, Wee-chul



Hyundai Engineering's Quality Management System Process



Knowledge Management (KM)

The knowledge management system is operated to maintain the excellence in quality and allow every employee to share knowledge. Employees can share information on trial and error and resolutions for improvement gained through project implementation on the 'Lessons Learned' page of the intranet. This process contributes to strengthening the efficiency in execution of similar projects and their quality.

Furthermore, the overall information and experience from project implementation is compiled in the 'project report', which other employees can refer to as know-how.

Quality Management in Engineering

Project Space, a project collaboration system developed internally, helps increase the transparency of and standardization of engineering works. It allows the real-time monitoring of engineering results, raising the efficiency in

interface management between areas, teams and vendors. Moreover, the 3D Modeling Review and review and verification of expert groups also contribute to reinforcing quality in engineering.

Quality Management in Procurement

Hyundai Engineering has adopted an advanced equipment and material inspection method. Low-quality equipment and materials are subject to a special management system. By using the TOPICS, a system for collaborated equipments and material inspection, Hyundai Engineering establishes quality information database, shares the information with relevant teams and enhances the efficiency in inspection.

Quality Management in Construction

At the initial stage of preparing a project site, an on-site quality management system is established to achieve zero flaws in quality. This system contributes to securing quality

in advance, strengthening quality-related risk management, training workers and inspecting quality. Hyundai Engineering also operates cutting-edge IT systems including a construction and quality management system HCQM and a pipe welding management system WIT to increase transparency in data management and efficiency in construction quality management.

Quality Certification

ISO 9001/ KS Q ISO 9001

A company-wide quality management system that abides by the requirements of ISO 9001/ KS Q ISO 9001 is implemented within Hyundai Engineering. Also, all areas of the engineering business including construction sites have acquired and currently maintain ISO 9001 certification.

Since the obtainment of ISO 9001 certification from German TUV in 1994, the quality management system of Hyundai Engineering has been rebuilt twice according to the amended international standards. In addition, the annual ISO certification inspection has been contributing to stronger quality management.



ISO 9001/ KS Q ISO 9001 Certification & IQNet Certification

KEPIC Certification

In 2011, Hyundai Engineering acquired QAP-1, a qualification for quality guarantee, from KEPIC to secure the stability and reliability of power generation facilities. The certification serves as a foundation for making inroads into new nuclear power markets where demand has recently been surging.

New Technologies

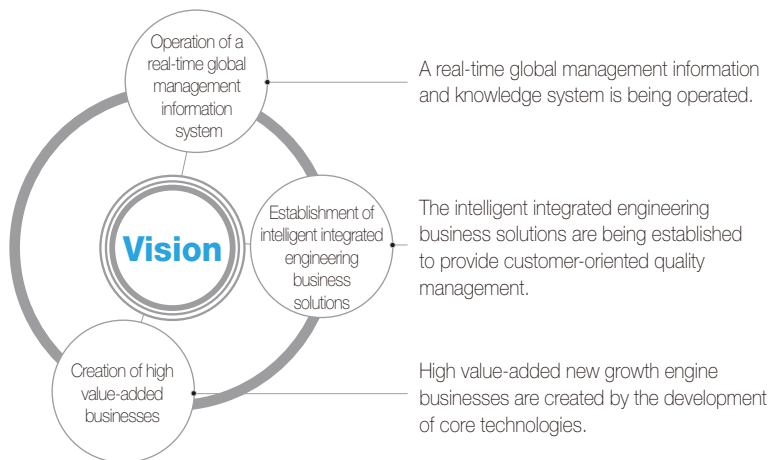
3

R&D Investments (in 2011)

KRW 2.3 billion

Registration of Intellectual Property Rights (in 2011)

333 items



R&D Vision & Technological Competitiveness Enhancement Strategy

1. Creation of high value-added businesses through the development of core technology

Hyundai Engineering has been reinforcing R&D management activities to identify areas to develop core technology and build new business, maximizing corporate future value. By playing a central role in technological development for government-led projects and leveraging on cooperation among the industry, academia, and research institutes, Hyundai Engineering is contributing to the development of not only the company but also the national industry.

2. Establishment of intelligent integrated engineering business solutions to maximize customer satisfaction in quality

A technology roadmap for each business area congruous with the mid-term business strategy was established to develop technology in a systematic manner, improving EP&CM capabilities. Hyundai Engineering has also been continuously improving its standard, procedure, and system for the business process to execute projects and build management system that meets the global standard. The convergence between commercial solutions required by ITB and in-company solution has been fortified to enhance customer satisfaction in quality.

3. Operation of a real-time global management information system and knowledge-based management system

The management information system of Hyundai Engineering provides information required in making strategic and tactical decisions on a real-time basis by function, organization, and level. It is also equipped with analysis management functions with strengthened predictability. All types of information relevant to technology, experience, and past projects are compiled and shared as assets, which allows consistent business innovation and technological improvement.

Technology Development System

Technology Development Vision

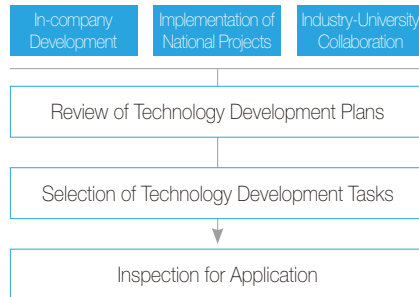
Hyundai Engineering has been consistently developing applied technology to expand the EP&CM business and fortify technological capability, contributing to improved customer satisfaction and service quality.

To achieve a virtuous circle among the R&D visions of 'creation of high value-added businesses', 'operation of a real-time global management information system', and 'establishment of intelligent integrated engineering business solutions', Hyundai Engineering established strategies to strengthen technological competitiveness and the ensuing action plans.

Technology Development System

Hyundai Engineering's approach to technological development is divided into in-company development, implementation of national projects and industry-university collaboration. Technology development projects are selected by first reviewing the plan by each approach, and assessing the feasibility and prospect of commercialization. The chosen projects are systematically managed through regular monitoring on progress during development. Upon the completion, the level of success is evaluated through post-review and assessment of actual application. Moreover, database for the newly-developed technologies are built to encourage the field application by employees.

Technology Development Process



Technology Development Activities

Technology development and market research have been consistently implemented for the achievement of market dominance in the future and the maximization of customer satisfaction. Hyundai Engineering is especially contributing to the development of the domestic engineering industry by cooperating with vendors under technology development agreements and with the academic sectors.

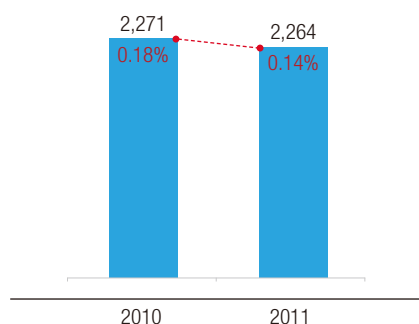
Government-led R&D Projects

By continuously participating in government-led R&D projects, Hyundai Engineering has been leading the development of technologies pivotal for the development of the Korean engineering industry and promoting Korea's technological prowess to global customers.

R&D Expenses

(Unit: KRW in millions, %)

● R&D Expenses ● R&D Expenses to Sales



* Sales were drawn up by K-IFRS.

Current Status of Intellectual Property

Considering the importance of knowledge in the engineering industry, Hyundai Engineering has made utmost efforts to secure patents and intellectual properties. During the reporting period, Hyundai Engineering has applied for a total of 34 patents. As of the end of 2011, Hyundai Engineering holds 333 industrial property and 106 patents including one patent in the US.

Technology Development Performances

Hyundai Engineering has attained success in technological development in various areas. In particular, technologies that are eco-friendly and beneficial for social development are being materialized by Hyundai Engineering. Some examples include eco-friendly track-type pavement for bimodal tram and 50kW pure-oxygen combustion power system.

Possession of Intellectual Property Rights in 2011

(in 2011)

Type	Patent	Utility Model	Program	Trade Mark	Design	Total
Application	34	—	—	—	—	34
Registration	106	4	218	2	3	333

Technology Development in Active

(2010~2011)

Category	Development Task	Period
Technology	Non-power cooling system for photovoltaic module	2010.07~2011.08
	50kW power generation technologies to use pure oxygen combustion system	2008.04~2012.03
	Advanced river-road disaster prevention technologies	2008.06~2013.06
	Technologies for the storage, transport and usage of natural gases by NGH	2007.10~2010.09
Infrastructure	Study of unit process improvement of HSC	2010.04~2011.12
	Slab structure applied to bimodal tram track vehicles	2010.08~2011.08
	Eco-friendly track-type pavement for bimodal tram	2010.02~2011.12
	High-tech water purification system to lake or pond	2008.01~2010.06

Research & Business Development (R&BD)

R&BD of Hyundai Engineering

R&BD

Hyundai Engineering has developed human-oriented technologies through R&BD in the fields of environment and process plant. In the environmental sector, technologies such as the Hyundai Advanced Nutrients Treatment (HANT) and a variety of eco-friendly technologies have been developed and applied to environmental projects. In the process plant sector, Hyundai Engineering has developed Gas-To-Liquid (GTL) process which is to manufacture FT synthetic petroleum out of natural gas. Other examples include Liquefied Natural Gas (LNG), a process to localize liquefied natural gas plants, and Methanol-To-Olefin (MTO) process that produces light olefin from methanol and DME.

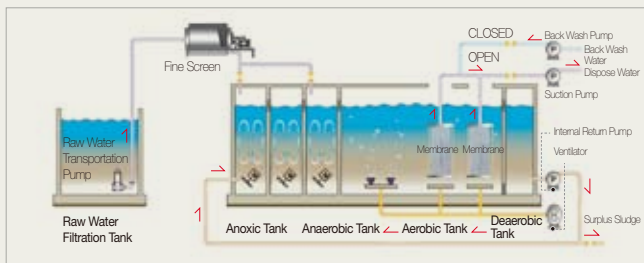
Hyundai Engineering has applied its own exclusively developed technologies and advanced engineering technologies. Through the technologies, Hyundai Engineering is striving to go beyond customer satisfaction and make sure all of global citizens live in a convenient and eco-friendly world.

R&BD in the Environmental Business

Hyundai Advanced Nutrients Treatment (HANT)

HANT is a high technology of biological nitrogen sewage and waste treatment, which is composed of a submerged-type hollow fiber membrane inside the reactor and aerobic vessels made up of anoxia/anaerobic/aerobic/deaerobic vessel. This is also a state-of-the-art technology that guarantees excellent water treatment quality.

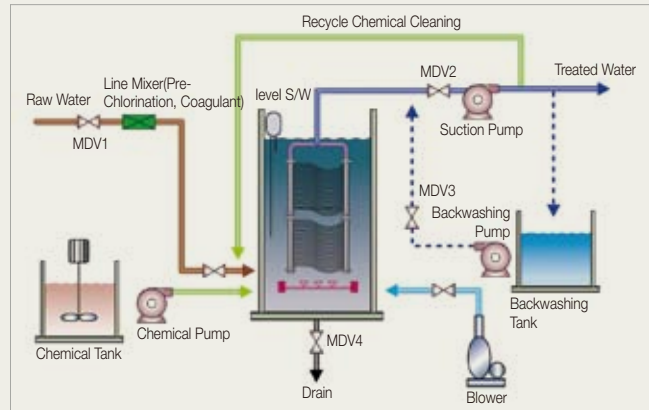
This is a next generation high technology that can recycle the entire dispose water into heavy water by eliminating solon bacillus as well as floating materials. There is no need to establish a separate facility such as sand filtration facility, active carbon absorption facility or disinfection facility.



Hyundai Advanced Natural Drinking Water Treatment II (HANTII)

HANTII is an advanced sewage and waste treatment technology using HANT submerged membrane bioreactor. This simple clean water treatment facility controls the filtering function with membrane's momentary and average fluctuation in differential pressure by installing a submerged hollow fiber membrane in the membrane filtering vessel. Also, the facility backwashes the pollutants attached to the membrane during inhalation and filtration into air water, and exchanges ion after carrying out pre-chlorine treatment, cohesion and filtration from the membrane filtering vessel.

HANTII restrains the increase of differential pressure and prolongs the life span of membrane by actively managing the external environmental change (materials influential to the differential pressure of membrane). In addition, the air (scrubbing air) is used only in the back washing process, which reduces electrical power cost. It is easy to establish an unmanned automatic integrated management system through remote control and supervision.



Hyundai Advanced Nutrients Treatment with Sulfur (HANS)

This process is composed of Membrane Bio-Reactor (MBR) vessel and Sulfur Denitrification Reactor (SDR) vessel. It adopts an advanced treatment technology that simultaneously eliminates 1) phosphorus through a filtration function of a filtering material packed in the latter part of SDR progress as well as 2) nitrogen through a sulfur-based denitrification response by removing organic matters and SS from MBR vessel, improving nitrification and injecting a coagulation agent into MBR dispose water.

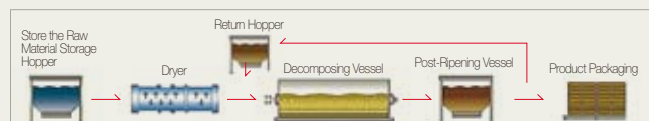
HANS is excellent in removing organic matters and nitrogen by efficiently arranging the bio reactor vessel in the order of MBR progress and SDR progress. Moreover, it eliminates nitrogen and phosphorus without settling pond and internal and external return, which simplifies the treatment process.



Hyundai Sludge Composter (HSC)

HSC is a technology to compost and reduce an amount of sludge. HSC controls the percentage of water content in sludge. This technology also decomposes halogenated hydrocarbons under aerobic conditions after mixing the sludge with returned refined products.

Application of HSC makes it possible to bring about effects to suppress expansion of stench and hygienic insects, improve public hygiene and prevent secondary pollution. In addition, the technology produces highly applicable decomposed manure (compost) which can be used as a fertilizer and cover landfills, thereby reducing 80% of treated sewage sludge.

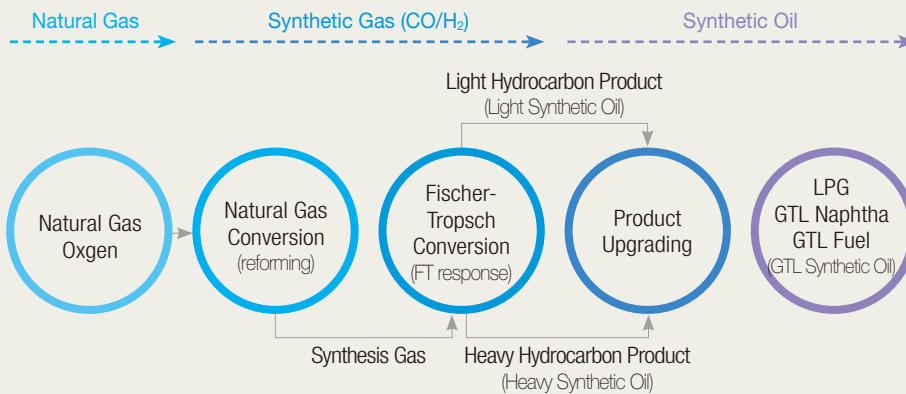


R&BD in the Process Plant Sector

Gas-To-Liquid (GTL)

Hyundai Engineering has been developing Gas-To-Liquid (GTL) process, which manufactures synthetic petroleum out of natural gas. GTL converts natural gas into synthetic gas and mixes and improves light synthetic petroleum and heavy synthetic petroleum created by Fischer-Tropsch (FT) reaction ultimately in order to produce GTL synthetic petroleum. Use of GTL process allows natural gas to be transportable and convertible into lucrative liquid, which makes it easy to store natural gas and ensures safety.

GTL Process

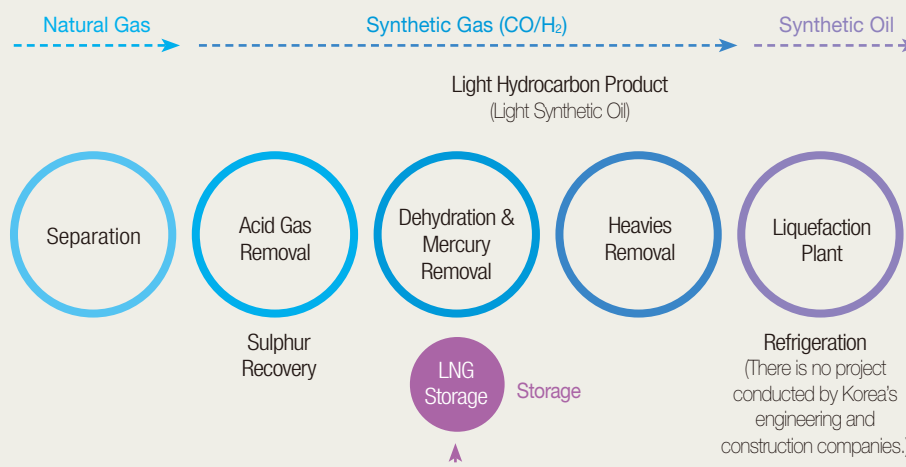


Liquefied Natural Gas (LNG) & Methanol-To-Olefin (MTO)

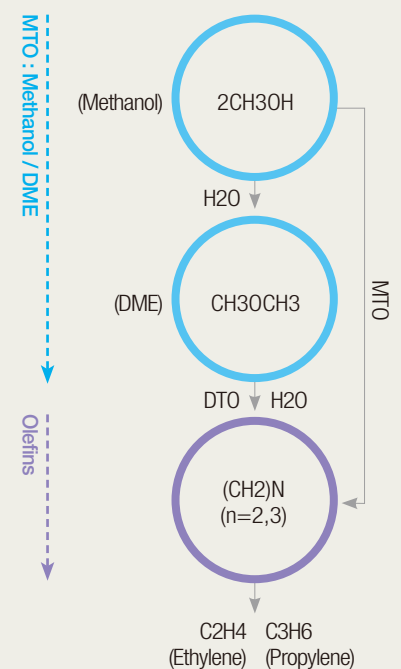
Hyundai Engineering has sought to localize liquefied natural gas plants and developed a technology to produce light olefin from methanol. In particular, the LNG process is recognized as a new growth engine business that any Korean engineering company or builder have not received orders until now. Hyundai Engineering is aiming to successfully localize this process to maximize customer value and take a lead in the industry.

Natural Gas Hydrate (NGH) is a technology to press out natural gas with high density, store and transport it and ensure safe use of the gas. To pursue business opportunities by making small and medium-sized gas fields more lucrative, Hyundai Engineering has completed the construction of NGH manufacturing facilities and basic design of a pilot plan for commercialization of NGH.

LNG Process



MTO Process





Vendors

Win-win Partnership

Co-prosperity with Vendors	44
Special Compliance Program	46

Disclosure on Management Approach

Management Principle



Hyundai Engineering has set up and conducted a system and regulations in the selection of vendors, which ensures a relationship of trust from them. Moreover, to select vendors in an impartial manner, registration and procedures are implemented transparently and the process of an open bid has consistently expanded. On top of that, Hyundai Engineering operates a low-price deliberation system to prevent excessively low bidding for construction orders. Through this system, Hyundai Engineering helps vendors deliver better operational performance, enhance construction quality and keep the scheduled construction period and eventually pursues mutual success. Hyundai Engineering will continue to nurture and support vendors as well as establish transparent relationships with them. This effort will help Hyundai Engineering take the lead in fair trade and win-win cooperation with vendors.

Key Performance



Classification		Unit	2010	2011
Number of Vendors	Outsourcing	Companies	742	940
	Purchase		994	1,528
Premier Vendor Certification	Design		9	6
	Construction		6	4

Interview



Hyundai Engineering's strong effort for mutual success with its vendors is highly commendable. Vendors will still need tangible support and cooperation from Hyundai Engineering for their sustainable growth. In particular, they need optimized technologies for each business sector provided from Hyundai Engineering through partnership and consulting service.

I truly believe jointly obtaining patents and developing new technologies will greatly contribute to growth of vendors as well as expansion of Hyundai Engineering's business in the long term.

Woo-il Choi (CEO of Yuki Corporation)

Co-prosperity with Vendors

1

Number of Vendors (in 2011)

2,468 companies

Premier Vendors (in 2011)

10 companies

Co-prosperity with Vendors

Selection and Registration of Vendors

Hyundai Engineering has set up and conducted a system and regulations in the selection of vendors, which ensures a relationship of trust from them.

To select vendors in an impartial manner, registration and procedures are implemented transparently and the process of an open bid has consistently expanded. On top of that, a low-price deliberation system is being operated to prevent extremely low bidding for construction orders. Through this system, Hyundai Engineering helps vendors deliver better operational performance, enhance construction quality and keep the scheduled construction period and eventually pursues mutual success.

Hyundai Engineering receives application and registration of companies including construction, engineering outsourcing companies and tools and equipment providers once a year on November. Such companies are prospective vendors for the domestic and overseas process plants, power & energy plants, infrastructure & environmental plants in turnkey base projects. In addition, Hyundai Engineering posts 'Vendor Registration' at the homepage every March to provide a recommendation template for registration.

Teams operating the business register

equipment suppliers, subcontractors and other vendors at Outsourcing and Procurement Team or have these companies register themselves.

After the application and registration, Hyundai Engineering starts evaluating the potential vendors according to the evaluation form. Companies that pass document screening are given due diligence and evaluated for quality and environment. This layered evaluation enables Hyundai Engineering to fairly select vendors that are competitive in quality and also eco-friendly.

Hyundai Engineering implements an electronic procurement system when carrying out all tasks ranging from bidding, contract, and establishment to warranty. The system has enabled Hyundai Engineering to simplify the way the tasks are performed. Importantly, this procurement system reduces inconvenience in the process of bidding, contracting, application for establishment and receipt of warranty, and contract delay in case of companies located in local areas.

Evaluation and Monitoring of Vendors

Hyundai Engineering regularly evaluates and monitors its vendors to constantly maintain top quality and boost the competitiveness in terms of eco-friendliness.

Vendors are required to be evaluated through

Registration Process of Vendors

Step 1. PQ of each business

Step 2. Bidding

Step 3. Participation in estimates for actual purchase

Step 4. Vendor Registration

ERP system once every quarter to maintain a qualification of a supplier. This evaluation also puts vendors under obligations to consistently control quality of their products and services, and environmental issues.

Vendors in the construction sector are evaluated by construction site supervisors, administrators, project control manager, mechanical managers, construction managers and HSE managers in the following fields: resource management, quality control, effective communication, construction site management and safety control. HSE managers focus on whether preventive measures are in place to prevent safety incidents during their evaluation. They also evaluate compliance with environmental laws and installation and maintenance of environmental protection facilities for the sake of local residents' healthy life.

Vendors in 2011

(Unit: Companies)		
Classification	Number of Vendors	
Outsourcing	Construction	359
	Design	581
	Machinery	491
	Electricity	282
Purchase	Instrumentation	314
	Plumbing	426
	Transportation	15
Total	2,468	

Communication with Vendors

Communication Channels

Hyundai Engineering has made a variety of communication channels available to encourage vendors to express their opinions. The annual meeting is an opportunity to listen to challenges of vendors and their proposals, and build networks among them. The meeting also gives vendors time to directly express difficulties and inform Hyundai Engineering of areas where improvement is needed, which helps to mutually search for solutions. The

president of Hyundai Engineering attends this meeting in person and listens to voices of vendors, thereby forming an enduring relationship.

Vendors can also use Hyundai Engineering's website to raise their complaints, of which helpful and useful opinions related to procurement are appreciated and applied to the business.

Fostering and Supporting Vendors

Vendor Training

A variety of training and educational opportunities is provided to the vendors to enable them to strengthen capability and pursue the best quality. In addition, the vendors receive training on quality issues on a regular basis to enhance quality of their products. Moreover, Hyundai Engineering also collaborates with them to develop technologies in various fields including IT.

Recognition of Premier Vendors

Hyundai Engineering annually evaluates vendors and rewards the best performers with benefits. Such benefits include certifications and priorities in bidding participation. They also receive a priority in optional contracts. In addition, Hyundai Engineering allocates them a quota of contracts based on the average number of contracts with vendors for the

previous three years, thereby maximizing its ties with the best performers and encouraging the other vendors to improve their competitiveness.

Status of Premier Vendors

(Unit: Companies)			
Status of Premier Vendors	2009	2010	2011
Design	8	9	6
Construction	2	6	4



Win-win management through educational supports – 3D CAD Modeler Training Course



2012 Premier Vendors Awards

Compliance Program

Hyundai Engineering's Compliance Program (CP)

Changes in awareness of fair competition has moved up the introduction of voluntary risk management system and increased tangible and intangible burdens such as fines, compensations and law suits resulted from violations as well as loss of corporate image. Moreover, internal and external credibility is one of various stakeholders and customers' concerns and minimizing legal penalties levied by such violations is one of the engineering industry's biggest issues.

Hyundai Engineering introduced an internal compliance program called CP in June, 2011. The program is intended to encourage Hyundai Engineering to voluntarily comply with laws related to fair trade. Introduction of CP has allowed Hyundai Engineering to engage in a variety of activities such as declaration of voluntary compliance and introduction of training programs in order to advocate fair and honest trade practices.

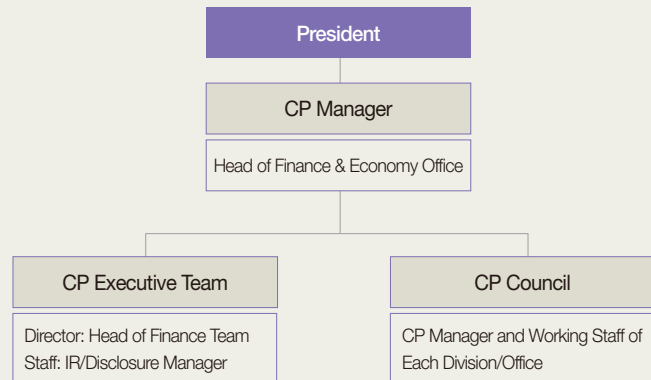


CP Organization

Hyundai Engineering is implementing a supervisory system to effectively operate the Compliance Program.

The supervisor is an elected position. He or she is first recommended by the president and appointed as supervisor by the vote in the Board of Directors. The supervisor is in charge of operating CP and setting up plans for the program. Hyundai Engineering also established CP Council under direct control of the supervisor. The council assists the supervisor to perform his or her duties. The organization also ensures fair trade laws related to works of each team, amends internal regulations in accordance with changes of supervisory regulations and conducts a pre-screening process of daily works.

CP Organization



Code of Conduct for the Compliance Program

I thoroughly understand the rules of voluntary compliance with fair trade and do my best not to violate fair trade laws.

I will strive to treat vendors in a fair and a more transparent manner with a strong sense of vocation as a CP manager in doing my duties.

I will impose restrictions on myself if I violate fair trade laws, thereby increasing awareness of the laws, being alerted to and preventing recurrence of violation.

I contribute to the joint growth of Hyundai Engineering and vendors and to the creation of forward-looking values for happiness of humanity by strictly complying with fair trade laws.

Hyundai Engineering Personnel in July, 2011

CP Activities

Declaration of Voluntary Compliance

To create an environment where all employees follow laws related to fair trade and proactively engage in CP, Hyundai Engineering declared voluntary compliance under the name of the president in July, 2011. The intention for voluntary compliance came in the form of a declaration which was distributed to employees. It was also posted on the homepage for external stakeholders.



Please visit the website (http://www.hec.co.kr/html/company/cp/about_cp01.asp) for CP declaration.

Distribution of the CP Handbook

Hyundai Engineering published and distributed a handbook that details guidelines for laws related to fair trade. The handbook was written in light of organizational and operational features of the company. And all revisions of related laws and regulations are rapidly included in the handbook.

Contents of the CP Handbook

Classification	Contents
Understanding the Compliance Program	CP introduction, operation guidelines, components, etc.
Cautions by Each Business	Details of the fair trade system, unfair transactions with vendors and affiliates, matters to be attended for bidding, etc.
Checklist	Checklist on fair trade laws, checklist on cases related to violations of subcontract laws, regulations on legal terms by subcontract laws



Please visit the website (http://www.hec.co.kr/html/company/cp/about_cp01.asp) for full text of the CP manual.

Monitoring of CP Observation

CP supervisor reviews and confirms compliance with such laws, employees' advice and issues from whistle blowing system. Results of the review and confirmation are reported to the Board of Directors more than once every quarter.

Hyundai Engineering also aims to effectively operate CP by implementing a whistle blowing system. This system prohibits disclosure or leakage of whistle blowers' personal information to a third party. On top of that, whistle blowers are assured that they are not put at a HR-related disadvantage as a result of their reports.

Training on CP

Hyundai Engineering provides training on laws related to fair trade for all employees with higher violation risks. If necessary, online training is offered frequently.

Such training focuses on critical information about fair trade-related laws and information that the employees should be aware of to do their jobs. These employees are also trained on major changes to voluntary compliance regulations and issues resulted from revisions of fair trade-related laws.

Status of Completion of CP Educations

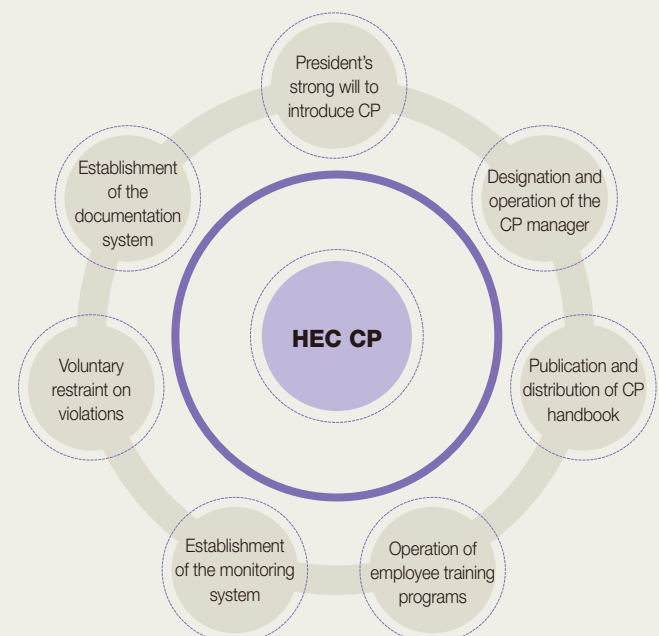
Name of Education	Time	Number of Participants
Group education - subcontract transaction systems	More than 2 hours	99 employees
Online education - fair transaction systems	More than 3 hours	All employees

Restriction on Fair Trade Law Violation and Document Control

Hyundai Engineering has made it a rule to impose restriction against any personnel who violate fair trade-related laws while conducting their duties. Penalty against a violator of fair trade laws by a compliance review is commensurate with level of the violation and is based on personnel policy and rule of employment.

There were no alleged fair trade-related violations or wrongdoing between 2010 and 2011.

In addition, important documents concerning voluntary compliance are classified and under the CP supervisor's control. Such documents include the president's declaration of voluntary compliance, the appointment and dismissal letter of the CP supervisor, the CP handbook and the confirmation letter of handbook distribution.





Employees

Great Work Place

Respect for Talents	50
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Disclosure on Management Approach

Management Principle



Hyundai Engineering's management philosophy gives a priority to growing talents. To that end, a well-organized HR system has been built based on 'H-Type Personnel'. Under the banner of respect for the talent, Hyundai Engineering is striving to create an organizational culture that goes beyond protection of basic rights and improves quality of personnel's life. Moreover, with the presence of reasonable HR criteria applied to all personnel, Hyundai Engineering has evaluated personnel's performance transparently, thereby seeking to generate talents. A reasonable labor-management relationship has been built through the expansion of communication channels, improvement of working condition and cooperation to resolve difficulties.

Key Performance



Classification		Unit	2010	2011
Respecting Talents	Regular employees	persons	1,585	1,788
	Regular female employees		138	159
	Average service years of regular employees	years	10.4	8.9
Nurturing Talents	Training hours per employee	hours	89	147
	Training expenses per employee	KRW in thousands	1,268	1,221
Maternity Protection	Return-to-work rate after maternity leave	Male	98.0	100.0
		Female	83.3	85.7
Health & Safety	LTIR (Lost Time Injury Rate)	%	0.03	0.03
	HEC's Domestic Conversion Accident Rate		0.17	0.05

Interview



At Hyundai Engineering, management of talents should come before anything. Communication and mutual understanding should be top priority for us to march with a sense of unity toward the company's common goals. Moreover, continuous efforts to expand the mutual understanding are a prerequisite to boost personnel's pride and loyalty to this organization.

I believe effective communication and opportunities for understanding dialogues for better working relationships within the organization will increase unity, which is in the best interest of the company's reputation.

Yoon-hwan Kim (General Manager, Process Plant Business Support Team, Process Plant Division)

Respect for Talents

1

Number of Board Meetings (in 2011)

2,312 persons

Average Service Years of Regular Employees (in 2011)

8.9 years

Hyundai Engineering's HR System H-type Personnel Model

Hyundai Engineering recognizes employees as its most valuable asset. The H-type personnel model of Hyundai Engineering refers to employees who possess expertise and extensive knowledge together with sensitivity, humanity, pride, challenging spirit and global mindset. All of employees at Hyundai Engineering make all-out efforts to be H-type personnel who can create high performances by acquiring in-depth expertise and global competencies. Hyundai Engineering will do its best for its talents who have challenging spirit and creativity to excel and move the world.

HR Management Policy

Fair HR management system of Hyundai Engineering contributes to the activation of organization and enhancement of transparency. Hyundai Engineering prohibits discrimination based on gender, age, religion, education and

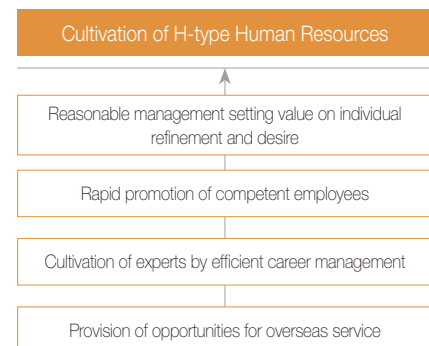
physical disability as well as complies with the forced work prohibition of International Labor Organization (ILO) and the Labor Standard Act. Also, there is no discrimination in hiring employees for reasons of disability, gender, and cultural difference.

In addition, Hyundai Engineering strictly forbids child labor according to the labor principles of the UN Global Compact (UNGC) when hiring new and experienced employees. Hyundai Engineering prohibits child labor and forced labor in all business sites in compliance with Child Labor Prohibition Agreement and Agreement on Forced Work Abolishment of ILO. There has been no violation at Hyundai Engineering until now.

H-type Personnel Model



Personnel Management System



Respecting Diversity, Securing Talent

The number of Hyundai Engineering's employees stood at 2,312 as of the end of 2011. Regular employees numbered 1,788, accounting for 77.3%.

Female regular employees numbered 159, representing 8.9% of the total regular personnel. Given the characteristics of the engineering industry with lots of works done at overseas worksites, the number of female employees is small compared to the general service industry. Nonetheless, more female employees are expected to join Hyundai Engineering in the future, as the business boundary between women and men disappears. Upon being hired by Hyundai Engineering, domestic college graduates are paid 158% of the legal minimum wage. There is no difference in basic pay by gender.

Hyundai Engineering has recruited interns annually since 2010, with bonus points awarded to those who intend to apply for regular positions.

Human Resource Status

Category	Unit	2009	2010	2011
Total	Regular employees	1,473	1,585	1,788*
	Irregular employees	315	410	524*
	Interns		34	55
Social Minority	Disabled regular employees	7	14	15
Foreigner	Foreign employees in domestic workplaces	9	34	45
Starting wage for new employees compared to the legal minimum		156	159	159
Employee Transfer**		2.5	6.6	3.7
Average Service Year**		11.5	10.4	8.9

* The number of regular employees included 49 executives, and the number of irregular employees also included 192 local employees. (The figures are not included in the disclosure information.)

** As of regular employees. The average service years decreased due to hiring of new employees on a large scale.



Capability Enhancement

2

Training Session per
Employee (in 2011)

147 hours

Training Expenses per
Employee (in 2011)

KRW 1.2 million

Employee Training

Human Resources Development (HRD) Strategies

Hyundai Engineering has selected 'Creative Culture and Global Talent HRD Excellence' as a policy to nurture talents under the strategic HRD to enhance global competitiveness. To achieve this, human resources development is being executed by three strategies: establishment of organizational culture for creative learning, globality, and building of an HRD system that fortifies job expertise.

Employee training system

The employee training system of Hyundai Engineering consists of four programs:

common knowledge expansion program for core value, leadership and newcomer induction, specialty job training program for Project Manager (PM), Lead Engineer (LE) and Engineering Manager (EM), global competitiveness program to support intensive English education and second foreign language education including Spanish, French and Thai, and self-improvement program supported by the Cyber Training Center. Hyundai Engineering builds a customer-friendly education/training system by checking the parts requiring supplementation and areas to improve in education/training through quarterly training performance analysis and regular questionnaire survey.



Employee training system

Program	Common Knowledge Expansion Program			Specialty Job Training Program					Global Competitiveness Program	Self-improvement Program						
Contents	Core Value / Management Philosophy	Organization Capability / Leadership	New Employee Training	Common Empowerment	Domestic Training		Overseas Training	In-company Specialty Job Training	Global Competitiveness	Self-instruction						
Trainee	All Executives and Employees			All Employees	Subjects of Each Program		Subjects of Each Program	All Employees	Seekers / Subjects	Seekers						
Executive	Knowledge for Executives, New Executives															
General Manager	HMG	HMG			HMG											
Deputy General Manager	Value Building Program	Leadership Pipeline Program	Employees with Careers	Quality Management	Process Management	HSE	HMG	In-company Education by Each Engineering Sector	Internet • English • Second Foreign Language Telephone • English • Spanish • Vietnamese • Arabic 1:1 Native English Lecture Basic TOEIC	Internet • General Management • Qualification • IT Self-improvement at Weekend • Foreign Languages • Acquisition of Specialty Qualifications						
Manager																
Assistant Manager																
Staff																
	HMG			HMG		HMG		HMG		HMG						
	New Employee Orientation			On-the-job Training for Construction Engineers		On-the-job Training by Each Sector		Overseas Training to Acquire Specialty Engineering Technologies		Legal Education						

Welfare Benefits

3

Retirement Pension Reserve (in 2011)

KRW 91.7 billion

Number of Employees who Returned to Work after Maternity Leave (in 2011)

73 persons

Welfare Benefits for Employees

Rich Life, Stable Life, Dynamic Life

Considering the characteristics of the engineering industry with lots of works done at overseas worksites, Hyundai Engineering prioritizes the welfare benefits of employees and their families. To guarantee a better quality of life of employees, Hyundai Engineering analyzes employee needs and actively collects their opinions to put various welfare policies into practice.

For instance, Hyundai Engineering has subscribed to liability insurance to guarantee compensation for employees in case of

accidents during business trips which are not covered by the legally required four major social insurance policies.

Welfare card system allows employees to enjoy leisure activities, and a variety of welfare benefit programs including school tuition assistance for employees' children also help them lead a rich and varied life.

Hyundai Engineering set up a physical fitness center for employees' health enhancement and rest at its head office building. A cafeteria and a service lounge were also installed to enhance employees' job productivity and satisfaction.



Locker room



Shower room



Physical fitness center



Saxophone club



Completion Ceremony of Korean School for Foreign Employees

Major Employee Welfare Programs

Classification	Details
Leisure activities	Operation of in-company clubs, biweekly Family Day (on-time leave), resort stay support, and payment of summer vacation bonus
Childbirth and maternity protection	Maternity leave and supports for day-care expenses (0~16 years old)
Housing and life style	Housing loan at low interest rate by raising social welfare funds
Medical care and health	Supports for comprehensive medical testing and expenses for outpatient and hospital treatment
Educations	Supports for children's educational expenses, qualification benefits, and tuition fees
Legal welfare benefits	Maternity leave
Selective welfare benefits	Welfare card, supports for personal pension
Others	Operation of cafeteria and commuting buses, gifts at the foundation day and traditional holidays

Support for Retirees

Hyundai Engineering operates a retirement pension program to make it easy for employees to receive severance pay upon retirement. The retirement pension is in a form of Defined Benefit (DB) and KRW 91.7 billion was accumulated at the end of 2011. The retirement pension is managed by the Group-affiliated company, HMC Investment Securities, and retirement pension asset management is carried out by Korea's ten leading financial institutions.

Support for Foreign Workers in Korea

Hyundai Engineering offers convenience in living and business environment for its foreign employees residing in Korea so that they can perform their duties in a stable manner. Accommodations and various necessary conditions for everyday life are provided to foreign workers. And a guidebook "Guide to Korea and HEC" is offered to support them to adapt to Korea and Hyundai Engineering. Hyundai Engineering also helps foreign workers adapt easily to workplace in Korea by providing important in-company news in English.



Summer Vacation Camp for Children of Employees

On the homepage "Window to Globe" in the Intranet, information can be exchanged between foreigners and Koreans. Other supports include Korean language education twice a week and the operation of Korean Culture Club (KCC) for Korean culture-experiencing activities..

Work & Life Balance

Harmony between Work and Life

The company-wide "Work & Life Balance" campaign pursues the unity of employee value and company value through harmonizing work and life.

Hyundai Engineering has various leave systems including commemorative holidays and leave based on the number of years of service so that employees and their families can spend time together. Hyundai Engineering also takes into account employees who are newly assigned, return or transfer to at construction sites so that they can spend more time with their families. For instance,

two-week leave and round-trip tickets are provided to them after works at construction sites for 4 months.

Hyundai Engineering encourages all employees to spend time with their family members by leaving the office on time every second and fourth Wednesdays of the month designated as Family Day. Likewise, with the system of autonomous attire implemented every Wednesday, employees can come to work in casual, comfortable clothes.

In addition, Hyundai Engineering offers programs wherein employees can participate together with their families such as vacation camp for employees' children to help them spend quality time with their families. Through the Hyundai Motor Group's reservation website for various performances dubbed "Clip Service," Hyundai Engineering offers various types of musicals, concerts, and exhibits at low prices so that employees can go to those events with their families.

Idea Contest for Work & Life Balance

Hyundai Engineering searches for realistic ideas for its employees' work and life balance and reflects them on corporate management. The Junior Committee publicly invites novel ideas from employees themselves through the W&LB Idea Contest.

In the 2010 W&LB Idea Contest in particular, 76 different ideas were generated including '3 Section Expert & Total' intensive consulting program for quality of life improvement, together with the establishment of an expert advisor system.

Hyundai Engineering selected 7 excellent ideas and awarded their proponents by offering gift certificates. As for executing excellent ideas, they are put into practice following sufficient review by the relevant team and management.

Maternity Protection Activities

Hyundai Engineering carries out diverse maternity protection activities to implement government policies on the low birth issue and for female employees' working condition

improvement. Hyundai Engineering endeavors to improve female employees' working environment through the adoption of the spouse's child birth leave system (paid two days' leave), etc. There are no disadvantages to employment, pay, and career path due to the use of leave of absence for child rearing and maternity leave.

Among employees who applied for leave due to child birth, 49 were male and 6 were female, for a total of 55 in 2010. Among employees returning to work and working for one year or more following maternity leave, 49 were male and 4 were female, for a total of 53.

In 2011, a total of 74 employees applied for maternity leave, of which 67 were male and 7 were female. Among them, 67 male employees and 6 female employees returned to workplace after the leave and are currently working. The ratio of returning to work after the use of maternity leave is steadily rising. In the female employees' lounge, Hyundai Engineering have improved female employees' welfare by installing facilities for breastfeeding.

Award Winner at 2010 Work & Life Balance Idea Contest

Award	Contest Sector	Title
Grand Prize	Happy Working Life	Establishment of the Advisory Committee System
		Change of office chairs to care for employees' back
	Improvement of Work Centralization Level	Proposal of chair change for correct sitting posture
		Package box for new superintendent at construction sites
Participation Prize	Happy Working Life	3 Section Expert & Total' intensive consulting program for quality of life improvement
		Cultural lecture together with family
	Leisure with Family	No.1 refinement

Status of Use of Maternity Leave

Classification	Unit	2010	2011
Number of employees who used maternity leave		55	74
Number of employees who returned to work after maternity leave	persons	53	73
Number of employees who worked for 12 months and more after the return		53	N/A

Health and Safety

4

LTIR (in 2011)

0.03 %

* LTIR(Lost Time Injury Rate)

HEC's Domestic Conversion
Accident Rate (in 2011)

0.05 %

HEC's Health and Safety Consolidation

Hyundai Engineering established a policy for health and safety at the global level after declaring year 2012 as the first year for achieving zero accidents, specifying matters to be put into practice.

Under the management policy of Health, Safety, and Environment (HSE), the HSE Innovation Team of the General Administration & Management Office establishes plans on health and safety and systematically reinforces inspection and preventive activities.

Efforts for HSE include the enhancement of health and safety competencies, onsite health and safety activities, and company-wide health and safety campaigns and training. To support major sites, Hyundai Engineering strategically reinforces head office personnel. HSE system at overseas sites is being managed to meet local needs.

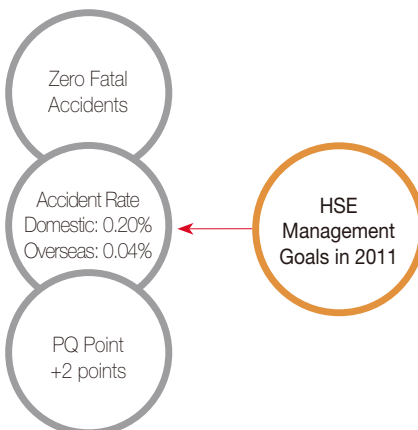
offers data required for bid documents among the data at portal sites for easy reference as well as monthly onsite reports of overseas EP/EPC sites. In addition, Hyundai Engineering systematically manages health and safety and training-related statistics and activities contents to draw up Pre-Qualification (PQ) bid documents so that Hyundai Engineering can effectively assist in health and safety activity-related work. Likewise, Hyundai Engineering has secured the required matters in drawing up PQ bid data including English system document establishment and English teaching plan production of HSE.

Pursuit of Accident-Free Worksites

Hyundai Engineering pursues accident-free workplaces including the head office by instilling safety awareness among employees.

Risk evaluation data are collected through the HSE Innovation Team regularly in relation to activities that can lead to onsite accidents. Hyundai Engineering actually takes actions to prevent accident-causing factors in advance so that accidents do not occur. Hyundai Engineering has established the response flow to cope with an emergency by situation and has defined the appropriate action guide and reporting system on various potential accident risks including political

HSE Management Goals in 2011



Safety Management Policy

To expand organizational role and accountability with regard to HSE system, Hyundai Engineering has developed guidelines including HSE assessment tool at domestic and overseas sites and instructions on reward and punishment regarding safety.

On the company intranet, Hyundai Engineering

upheaval, terrorism, fire, high-pressure gas, environmental pollution, damage from storm & flood, etc.

Compliance with International Standards

The HSE Innovation Team checks the conformance and efficient implementation of the HSE management system. Based on OHSAS18001 certification on international health, safety, and management system, Hyundai Engineering pursues not only enhancing employee safety but also reflecting environmental, labor, and health & safety standards as special contract clauses in an agreement upon the selection of vendors. Hyundai Engineering is improving the internal HSE system aimed at acquiring KOSHA18001 certification in 2013 and is currently building a computerized system including risk evaluation by onsite specialist work classification.



OHSAS18001 Certification

Fortification of Onsite Safety Management

Regular Safety Meetings

By making regular onsite HSE meeting compulsory, Hyundai Engineering checks potential accidents in advance, takes quick action, and performs monitoring. If any urgent problem or issue occurs with regard to employees' health and safety, the site supervisor concerned and other relevant personnel convene a meeting to take quick action.

Multi-Safety Inspection

Hyundai Engineering is committed to creating safe work environments for employees and vendors through conducting strict in-company safety inspection and independent third-party assurance provider's safety inspections. The safety inspection is being regularly carried out every week and every month. In particular, the monthly safety inspection is implemented jointly by labor and management. During periods such as long weekend due to holidays, or in case of weak natural environment, Hyundai Engineering conducts special safety inspection and drastically prevents accidents that may occur through negligence. In addition, Hyundai Engineering builds trust on onsite safety with the clients and the local residents through safety inspections by the Ministry of Labor, local governments, and other agencies.

Installation of Safety Facilities and Wearing of Safety Gears

To fundamentally prevent accidents in all construction sites, Hyundai Engineering installs safety facilities and encourages employees to wear full personal safety gear. It is obligatory for all construction sites to install safety bars, safety railings and fall prevention nets, which are regularly inspected. All sites also prevent unauthorized personnel from approaching structures or equipment having risk factors by posting or attaching safety signs. Hyundai Engineering makes it compulsory for all onsite workers to wear safety helmets and safety gears. If they do not wear safety gears, Hyundai Engineering takes actions such as warning or disciplinary action or prohibition on accessing the site.

Onsite Safety Training

A variety of safety training programs are provided to employees at sites to help them realize the importance of health and safety and voluntarily put safety activities into practice.

New employees learn about basic health and safety laws and regulations and wearing of safety gears at construction sites. For site managers and supervisors, leadership and management related training programs are offered to encourage employees to comply with safety regulations.

In addition, Hyundai Engineering posts safety environmental cases on the intranet to instill safety awareness among all employees.



Onsite safety training



Onsite safety activities



Certification of two-fold of accident-free man hours - HDPE Plant in Yeosu



Achievement of two million accident-free man hours - SIPCO Site in Thailand



HSE of employees

Safety Management Performance

Hyundai Engineering's various efforts for safety are evident in various and meaningful results. The Yeosu HDPE Production Facility project was awarded the certification of two-fold of accident-free man hours (910,000 hours as of January 2, 2012) by KOSHA on January 12, 2012. The certification of two-fold of accident-free man hours is meaningful since Hyundai Engineering has realized such accomplishment in line with KOSHA's certification criteria for the first time, and because it is difficult to realize accident-free sites on a long-term basis in the plant industry, considering the shorter construction period compared to general building construction sites. In 2010, the SIPCO Combined Cycle Power Plant project in Thailand received the certification of two million accident-free man hours from the client.

Safety Data at Sites

Classification	(Unit: %)		
	2009	2010	2011
LTIR (Lost Time Injury Rate)	0.01	0.03	0.03
HEC's Domestic Conversion Accident Rate	0.23	0.17	0.05
Conversion Accident Rate (Average in the domestic construction industry)	0.50	0.41	0.40

Enhancement of Employees' Health

Physical Checkup for Employees

Hyundai Engineering offers general physical checkups to its employees and their spouses each year.

When an epidemic hits, Hyundai Engineering strives to minimize the possibility of infection of other employees through immediate diagnosis and isolation action if there is an employee showing symptoms of the disease in question. For an employee on a long-term overseas business trip, Hyundai Engineering supports him/her with physical checkup and vaccination before leaving for a foreign country. Through pre-education on various diseases that may develop in the business trip destination including malaria, employees are fully preparing for infectious diseases. The construction sites

install onsite emergency spaces; thus, simple care can be taken when an employee figures in an accident or has a disease. If diagnosis at a hospital is needed, the employee is quickly brought to the hospital and assisted not to experience any inconvenience due to the language barrier.

Improvement of Head Office Employees' Sanitation

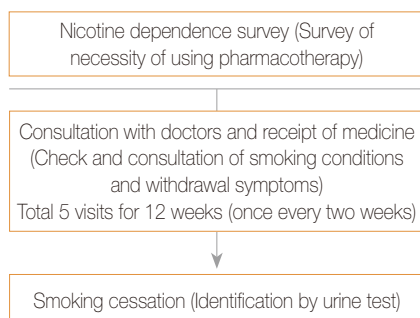
Various sanitation improvement activities are carried out by Hyundai Engineering including cyclical environment measurement so that its employees can concentrate on their work in a pleasant office, the space where they stay the longest in a day. Hyundai Engineering measures the office environment such as fine dust, carbon monoxide, noise, and brightness under the relevant laws and immediately executes improvement for parts requiring improvement as a result of the environment measurement. Through cyclical sanitation inspection at the head office cafeteria and vending machines, Hyundai Engineering prevents diseases that may occur such as food poisoning and other sanitary issues beforehand. With the establishment of the Hyundai Engineering Health Protection corner equipped with tonometry and CPR gadget as well as basic health devices such as first aid kits and thermometers at the service lounge on the second floor of the head office building, employees can easily use the corner for health checkup or in emergency.

Employee Health Education and

Anti-Smoking Program

Hyundai Engineering enhances the health and safety awareness of employees by providing health and safety education regarding CPR, emergency treatment, and emergency evacuation. For active no-smoking treatment for those who want to quit smoking, Hyundai Engineering helps them succeed by offering professional counseling from a linked hospital near the head office and medicinal therapy.

Anti-Smoking Program together with Hospitals



Labor-Management Communication

5

Number of Labor-Management Council Members

6 persons

Employee Satisfaction Level (in 2011)

73.6 points

Win-win Growth between Labor and Management

Expansion of Labor-Management Communication

The labor-management council was established in 2001 for the protection of interests of employees, handling of their grievances and enhancement of their welfare. The council elected 5 members from 3 business divisions and 1 support office, with one chairperson internally and externally representing all employees elected. Therefore, total 6 members make up the labor-management council.

Hyundai Engineering has been expanding the labor-management communication channels to instill awareness of companionship and enhance mutual understanding. At the same time, they have cooperated with each other

for the improvement of working conditions and grievance handling. These processes contributed to establishing a reasonable labor-management relationship at Hyundai Engineering.

Key Win-win Growth Activities of the Labor-Management Council

The main duties of labor-management council encompasses many matters and issues ranging from productivity improvement, performance results distribution, and employee grievance handling to various systems' improvement related to HR, labor and health & safety, and working conditions such as wage and safety instructions.

In particular, the labor-management council is focusing on improving employees' quality of life by cooperating with the management for pay negotiation, performance distribution, system improvement consultation of HR/ labor management, welfare enhancement and grievance handling. Pay negotiation and performance distribution are decided at the regular meeting attended by the same number of members from labor and management after analyzing operating performances and collecting employees' opinions.

HR/Labor management is discussed to improve major issues by organically combining the institutional and personal systems for common goal achievement between labor and management. Major issues included raising

in-company labor welfare fund, installation of physical fitness center and introduction of new systems to support employees' leisure and cultural activities such as welfare card and in-company club memberships.

Concerning employees' grievances, Hyundai Engineering handles them through negotiations and consultations. As for major issues that may affect the company and employees, Hyundai Engineering handles them by collecting employees' opinions or requirements in advance and proposing them during the preliminary or regular meeting. In addition, Hyundai Engineering has promoted a variety of events to strengthen the unity among employees and business teams and their loyalty to the company. The events included team-based rallies, sharing and communication campaign and social contribution activities.



Presentation meeting for the introduction of annual wage system

Communication & Collaboration

Communicative Organizational Culture

Hyundai Engineering makes immense efforts to create good ideas and foster a dynamic communication culture within the company by vitalizing communications between the management and employees.

Junior Committee

The Junior Committee was founded to collect creative ideas of junior managers and plain employees and reflect them on business management as well as foster vertical and horizontal communication between management and employees. The Junior Committee carries out various activities including campaigns and seminars to identify and share ideas for company development for a term of two years.

Hope Day of the Junior Committee

The 22nd Junior Committee distributed beverages and vitamin supplements on November 24, 2011 to help ensure an exciting, joyful company life for employees. Employees said, "Although it was a cold morning since a cold wave watch was issued, we felt good to start the day in a good mood thanks to a sweet gift. We want to cheer the newly launched Junior Committee members." The touching gesture of Junior Committee members in the winter with its persistently severe cold has helped employees regain vitality.

Communication Channel

Hyundai Engineering shares its vision, mission and strategies through various communication channels including webzine, company newsletter, Message from the President and regular morning meeting. The communication channels contribute to smoothly connecting the management and employees.

Lunch Box Day with President

Launched on September 7, 2011, Lunch Box Day with the president is a venue for social gathering wherein Hyundai Engineering's president has lunch and communicates with employees during lunch break. The president Wee-chul Kim talks with representatives by randomly selected position about various topics every second and fourth Wednesdays of the month. Various topics such as personal matters of the president as well as questions about works are discussed in a familiar way.



The president Wee-chul Kim, who has been stressing communication between seniors and subordinates within the organization, emphasizes that free and active communication is the base for making Great Work Place (GWP). As such, Hyundai Engineering strives to establish a dynamic communication culture in various aspects.

Moreover, Hyundai Engineering has held a monthly event sponsored by the president since last July, which contributes to stirring up the morale of employees. Other events including Throwing a Red Bean Sherbet Party, Presenting Books to Bookworm Employees, and Having Lunch with Married Female Employees just before the traditional holidays have been held.

Harmony between Employees

Club Membership

Employees of Hyundai Engineering are involved in various in-company clubs for marathon, tennis, football, mountain climbing, ski, saxophone playing and yoga as well as baseball. A total of 14 in-company clubs are being operated as of June 2011, in which 1,404 employees are actively participating.

In particular, the in-company baseball team Hyundai Griffins which was founded in 2010 by employees who like baseball contributes to solidify their amicability and collegueship. Team members receive lessons regularly from a coach of "Mr. Kim's Baseball Class" in a simple playing field next to the Mok-dong Stadium twice a month.

Hyundai Engineering makes all-out efforts so that employees' clubs can be registered as regular ones and be eligible to receive subsidies, etc. Employees take a rest amid their busy work schedules to share friendship and enhance work efficiency through a variety of club activities.

Hyun-En Club

Hyundai Engineering regards retired employees as its family members. By organizing an OB meeting of Hyundai Engineering, dubbed "Hyun-En Club," Hyundai Engineering provides a venue where seniors and juniors can share friendship and cooperate with one another by keeping the retirees up to date with recent corporate news and trends. By inviting Hyun-En Club members to various cultural activities and events, members get to strengthen their commitment to Hyundai Engineering by mingling and getting to know past and current employees.





Local Communities

Co- prosperity

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Disclosure on Management Approach

Management Principle



Hyundai Engineering is committed to fulfilling its obligations and responsibilities as a corporate citizen to build a bigger future together with local communities neighboring business sites. To this end, Hyundai Engineering endeavors to share the vision and corporate value with local communities and promotes eco-friendly management to minimize environmental impacts with the awareness of corporate role for green growth. Hyundai Engineering will continue to search for social contribution areas reflecting the industry's features and linking them with its growth strategies. Hyundai Engineering will do utmost efforts to grow into a green company through eco-friendly engineering performance and green technology development for the materialization of a low carbon society.

Key Performance



Classification		Unit	2010	2011
Social Contribution	Investments in social contribution activities	KRW in millions	475	667
	Participants in social contribution activities	persons	583	2,164
Green Growth	Recycling of IT equipment	units	200	280
	Violation of environmental law at home and abroad	cases	0	0
	GHG emissions*	tCO ₂ eq	6,041.5	635,333.3

* Use of resources and emissions of wastes and greenhouse gases in 2011 sharply increased compared to the previous year, which was mainly attributable to the expansion of the business and sales growth.

Interview



Hyundai Engineering carries out a variety of activities across the local welfare and culture & arts sectors. I admire the consolidation of Hyundai Engineering's competencies through continual social contribution activities for various underprivileged people beyond tentative year-end sharing events or typical social contribution. I wish Hyundai Engineering will engage in more professional, systematic social contribution activities by deducing the growth results and performing evaluation in line with continual assistance. At the same time, I expect your social contribution activities to be objectively evaluated by thoroughly reviewing the practices and results.

Ji-young Kim (Director of Global Vision)

Introduction to Hyundai Engineering's Social Contribution

1

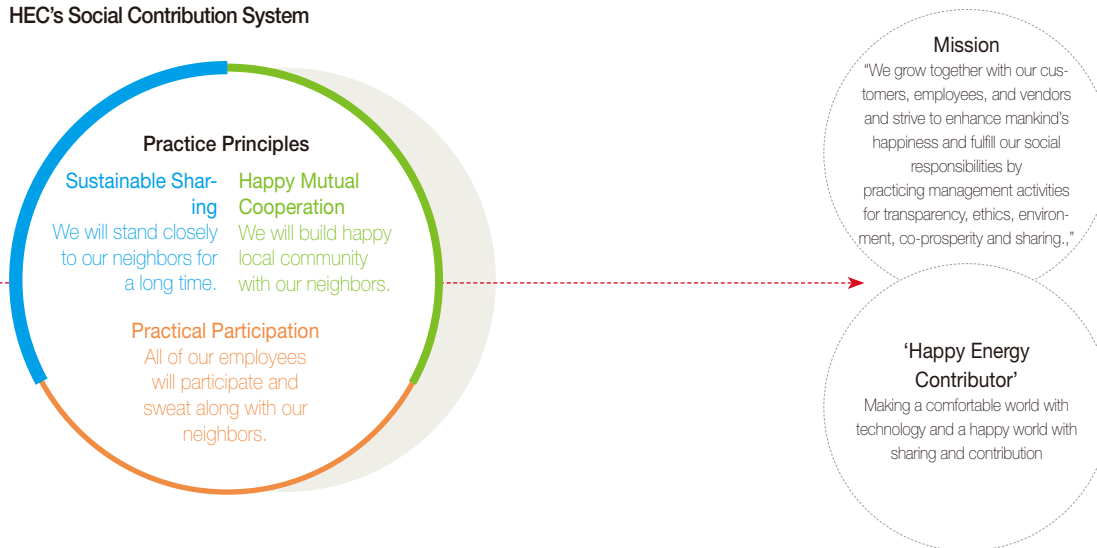
Social Contribution System

Hyundai Engineering's Social Contribution System

Guided by its social responsibility mission of "We grow together with our customers, employees, and vendors and strive to enhance mankind's happiness and fulfill our social responsibilities by practicing management activities for transparency, ethics, environment, co-prosperity and sharing.," Hyundai Engineering stresses its role in mankind's happiness enhancement and social responsibility.

With "Happy Energy Contributor" as the social contribution vision, Hyundai Engineering makes a comfortable environment with technology and a happy world with sharing and contribution. All members of Hyundai Engineering fulfill its social responsibility based on three action principles: "Sustainable Sharing, Happy Mutual Cooperation, and Practical Participation."

HEC's Social Contribution System



Social Contribution Organization

Hyundai Engineering launched the group "Volunteers of Love" through employees' voluntary participation in 2003 and began volunteer service. In 2009, the "Social Contribution Team" was newly set up to fulfill its social responsibility. Social contribution will become a core function of Hyundai Engineering's business operation in the future.

HEC's Social Contribution Team



Social Contribution Activities

2

Job Creation for the Disabled through Workplace of Hope (in 2011)

24_{persons}

Joint Establishment of a Children's Center in Cambodia

New Hope School

Hyundai Engineering's Five Key Social Contribution Projects

Hyundai Engineering has been proactively engaged in activities for sharing and fulfilling corporate social responsibility to build a tomorrow where everyone's dream can be realized.

'Cultural Events' for Children from Low-income and Multicultural Families

On the foundation day of February 11 every year, Hyundai Engineering holds a culture-sharing event including watching movies and having dinner for children of low-income and multicultural families and the disabled who are living in Yancheon-gu where the headquarters is located.

Hyundai Engineering has also been providing various supports such as sponsoring the 'Charity Fundraiser for Children from Low-income and Multicultural Families'.

'Workplace of Hope' to Create Jobs for the Disabled

Hyundai Engineering established a corporate-associated job rehabilitation facility 'Workplace of Hope' through an agreement with the Yangcheon-gu District Office to create jobs for the disabled. The 'Workplace of Hope' provides disabled youth with job training as well as manufactures home appliances.

Status of 'Workplace of Hope'

Classification	Unit	2010	2011
Support Fund	KRW in millions	26	30
Number of Workers	persons	18	24

* The Workplace of Hope opened in July 2010, and plans to expand the number of workers up to 40. The number of disabled technical trainee reaches 20~30 persons.



Number of Social Contribution Programs (in 2011)

35 programs

Participants in Social Contribution Activities (in 2011)

2,164 employees

Delivering 'Briquette of Love'

Hyundai Engineering annually delivers briquettes to the underprivileged such as those from low-income families and the solitary elderly suffering from the so-called 'briquette shortage', spreading warmth and compassion in the society.

Sharing Love and Compassion through 'Songpyeon of Love' and 'Kimchi-making'

Hyundai Engineering delivers songpyeon (traditional Korean rice cake) made by employees and holiday gifts to the marginalized people including the solitary elderly who stay alone during the Korean full moon festival. Employees also make and provide them with Kimchi to take in winter season.

Establishment of the 'New Hope School', a Children's Center, in Cambodia

Changeuri, a village in Cambodia, is afflicted with extremely poor sanitary and living conditions. Most of the children are deprived of the opportunity to go to school. Instead, they are victimized from drug addiction or human-trafficking. Hyundai Engineering and Global Vision, the global volunteering organization, have collaborated to build a school that consists of two wooden buildings and one additional building for restrooms which was named the 'New Hope School'. Children learn mathematics and language, and are provided with meals. The interest and participation in charity work have brought significant changes to the children and their families for whom having dreams and wishing for a better future used to be a luxury.

Culture- and Art-Sharing Activities

Hyundai Engineering delivers warmth and love to the world by joining activities for sharing in the fields of culture and art.

Sharing Happiness with the Disabled

Executives and employees of Hyundai Engineering go on a spring picnic, experience farming and run a marathon together with the physically-challenged and financially-stricken individuals on the Day for the Disabled every year, thereby spreading warm compassion and happiness to them.

Sharing Compassion with the Lonely Elderly

Hyundai Engineering serves lunch to around 100 elderly with low income or who live in solitude in Yangcheon-gu on every second Thursday of the month. Particularly in May, the month of family in Korea, a party is thrown under the theme 'filial duty' for the seniors. The event allows Hyundai Engineering to share compassion and care.





Sharing Joy with Children

Hyundai Engineering has been running the 'Home Camp' for children from low-income and single-parent families. For the two days in the camp, the participants are given the chance to contemplate their future career and how to shape their own future. Furthermore, Hyundai Engineering invites children from low-income families and mentally-challenged children living in Yangcheon-gu to the 'Flying with Dreams' event on every Children's Day. They are able to enjoy cultural activities together and share happiness.

Sharing in Education and Scholarship

Voluntary activities to build a better educational environment include book donation, provision of scholarship, operation of after-school programs and training on Korean language for foreign employees.

Private Education and After-School Tutoring

Teenagers from families with financial hardship who cannot afford private education or tutors are selected and tutored by employees. When such students are admitted to college, Hyundai Engineering grants them scholarship including admission fee. In addition, employees teach seniors in middle schools English once a week and seek to help them nourish emotional health through the 'Tailored Education and Education Mentoring for Emotional Health' project which are offered by the Guro Complex Social Welfare Hall.

Book Donation

Hyundai Engineering donates books taken from executives and employees to Seongsu Welfare Center for the Blind, Mokdong Welfare Center's Book Café and Beautiful Store, which is Korea's philanthropic institution, with the purpose of donating revenues and contributions earned by reuse and recycling of products to underprivileged people. Importantly, books donated to Seongsu Welfare Center are converted by volunteers to braille books, recording tapes and Digital Accessible Information System(DAISY) books before being available to such readers.

Global Social Contribution Activities

Hyundai Engineering carries out various volunteer service activities and cultural exchange activities, centered on local communities where medical and environmental improvement is required.

Volunteer Service Activities at Overseas Sites

More than 80 projects in 26 countries other than Korea are implemented by Hyundai Engineering, with overseas sales revenue for more than 80% of its total sales.

Hyundai Engineering is systematically doing its very best to achieve Millennium Development Goals (MDGs) centered on construction sites abroad under the supervision of the head office's Social Contribution Team. Onsite employees search for means to contribute to local communities voluntarily, with the active support of the head office. What each site of Hyundai Engineering focuses on is fostering children including support for elementary education, which is in line with what the engineering industry does - "Making future dreams come true."





Supports for Overseas Sites

Country	Details
Equatorial Guinea	<ul style="list-style-type: none"> Providing desks, chairs, stationery, sporting goods and sponsorships to schools and orphanages in Momongo every year since 2009 (KRW 28 million in 2009 and KRW 58 million in 2010) Donated Friendship Park to Momongo City in December 13, 2010, which became a national tourist attraction
Turkmenistan	<ul style="list-style-type: none"> Donated KRW 7 million to a welfare center for disabled children in Yoloten and held a charity bazaar
Malaysia	<ul style="list-style-type: none"> Supported orphanages in Kuala Lumpur since the start of construction in cooperation with local project owner
Vietnam	<ul style="list-style-type: none"> Evacuated 70 victims around the site to safe zone and provided relief when the typhoon Ketsana came, providing damage repair equipments and donated USD 6 thousand

Participation in Happy Move of the Hyundai Motor Group

The "Happy Move" is a global youth volunteer service group of Hyundai Motor Group that is engaging in social contribution activities. They are very active in conducting social contribution activities at every corner of the world with challenging spirit and passion. Hyundai Engineering's employees put social responsibility into practice as global citizens in many places in the world together with their colleagues at the Hyundai Motor Group members with open mind and broad vision.

Cap-Knitting Campaign to Save Newborn Babies

For infants and toddlers in underdeveloped countries in Africa and Asia and who suffer from hypothermia, Hyundai Engineering donates woolen caps made through its Cap-Knitting Campaign to Save Newborn Babies. As of January 2011, 754 employees of Hyundai Engineering have delivered 4,101 caps.

Sharing Activities to Improve the Residential Environment

Hyundai Engineering carries out sharing activities such as residential improvement activities in surrounding areas of workplaces and building Homes of Love to make a more beautiful, comfortable world.

Habitat for Love

By signing an agreement with Habitat Korea to provide people living in a poor residential environment with decent houses, Hyundai Engineering continues to offer the Building Homes of Love volunteer service each year.

Happy House

Hyundai Engineering is operating Happy House, an activity designed to give hope to disabled people and social subsidy beneficiaries by improving their living environment.



Senior Citizen Center Environment Improvement Activities

Hyundai Engineering provides pleasant resting spaces to the elderly who may be alienated from society through the remodeling of 7 old and worn-out senior citizen centers in Yangcheon-gu particularly wallpapering and laying of linoleum on the floor.

Donation Activities

Hyundai Engineering is fostering a dynamic voluntary donation culture by donating items such as old clothes, luncheon boxes, and books and delivering warm heart and love to the underprivileged.

Main Donation Activities

Old clothes donated by employees are delivered to facilities for people with severe disabilities and to the Beautiful Store.

In November 2011, Hyundai Engineering made a KRW 16.5 million donation to the Korean Organ Donor Program for chronic kidney failure patients. With the donation, one unit of hemodialyzer was bought and installed in Rapa's Home in Jeju to help the treatment of chronic kidney failure patients who are not financially well-off.

In addition to monetary donation, Hyundai Engineering participates in the "Dining Table of Love", a meal distribution volunteer service for patients from 9:00 to 14:00. The volunteer service has been provided by some 10 employee volunteers every third Saturday of the month since November 2011.

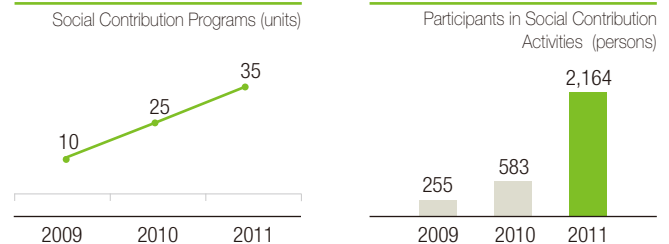
Quantitative Performances of Social Contribution Investment Investments in Social Contribution

Hyundai Engineering made social contribution worth KRW 1.1 billion including activities of the Volunteers of Love and labor costs during the sustainability reporting period.

Social Contribution Engagement

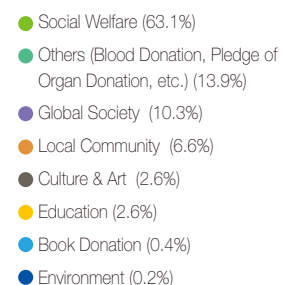
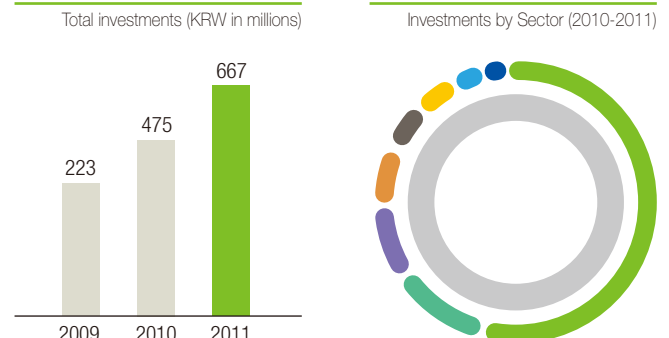
All employees of Hyundai Engineering participate in social contribution. Through the mileage system of social contribution activities, all employees must accumulate 12 mileage points annually from January 2011. The social contribution results can be registered on the social contribution management system, which can be accessed on the company intranet; thus showing the individual social contribution activity mileage in each field. As of the end of 2011, Hyundai Engineering operated 35 programs, representing a 40% increase compared to 2010. Actually, 2,164 employees were involved in social contribution activities at the end of 2011.

Status of Social Contribution Activities



* Individual activities were counted as one unit, and the number of duplicated participants was excluded.

Investments in Social Contribution Activities



Green Growth & Eco-friendly Engineering

3

Certification of Environmental Management System

ISO 14001

Minimization of Ecosystem Impacts

Environmental Impacts Evaluation

Green Growth System HSE Management System

Hyundai Engineering has set the HSE (Health, Safety, and Environment) policy to cherish human lives and bequeath clean environment to descendants. Under the policy, Hyundai Engineering manages HSE activities systematically and efficiently at the company-wide level. Based on efficient HSE management system, Hyundai Engineering is emerging as a leading global green growth company, and institutionalizing the HSE system by applying the PDCA (Plan→ Do→ Check→ Act) process to all businesses.

Hyundai Engineering complies with the ISO14001 international standard for environmental management system, having acquired the relevant certification.



Environmental Management System Certification

Pre-Environmental Assessment to Minimize Ecosystem Impacts Environmental Impact Assessment

By performing comprehensive environmental impact assessment prior to implementing a project, Hyundai Engineering minimizes impacts on the ecosystem during the construction process. The environmental impact assessment covers the natural, living, and social & economic environment fields.

Concerning endangered species found through research, Hyundai Engineering protects trees by transplanting them and prepares alternative habitats in case of animals. Considering the ecological environment of the fauna and flora identified by research, Hyundai Engineering minimizes the impacts of construction on the ecosystem through design change and protective device preparation.



HSE Policy and System

HSE Organization System

Hyundai Engineering has an organic organization system for HSE management in which all business teams allocate roles and exchange effects. HSE Innovation Team at the Plant Business Supporting Office takes the lead in establishing company-wide HSE goals and managing onsite HSE activities. Each business division such as the Infrastructure & Environmental Division takes charge of implementing and monitoring HSE activities at each site and supporting development and adoption of new technologies.

Environmental Effect Evaluation Process



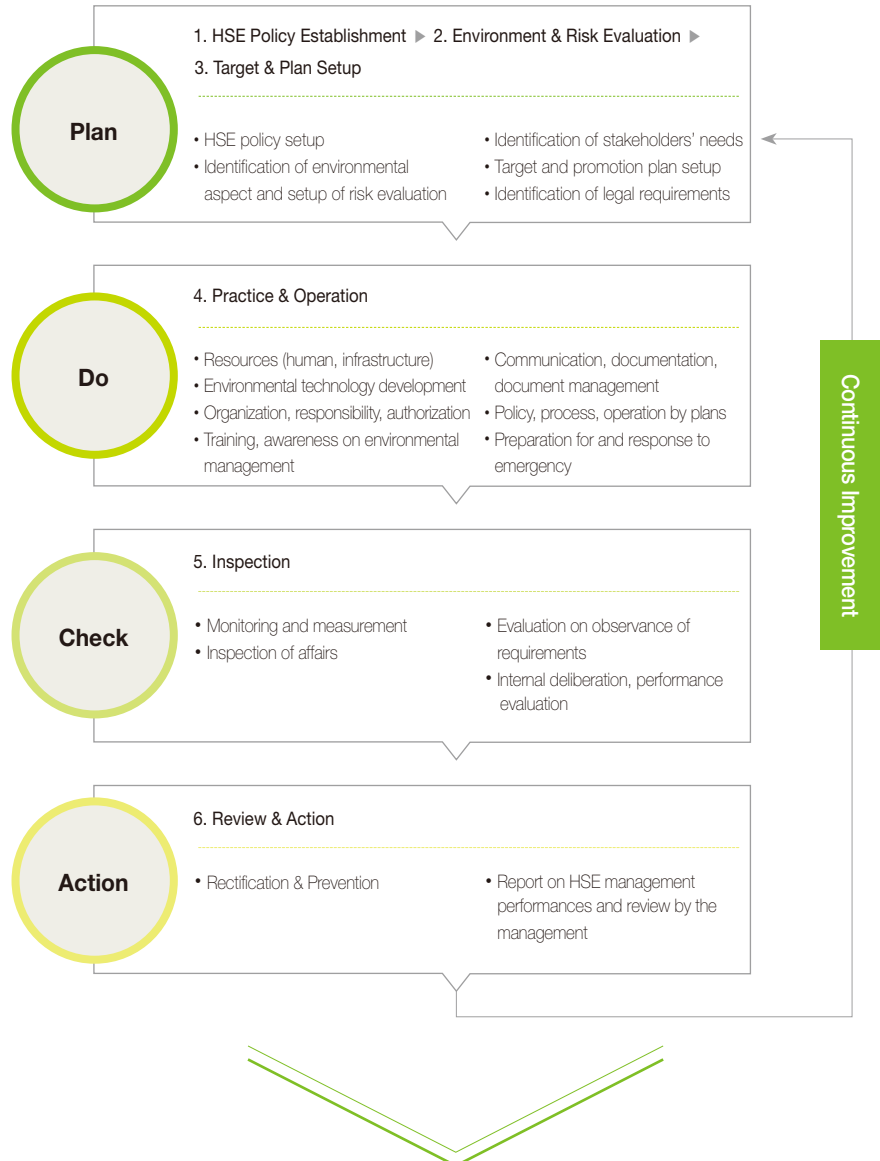
Management of Designated Endangered Species

Hyundai Engineering discovered that endangered species live within some domestic construction sites including Ansan River, Shingil River, and Anyang Cheon Water System. To minimize impacts on the ecological environment, Hyundai Engineering took proper measures for the protection of ecological system. Meanwhile, a lot of overseas sites do not exert significant influences on ecological system as those are mainly located in desert where protected species are uninhabitable. Still, Hyundai Engineering identifies and manages protected animals and plants under the laws of the countries concerned.

Status of Legally Protected Species in Sites of Korea

Project	Major Appearance Species
Revision of Basic Plan for River Maintenance of Ansan-si (Ansan River, Singil River)	113 species including mole, raccoon, water deer, weasel, cat, large egret, little egret, heron, spot bill duck and teal, etc.
Basic Plan for Water System of Anyang River	3 species including cat and striped field mouse, etc.

HSE Management System



Slogan

HSE Globalization enhancement



Expansion of New and Renewable Energy Business – Solar Power Plant

Solar Power Plant in Bulgaria

Hyundai Engineering won the 48.9MW Photovoltaic Power Plant Construction project in Bulgaria implemented by the China Group's subsidiary Astronergy Solar Korea. This project paved the way for the entry into the market in Bulgaria for the first time.

Based on this, Hyundai Engineering is seeking opportunities to jointly participate in more solar power plant projects with overseas companies having track record in this business and plans to nurture engineers with high capability in the solar power generation field.

Hyundai Engineering is committed to growing as a global advanced new and renewable energy player by proactively developing more opportunities in that field.



Development of a Park in Equatorial Guinea

Green Engineering Project

Eco-friendly EPC projects begin from efficient resources use at the construction stage. Hyundai Engineering strives to protect ecosystem diversity and minimizes impacts on the environment in all EPC sectors of the construction stage for energy efficiency improvement and environmental pollution reduction.

Olkaria Geothermal Power Plant Units 1 and 4 in Kenya

Hyundai Engineering signed a turnkey base contract including engineering, procurement, construction, and test & commissioning for Olkaria Geothermal Power Plant Units 1 and 4 facilities in Kenya worth USD 373 million in November 2011.

This project is implemented by KENGEN (Kenya Electricity Generating Company Limited), which is in charge of power supply in Kenya, Africa, to solve the serious local power shortage problem. Hyundai Engineering has simultaneously won two projects of Olkaria I Additional Units 4 & 5 (Two 70MW units) and Olkaria IV Units 1 & 2 (Two 70MW units). These projects will be completed in 2014.

As the only company in Korea with a track record in geothermal power plant project including Darajat Geothermal Power Plant in Indonesia, Hyundai Engineering is known for its technology and competencies in the geothermal power generation field dominated by advanced countries including Japan, US, and Europe.

Water and Sewerage Facilities and Park Construction Projects in Equatorial Guinea

There has been an urgent need for clean drinking water in Equatorial Guinea, as most people in that country suffered from disadvantage in water quality and thousands of people once had died of waterborne diseases. Hyundai Engineering entered that country to supply them clean drinking water and create new business opportunities.

Hyundai Engineering won the water and sewerage connecting pipes installation project including a sewerage project in Mongomo in 2008. Hyundai Engineering is expanding the business areas to Anisok, Evinayong, and Ebibeyin, etc. At the end of 2011, Hyundai Engineering won the park construction order based on EPC turnkey project mode in Mikomesseng, and is now implementing the construction of floor fountain, picnic garden, futsal area and playground on an approximately 12,800 square meters site to enhance the local residents' health and welfare.

Polluted Soil and Underground Water Purification Project for Hyundai OilBank's Daesan Plant

Hyundai Engineering took its first step into the soil purification EPC field by winning the soil pollution and underground water purification project ordered by Hyundai Oilbank, due largely

to its outstanding technological prowess. The construction of Daesan Plant of Hyundai Oilbank had been conducted by Hyundai Engineering in 2005.

Winning Facilities Installation Projects for Domestic Marine Wind Power and Sewer Sludge Recycling System

Marine wind power EPC business is expected to be vitalized in the future. Hyundai Engineering laid the foundation for this business by winning the marine wind power authorization and permission and basic design project in the eastern part of Jeju Island. Hyundai Engineering also won a facilities installation project for recycling sewer sludge in Pohang City, thanks to the excellent sewer sludge utilization technology.

Management of Environmental Impacts at the Sites

Hyundai Engineering carefully identifies the legal standards and strictly complies with them, such as operation of scattering dust control facilities and observance of noise level in everyday life, when carrying out construction in response to the Environmental Act consolidation and to deal in advance with the increase in environmental civil petitions. In addition to the legal standards, Hyundai Engineering identifies the local residents' demands by holding meetings with them before commencing construction and

continually makes all-out efforts to minimize civil petitions through the installation of appropriate preventive facilities, low-noise equipment, and construction methods.

Environmental Monitoring for the Vietnam Hai Phong PVTEX Site

The PVTEX site located in Hai Phong, Vietnam uses lots of emulsion in view of the plant's features. Concerning all processes of discharging wastewater at the site, wastewater is collected into a wastewater treatment plant through underground facilities. Pollution arising from pollutants discharge is prevented through the water treatment system of the plant within the industrial complex after primary treatment. During the project period, Hyundai Engineering performed onsite measurement of water quality, air quality, and noise/vibration level three times. As a result of environmental monitoring, satisfactory results were obtained within standard value levels in all measurement items; therefore minimizing the negative impacts on the environment.

Yeosu P2 Project Site – Water Pollution Prevention

Yeosu P2 Project site of Hyundai Engineering has been discharging water with lowered pH level since the installation of devices to control the water pH level.



PVTEX Site in Vietnam

Eco-friendly Technology

4

Generation of Electricity by
Using Waste Heat

HRSG

Reduction of Dust Scattering by
Green Pavement System Technology
for Eco-Friendly Track

more than 10 %

Cutting-edge Eco-Friendly Technology Heat Recovery Steam Generator (HRSG)

Hyundai Engineering applies the HRSG method that drives steam turbines with steam produced by using the remaining heat in the gas discharged from gas turbines in the construction of steam power plant. Through HRSG application, Hyundai Engineering maximizes energy use efficiency by using waste heat.

The Combined Cycle Power Plant (CCPP), Gas Turbine (GT) Cogeneration, and Add-on CCPP projects have used the HRSG method. In fact, HRSG has been applied or is being

applied to some 40 projects. In particular, the Add-on CCPP project increases power output by about 50% in the existing power plant without the additional injection of fuel by additionally installing HRSG and steam turbines in a currently operated gas turbine power plant.

Membrane-Coupled Bio Gas Technology

The water recycling technology is a series of water treatment processes of drawing high-purity everyday life water and industrial water by removing the solid matters and dissolved materials of sewage or wastewater.



L-II Combined Cycle Power Plant with HRSG in Jebel Ali, UAE

Hyundai Engineering has acquired environmental new technology certification by developing membrane-coupled bio gas technology, which treats wastewater to discharged water quality level in the residential area while producing bio gas using wastewater coming out of leftover food, together with Hyundai E&C and Environmental Corporation of Incheon.

Photovoltaic Module Cooling System Without Power

Hyundai Engineering has developed a no-power, air-cooling mode for photovoltaic module cooling technology, which addresses the drawbacks of the existing water-cooling technology and improves power generation efficiency by up to 15% (temperature: 10%, deterioration: 5%). The developed system has neither restriction in use area nor cooling water leak because it does not use water. Moreover, there is no reduction of incremental portion of efficiency due to facilities maintenance expense, since the system does not need power and it applies a heat pipe principle. In addition, the system can minimize failures during the life cycle of the system (more than 20 years) because there is no part operated by power in its purely mechanical structure.



Membrane-coupled Bio Gas Production System

Acquisition of Green Technology Certification –Green Pavement System Technology for Eco-Friendly Track

Hyundai Engineering acquired green technology certification for its pavement system technology for eco-friendly track at the end of 2011.

The technology involves installing green space in the central part of the track with which the wheels on both sides of the bimodal tram do not come into contact. The technology is a cutting-edge eco-friendly technology with outstanding environmental improvement effect including more than 5% reduction of temperature and more than 10% of scattering dust reduction compared to the existing asphalt pavement. The green technology certification verifies that the government officially acknowledges the technology that minimizes greenhouse gas emission and pollutants discharge. The certification has been introduced in

2010 to activate private sector investment and develop green technology. Firms acquiring green technology certification receive benefits such as preferential treatment in government goods procurement qualification screening, additional points in bids, prepayment increase, preferential screening of patent application, and preferential handling in terms of participation in national R&D projects.

As a kind of new transport system, the bimodal tram system consists of green pavement track, bimodal tram car, operation & management system, and stations. Hyundai Engineering currently has 7 related intellectual property rights in Korea and abroad.



Green Office

5

Carbon Reduction Campaign of
Hyundai Engineering

Recycling of IT Devices (in 2011)

Green HEC 280_{units}

Making an Eco-Friendly Office

Hyundai Engineering implements various energy saving policies and campaigns to realize a green office. These efforts will help employees cultivate green awareness and make a habit of saving energy, and finally allow Hyundai Engineering to evolve as a leading company in green growth.

Green HEC (Hyundai Engineering Company) Campaign

Hyundai Engineering's Junior Committee (JC) wages a Green HEC campaign and endeavors to instill eco-friendliness awareness among employees through various activities. Green HEC is a new motto selected by the 21st-term JC to lead the initiative in reducing carbon emissions in everyday life by saving energy and efficiently using it as members of a company that puts green energy into practice. In 2011, the 21st JC started the Green HEC

Campaign to make it a habit to use mugs and turn off multi-outlet power switch.

Recycling of IT Devices upon Their Replacement

Hyundai Engineering recycles worn-out IT devices that cannot be repaired through IT device recycling companies. In addition, Hyundai Engineering donates worn-out PCs that can still be used to people who are alienated from information and communication services.

IT Equipment Recycling Status

(Unit)			
Year	Donation	Recycling	Total
2009	100	200	300
2010	-	200	200
2011	-	280	280



Green Office Activity

Activity	Details
CoolBiz	Free and simple business dress code in summer season for energy saving • More relax and casual business dress code without tie and suit jacket
Video Conference	Video conference with overseas business sites • Active communication and reduction of GHG emissions caused by business trips
Commuter Bus Operation	Operation of commuter buses • Provision of convenience to employees and decrease of vehicle use

Green Management Performances

6

Direct GHG Emissions at Sites (in 2011)

18,376.2 tCO₂ eq

Number of Environmental Law Violations at Home and Abroad (in 2011)

None

Status of Green Management

Scope of Data Gathering

Hyundai Engineering has collected environmental data related to the main EPC projects that it has implemented. Engineering projects are mostly implemented over several years, and there are differences in construction modes depending on the local

situation. The data collected from each site and business division are converted for the purpose of comparison with annual sales revenue when necessary.

Use of Raw Materials and Energy

Major raw materials used by Hyundai Engineering are ready-mixed concretes,

Collected Data by Business Division

Classification		Country	Year
Process Plant*	TONE	Turkmenistan	2010~2011
	PVTEX	Vietnam	2009~2011
	UONE	UAE	
	MGP	Oman	
	Yeosu P2 MMA**	Korea	2011
	Ochang Thin-film Solar Cell Plant		
Power & Energy Plant***	SIPCO	Thailand	2009~2010
	TEPS		2009~2011
	UCH-II	Pakistan	
	QUDUS	Iraq	
Infrastructure & Environment	AWASE	Equatorial Guinea	2011
	MOHC		
	ENAS-2		
	Ulsan Gangdong Sanha District	Korea	

* In the case of ARZEW and MONE sites, data are not available because the consortium partner is in charge of local construction progress and data control.

** Electricity and water at the Yeosu P2 MMA site cannot be measured because the project client supplies electricity and water.

*** In the case of AMBATOBAY, MBTL, and NPTEL sites, data are not available because the consortium partner is in charge of local construction progress and data control.

aggregates and moulds. To minimize environmental destruction in accordance with the development of replacement moulds and recycled aggregates, Hyundai Engineering is steadily increasing the use of replacement raw materials.

Gasoline and diesel are used as main energy sources and electricity is used as indirect energy at the construction sites. As for head office buildings, electric energy use ratio is higher than other energy sources. Therefore, Hyundai Engineering consistently carries out electric energy saving campaigns.

Water Use and Wastewater Discharge

The construction sites of Hyundai Engineering use water at the construction stage and the test & commissioning of completed process plants and power plants. The wastewater is legally treated according to standards. In particular, devices to reduce pH upon discharged water were installed at Yeosu P2

site, through which wastewater is discharged after pH is adjusted.

Greenhouse Gas (GHG) Emissions

The sources of GHG emissions of Hyundai Engineering are divided into direct fuel consumption to operate construction sites' equipment and generators and indirect fuel consumption by receiving power generated from power plants using fossil fuels. Hyundai Engineering continuously focuses on reducing GHG emissions in the operation stage through applying GHG emissions reduction technology.

Atmospheric Pollutants Emissions

Hyundai Engineering does not discharge ozone layer destroying materials including CFC and HCFC due to the characteristics of the engineering industry. As for atmospheric pollutants, Hyundai Engineering does not wield significant impacts on the atmospheric environment, although a minimal amount of

Collected Environmental Data by Business Division

Classification	Unit	2010	2011	2011
Inflow				
Raw Material	Steel bar	Ton	4,673	13,956
	Ready-mixed concrete	m³	38,491	119,282
	Cement	Ton	29,692	62,331
	Sand	m³	20,054	47,311
	Aggregate		55,847	150,219
	Ascon	Ton	-	10,029
	Wood		3,862	65,699
	Concrete		26,377	11,738
	Others (mould)		16,575	49,768
Energy	Gasoline	MJ	1,800,009	25,848,732
	Diesel		19,406,904	233,550,220
	Kerosene		-	4,489,600
	LPG		417,746	7,393,570
	Electricity		82,609,200	11,801,517,336
Water	Surface water - wetland, river, lake, sea	Ton	105,123	20,709
	Water supply		11,998	45,954
	Underground water		3,000	4,766,793
	Directly collected rainwater		236	158

Nox is discharged in the test & commissioning process.

Waste Discharge

Hyundai Engineering strives to control waste volume by establishing a waste recycling policy overseas as well according to the waste processing policy implemented in Korea. During the sustainability report period, the wastes defined in I, II, III, and VIII of the Annex to the Basel Convention were not generated; neither was there significant hazardous materials discharge.

Environmental Data

In 2011, overall resources consumption, waste discharge and GHG emissions sharply increased compared to the previous year mainly due to the expansion of project volume.

Transport of Products and Raw Materials

At Hyundai Engineering, there was no discharge of harmful materials that seriously affect the environment in relation to the transport of manpower and raw materials. Furthermore, there was no civil petition on noise related to transport during the reporting period. Meanwhile, there were 18 cases of transport accidents during the reporting period at the process plant division. To prevent such accident from recurring, Hyundai Engineering is focusing on further enhancing HSE management.

Transportation Status of Process Plant Division

Classification	2009	2010	2011
Total transportation	28,347Ton /131 cases	97,112Ton /526 cases	129,763Ton /156 cases
Accidents in transportation	-	3 cases	15 cases

Environmental Investment Expenses

Environmental investment expenses include environmental management costs for waste processing and cleaning as well as corrective expense and penalties according to environmental pollutants and harmful materials discharge or leak. Concerning the projects implemented by Hyundai Engineering, there are neither overseas leaks pursuant to the Basel Convention nor violation of domestic and international laws and regulations. Therefore, the environmental investment expenses were entirely used for environmental management.

Environmental Investments at Sites in 2011

(KRW in billions)		
Site	Environmental Investments	
Power & Energy Plant	TEPS, Thailand	1.99
	PVTEX, VIETNAM	0.09
	UONE, UAE	0.19
Process Plant	P2, MMA, Korea	0.96
	Ochang Thin-film Solar Cell Plant, Korea	0.11
Infrastructure & Environment	Ulsan Gangdong Sanha District, Korea	4.75

Classification		Unit	2010	2011
Outflow				
GHG	Scope 1	tCO ₂ eq	1,468.8	18,376.2
	Scope 2	m ³	4,572.7	616,957.1
Waste water	Discharge		3,500	2,886,611
	Entrusted treatment		1,855	39,151
Wastes	Self-treatment	Ton	-	138
	Recycling		432	37,671

* Although Hyundai Engineering consumed 1,400N of gas for welding at the UAE UONE site, it was not included in the GHG emissions since calculation was impossible.

* Data gathering scope: Based on the sites, where data gathering is possible (see page 79)

Performances in Social Responsibility Activities

Awarded the 2011 Seoul City Volunteer Service Prize

Hyundai Engineering received the Grand Prize at the "2011 Seoul City Volunteer Awards" from Seoul City in October 2011. All executives and employees of Hyundai Engineering have been committed to conducting social contribution activities such as delivery of goods and donations to the disabled and low-income families and afterschool classes for underprivileged children and adolescents. Their sincere efforts and activities were highly recognized by Seoul City, which resulted in receiving the best volunteer service prize.

This award has been given by Seoul City and Hankook Ilbo since 1989 to model citizens and organizations who have voluntarily contributed to the development of local society. Seoul City selected the prize winners through strict screening by the Voluntary Service Deliberation Committee targeting citizens and organizations recommended by autonomous counties since July. Hyundai Engineering was recommended both by the Shinmok General Welfare Center and Yangcheon General Welfare Center for Disabled People.



Membership to UNGC

Hyundai Engineering became the first Korean engineering company to be a member of the UN Global Compact (UNGC), an international agreement body, in June 2011.

UNGC is an international agreement made by former UN Secretary-General Kofi Annan to support corporate social responsibility and promote the fulfillment of such responsibility. UNGC consists of 10 principles in 4 sectors: human rights, labor, environment, and anti-corruption.

Hyundai Engineering strives to comply with UNGC throughout management activities and reports the status of compliance with the 10 top principles through the sustainability report. The company has secured public confidence for sustainability management activities internally and externally through membership to UNGC. Hyundai Engineering will do its best to establish the systematic foundation of CSR activities.



UNGC's 10 Principles

Category	Principle	GRI	Page
Human Rights	1. We support and respect the protection internationally proclaimed human rights.	HR1 HR2 HR3 HR4 HR5 HR6 HR7 HR8 HR9	26~27, 44~49, 51, 61
	2. We make sure that we are not complicit rights abuses.	HR1 HR2 HR8	44~47
	3. We uphold the freedom of association and to collective bargaining.	HR5 LA4 LA5	61
Labor	4. We eliminate all forms of forced and compulsory labor.	HR7	51
	5. We effectively abolish child labor.	HR6	51
	6. We eliminate discrimination in respect employment and occupation.	HR4 LA2 LA10 LA13 LA14	22~23, 51, 53
Environment	7. We support a precautionary approach to environmental challenges.	4.11	24~25
	8. We undertake initiatives to promote greater environmental responsibility.	EN2 EN5 EN6 EN7 EN10 EN13 EN14 EN18 EN21 EN22 EN26 EN27 EN30	72~81
	9. We encourage the development and diffusion environmentally friendly technologies.	EN2 EN5 EN6 EN7 EN10 EN18 EN26 EN27	72~81
Anti-corruption	10. We work against corruption in all its forms, including extortion and bribery.	SO2 SO3 SO4	26~27, 47



HYUNDAI Engineering



Goal #2: Achieve universal primary education

As a global engineering company, Hyundai Engineering provides total engineering solution to its customers. With its core competency in engineering and experienced staff, Hyundai Engineering now performs over 80 projects in 26 countries and more than 80% of its revenues are derived from overseas projects.

Future Dreams into Reality

Hyundai Engineering's efforts to meet Millennium Development Goals (MDGs) are focused on on-site management under the supervision of "Social Contribution Team" at headquarters. Sites employees voluntarily and appropriately figure out the way of contribution to the local community.

The main issues of Hyundai Engineering's social contribution lie on children development including primary education (MDGs #2) as well as nourishment, and it is in line with the aim of engineering industry: actualize "Future dreams into reality".

"Dedication to Children's Daily Life Support"

Hyundai Engineering makes its contribution through diverse means: local community support in Mongomo city, water supply and sewerage project site and the branch office in Batam city, school commodity donations (desks, chairs, art supplies and soccer balls, etc.) in Equatorial Guinea. In Turkmenistan, Hyundai Engineering donated daily goods which include dish wares, clothes, basins and dried milk to disabled children's facilities, which are located near the desulfurization project site in Yuloten city. We have a plan to expand social contribution continuously.

In Malaysia, Hyundai Engineering made donation to orphanage near its gas plant project site in Kuala Lumpur.



"Holistic Education"

Hyundai Engineering established a children center in a small village in Cambodia with Global Vision, an international private aid agency, by financially supporting their plans. At that time, the circumstance around the village was unsanitary and poor, and the children in the village were dependent on drugs and forced to practice prostitution instead of going to school. The school, made with two wooden buildings and one restroom building, has been inspiring hope for children and their families.



Hyundai Engineering: Everyone's Future Dreams into Reality

Hyundai Engineering consistently makes efforts to improve the quality of lives of children and others in developing countries.

For example, in Equatorial Guinea, Hyundai Engineering donated a resting place, which was named Friendship Park, to enrich local community.

In 2009, when the typhoon Ketsana swept Vietnam, our employees hastily carried out the helped victims and 70 people were placed to a shelter. We also donated \$6,000 to help repair the damage.

Hyundai Engineering will keep working on social contributions to achieve Millennium Development Goals through successive and systematic supports.



Contained in the Performance Casebook of Millennium Development Goals (MDGs)

UNGC Korea Network has published the casebook containing each company's performances of MDGs since 2011. MDGs are goals that all mankind have agreed to achieve by the year 2012 in order to eradicate extreme poverty and hunger and secure sustainable development in the international community.

The casebook contains global social contribution activities of 22 Korean companies including Hyundai Motor Company and it was promoted at Rio +20 UN Conference on Sustainable Development and Corporate Sustainability Forum. It also contains Hyundai Engineering's voluntary supports for the improvement of living environment and education services at its overseas business sites.

Awarded Employees of Merit for the Four-River Restoration Project

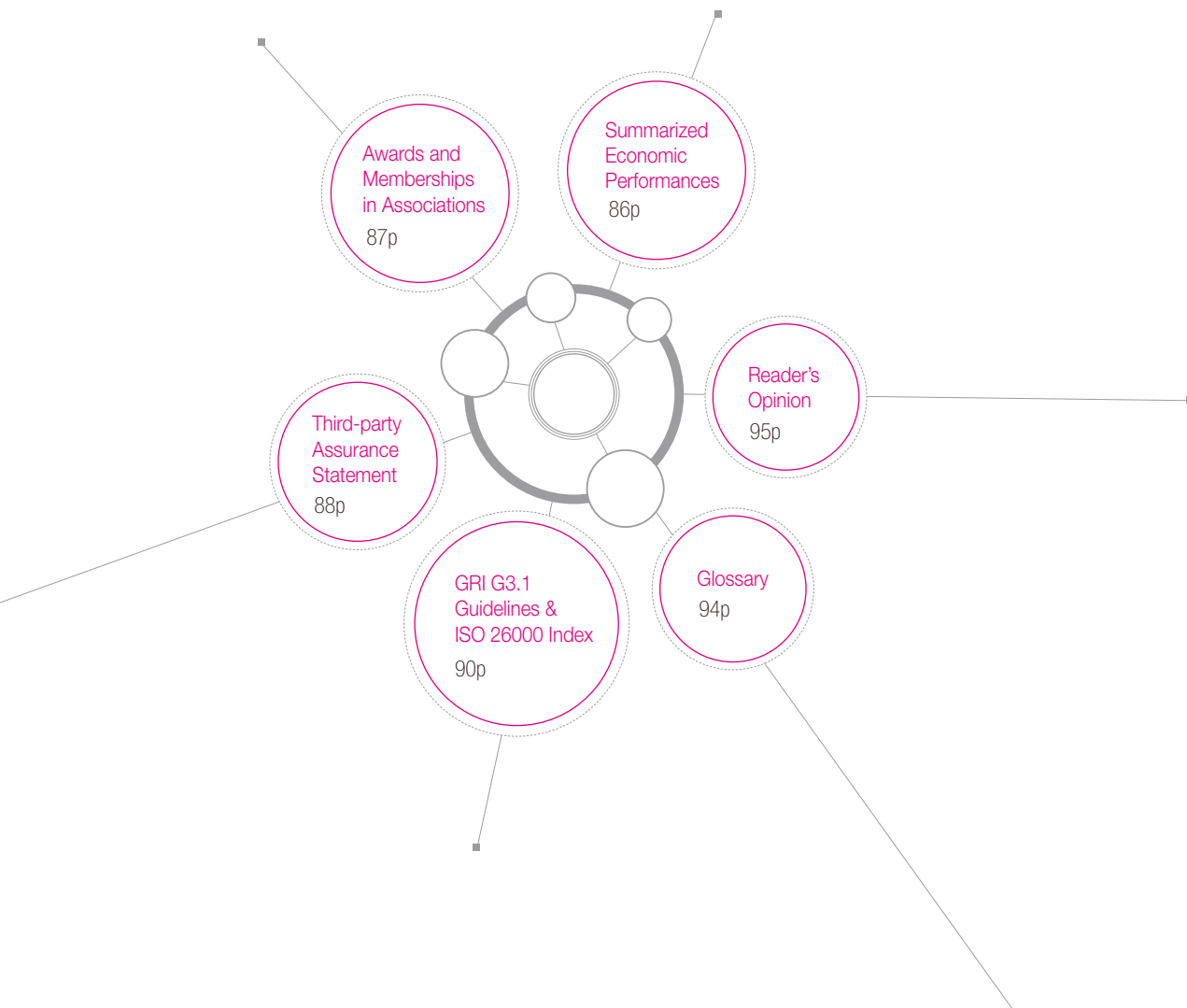
With regard to government-led Four-River Restoration Project, employees of Hyundai Engineering were awarded a prize by the Busan Regional Construction Management Administration in November 2011.

Employees of the Infrastructure & Environmental Division actively participated in the Nakdong River Restoration Project (Zones 21 and 26) and newly devised the Riverbed Cleaning Work (Dredging Work) design book. Their efforts and performances laid the foundation for working designs of the Four-River Restoration Project, and they were recognized for the contribution to the restoration of Nakdong River.

Hyundai Engineering is striving to preserve the beautiful national territory by actively engaging in making ecological rivers through the design and environmental impact evaluation of the Four-River Restoration Project.

Appendix

Nothing is more important than a passion to make the future dream into a reality.
With great passion for the future, Hyundai Engineering will continue to advance
toward the world and stand tall.





Summarized Economic Performances

Summarized Financial Position

(Unit: KRW, Consolidated)

Classification	2010	2011
Current assets	1,036,441,924,884	1,157,364,414,577
Non-current assets	106,670,920,509	174,972,496,463
Total assets	1,143,112,845,393	1,332,336,911,040
Current liabilities	740,316,621,791	795,318,606,066
Non-current liabilities	24,948,411,048	10,215,330,507
Total liabilities	765,265,032,839	805,533,936,573
Capital stock	20,215,000,000	20,215,000,000
Other paid-in capital	2,227,597,908	2,227,597,908
Other equities	1,071,436,571	1,155,317,169
Retained earnings	354,236,861,856	503,108,082,819
Non-controlling interest	96,916,219	96,976,571
Total equity	377,847,812,554	526,802,974,467
Total liabilities and equity	1,143,112,845,393	1,332,336,911,040

Summarized Income Statements

(Unit: KRW, Consolidated)

Classification	2010	2011
Sales	1,237,177,835,897	1,662,886,050,958
Cost of sales	991,394,325,903	1,409,942,516,688
Gross income	245,783,509,994	252,943,534,270
Selling and administrative expenses	59,395,212,342	59,977,592,450
Other operating income	33,520,333,301	52,030,665,337
Other operating expenses	60,738,146,073	52,536,098,703
Operating income	159,170,484,880	192,460,508,454
Gain (loss) on equity method investment	(431,816,332)	-
Finance income	14,416,058,937	15,015,082,585
Finance costs	6,848,603,139	2,886,217,623
Net income before income tax	166,306,124,346	204,589,373,416
Income tax expenses	35,012,224,268	46,368,569,197
Net income	131,293,900,078	158,220,804,219

Awards and Memberships in Associations

Awards

(2010~2011)

Category	Awards	Date	Institution
1	Grand Prize at '2011 Seoul Volunteer Service Award' (Group Sector)	2011.10.28	Government
2	Grand Prix at '2010/2011 International Public Design Award' (Traffic Safety Sector)	2011.10.25	Public Design Support Foundation
3	Employment & Labor Minister Prize at 2010 Korea Communication Award	2010.12.09	Corporate Magazine Association
4	USD 500 Million Export Tower at 47th Trade Day	2010.11.30	Korea International Trade Association
5	No.1 in Korean Sustainability Index (Engineering Sector)	2010.11.16	Korea Standards Association KDI School of Public Policy & Management
6	Platinum Pipe Awards at Intergraph 2010 User Conference	2010.09.04	Intergraph
7	Achievement Plaque for the completion of Dung Quat polypropylene production facilities, Vietnamese first petrochemical plant	2010.08.25	Vietnam Government
8	Tin Tower Order of Industrial Service Merit at 44th Taxpayer's Day	2010.03.03	Government

Association Membership

Korea Atomic Industrial Forum	Korea Project Management Association	Korea River Association
Environmental Affairs Evaluation Conference	Korea Water & Wastewater Association	The Korea Railway Association
Korea Disaster Prevention Association	Korea Desalination Association	Korea International Trade Association
Korea Association of Surveying & Mapping	Korea Facilities Maintenance Association	Korea Fire Safety Association
Korea International Communication Contractors Association	Korea Fire Facility Association	Construction Association of Korea
Korea Electrical Construction Association	Korea Engineering & Consulting Association	Korea Construction Consulting Engineers Association
International Construction Association of Korea	Korea Radioactive Waste Society	Korea Wind Energy Industry Conference
Korea Industrial Technology Association	Korean Foundation for Quality	Seoul Chamber of Commerce & Industry
Korea Association of Traffic Impact Assessment	Korea Gas Union	The Federation of Korean Industries
Korea Electric Engineers Association	Korea Construction Engineers Association	

Third-party Assurance Statement

INTRODUCTION

Det Norske Veritas Certification Ltd. (hereinafter referred to as 'DNV') has been commissioned to carry out assurance engagement on Hyundai Engineering Co., Ltd. (hereinafter referred to as 'Hyundai Engineering') 2010, 2011 Sustainability Report (hereinafter referred to as 'the Report'). This engagement focused on the information provided in the Report and the underlying management and reporting processes.

This Assurance Statement is intended for the readers of the Hyundai Engineering's Sustainability Report. Hyundai Engineering is responsible for the collection, analysis, aggregation and presentation of all information within the Report. DNV's responsibility regarding this Assurance engagement is to the management of Hyundai Engineering only, in accordance with terms of reference and scope of work agreed. DNV disclaims any liability or responsibility to a third-party for any decisions, whether investment or otherwise, based upon this Assurance Statement.

SCOPE OF ASSURANCE

This Assurance Engagement covered data from calendar year 2010~2011. The scope of DNV's Assurance Engagement, as agreed with Hyundai Engineering included the verification of:

- Sustainability policy, goals, initiatives, practices and performance for calendar year 2010~2011, as described in the Report. These were verified at company level.
- Health & Safety, Social and Environmental data management systems, and associated processes and tools for collecting, analysing, aggregating and reporting quantitative and qualitative information provided in the Report.
- Processes for defining the boundaries, focus and content of the Report. (Limited to Head office and project sites)
- Review of the extent to which the principles and requirements of the Global Reporting Initiative (GRI) Guidelines for Sustainability Reporting (GRI G3.1) and Construction and Real Estate Sector Supplement are reflected in the Report.
- The extent to which the principles of Materiality, Inclusivity and Responsiveness are adopted, and the reliability of the information within the Report for calendar year 2010~2011 was verified to a moderate level assurance.

Hyundai Engineering's reporting boundaries include all operations over which HYUNDAI ENGINEERING's management exercises significant control.

LIMITATIONS

The engagement excluded the sustainability management, performance and reporting practices of HYUNDAI ENGINEERING's suppliers, contractors and any third-parties mentioned in the Report. DNV did not interview external stakeholders as part of this Assurance Engagement. Economic performances including financial data were cross-checked at head-office with internal documents and the financial statements audited by another 3rd party. The assurance statement on the financial statements issued by another 3rd Party is also provided in the Report.

STATEMENT OF COMPETENCE AND INDEPENDENCE

DNV provides sustainability risk management services through specialists worldwide. This engagement was undertaken by a multi-disciplinary team of suitably qualified and experienced sustainability professionals. DNV was not involved in the preparation of any information presented in the Report. DNV did not provide any services to HYUNDAI ENGINEERING in 2010~2012 that could compromise the independence or impartiality of our work.

VERIFICATION METHODOLOGY

This Assurance Engagement was carried out from June 2012, and in accordance with the DNV Protocol for Verification of Sustainability Reporting.

In reaching our conclusion, we have undertaken the following work;

- Visited Hyundai Engineering's Head office in Seoul of Korea;
- Examined relevant documents, data and other information requested by DNV and made available by Hyundai Engineering
- Reviewed the mechanisms implemented by Hyundai Engineering to promote and oversee its sustainability-related policies as described in the Report;
- Reviewed a selection of internal communication and external media reports relating to Hyundai Engineering's sustainability management approach, performance and adherence to its policies;
- Analysed sustainability data management systems, assessing specific data and information reported: The assessment of reliability of data and information was

based on explicit assertions regarding sustainability performance on material issues and included a review of their completeness and accuracy. It included a review of the methods, practices and tools used in the collection, aggregation, analysis, internal quality control and reporting of the data and information. DNV's assessment also included; high-level trend analysis; the identification and significant changes in performance from the previous reporting; a review of data traceability; and record checks at different stages in the data flows.

CONCLUSIONS

In DNV's opinion, and based on the scope of this Assurance Engagement, the Report provides a reliable and fair representation of Hyundai Engineering's sustainability strategy, policy, practices and performance in 2010, 2011.

Regarding the level of adherence to reporting principles, we conclude the following:

Inclusivity and Responsiveness: HYUNDAI ENGINEERING has engaged with a wide range of stakeholders regarding sustainability issues via survey. 6 main stakeholder groups (employees, customers, partners, community, shareholders/investors, government/media/association) are identified with the reason of being selected and the communication processes for respective groups in the Report. Stakeholders' views, interests and expectations sought from the survey are considered in the preparation of the Report and in the formulation of HYUNDAI ENGINEERING's sustainability management approach. The Report provides insight into the organization's relationships with its key stakeholders and how and to what extent the organization understands, takes into account and responds to their needs.

Materiality: The Report generally provides an account of performance on the issues that are most significant to HYUNDAI ENGINEERING's activities and which are most relevant to its stakeholders. The material issues were identified and prioritised based upon the stakeholders' opinion sought by survey. However HYUNDAI ENGINEERING needs to make full use of identified engagement measures with the stakeholders in order to reflect their concerns and expectations into the sustainable management.

Reliability: No material errors have been detected for data and information verified. Information in the Report is presented so as to allow comparison of year-on-year performance.

Completeness: Within the reporting boundary and scope defined by HYUNDAI ENGINEERING, we conclude that the Report does not omit information that would significantly influence stakeholders' decisions. More efforts to improve reporting on the performance from overseas project need to be made.

Neutrality: In general the Report provides a fair and balanced representation of HYUNDAI ENGINEERING's approach and performance in 2010~2011.

OPPORTUNITIES FOR IMPROVEMENT

The following is an excerpt from the observations and opportunities reported to HYUNDAI ENGINEERING management. However, these do not affect our conclusions on the Report and are provided to encourage continual improvement.

- To establish key processes for issuing the sustainability report, and documented procedures specifying R&R for KPI of sustainability.
- To establish data management system linked with Intranet and/or ERP system for the Report to ensure its accuracy and reliability.
- To actively reflect stakeholders' opinions collected from the engagement activities as defined in the report
- To actively collect and reflect outside stakeholders' opinions with the regularly meeting or forum.
- To expand sustainability management to subcontractors.
- To consider developing consistent data collection process from overseas project.



Seoul, Korea
29 June 2012

Young Keun Kim
Lead Verifier

In Kyoon Ahn
Country Manager

GRI G3.1 Guideline & ISO 26000 Index

● Reported ◐ Partially Reported ○ Not Reported N/A Not Applicable

Indicator	Description	ISO 26000	Page	Status	Remarks
Profile					
Strategy and Analysis					
1.1	Statement from most senior decision-maker in organization	6.2	6-7	●	
1.2	Description of key impacts, risks, and opportunities	6.2	15, 24-25	●	
Organizational Profile					
2.1	Name of organization	6.2	8-9	●	
2.2	Primary brands, products, and/or services		12-4	●	
2.3	Operational structure		9	●	
2.4	Location of organization's headquarters		About this Report	●	
2.5	Location of overseas branch offices and sites		8-9	●	
2.6	Nature of ownership and legal form		23	●	
2.7	Markets served		12-13	●	
2.8	Scale of the reporting organization		8-9	●	
2.9	Significant changes during reporting period regarding size, structure, or ownership		2-3, 23	●	
2.10	Awards received in reporting period		87	●	
Report Parameters					
3.1	Reporting period		About this Report	●	
3.2	Date of most recent previous report (if any)		About this Report	●	
3.3	Reporting cycle (annual, biennial, etc.)		About this Report	●	
3.4	Contact point for questions regarding the report or its contents		About this Report	●	
3.5	Process for defining report content		16-17	●	
3.6	Boundaries of report		About this Report	●	
3.7	State any specific limitations on the scope or boundary of report		About this Report	●	
3.8	Basis for reporting on comparability from period to period and/or between organizations		—	N/A	
3.9	Data measurement techniques and bases of calculations for data, including performance index		—	N/A	
3.10	Explanation of the effects of & reasons for any re-statements of information provided in earlier reports		—	N/A	
3.11	Significant changes from previous reporting periods applied in the report		—	N/A	
3.12	Table identifying the location of the Standard Disclosures in the report		90-93	●	
3.13	Policy and current practices with regard to seeking external assurances for the report	7.5.3	88-89	●	
Governance, Commitments, and Engagement					
4.1	Governance of organization	6.2	22-23	●	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer		22-23	●	
4.3	Number of members of highest governance body that are independent and/or non-executive members		22-23	●	
4.4	Mechanisms for shareholders and employees to provide recommendations or directions to highest governance body		22-23, 61-63	●	
4.5	Compensation for members of highest governance body, senior managers, and executives		22-23	●	
4.6	Processes in place for highest governance body to ensure conflicts of interest are avoided		22-23	●	
4.7	Process for determining the qualifications and expertise of the members of the highest governance body		22-23	●	
4.8	Internally developed statements of mission or values, codes of conduct, and principles		10	●	
4.9	Procedures of highest governance body for management of economic, environmental, and social performances		22-23	●	
4.10	Processes for evaluating highest governance body's own performance		22-23	●	
4.11	Whether and how the precautionary approach or principle is addressed by the organization		24-25	●	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives		82	●	
4.13	Membership in associations and/or national/international advocacy organizations		87	●	
4.14	List of stakeholder groups engaged by the organization		15	●	
4.15	Bases for identification and selection of stakeholders with whom to engage		15	◐	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and stakeholder group		15-17	●	
4.17	Key topics and concerns raised through stakeholder engagement, and responses to them		15-17	●	

Indicator	Description	ISO 26000	Page	Status	Remarks
Economic Disclosure on Management Approach			21	●	
EC1	Direct economic value generated and distributed	6.8, 6.8.36.8.7, 6.8.9	28-29	●	
EC2	Financial implications and other risks and opportunities for organization's activities due to climate change	6.5.5	25, 38-41, 72-81	●	
EC3	Coverage of organization's defined benefit plan obligations		55	●	
EC4	Significant financial assistance received from governments		—	N/A	
EC5	Range of ratios of standard entry-level wages compared to local minimum wage at significant locations of operation	6.4.4, 6.8	51	●	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	6.6.6, 6.86.8.5, 6.8.7	42-47	●	
EC7	Process of hiring local workers preferably and percentages of locally-hired high-ranking managers	6.8, 6.8, 56.8.7	51, 55-56	●	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	6.3.9, 6.8, 6.8.3, 6.8.4, 6.8.5, 6.8.6, 6.8.7, 6.8.9	29, 71	●	
EC9	Understanding and describing significant indirect economic impacts	6.3.9, 6.6.6, 6.6.7, 6.7.8, 6.8, 6.8.5, 6.8.6, 6.8.7, 6.8.9	29	●	
Environmental Disclosure on Management Approach			65, 72-73	●	
EN1	Materials used by weight or volume	6.5, 6.5.4	72-81	●	
EN2	Percentage of materials used that are recycled input materials		72-81	●	
EN3	Direct energy consumption by primary energy source		72-81	●	
EN4	Indirect energy consumption by primary source		72-81	●	
EN5	Energy saved due to conservation and efficiency improvements		72-81	●	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives or services more widely used		72-81	●	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved		72-81	●	
EN8	Total water withdrawal by source		72-81	●	
EN9	Water sources significantly affected by withdrawal of water		—	N/A	
EN10	Percentage and total volume of water recycled and reused		72-81	●	
EN11	Location and size of land owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity managed by us	6.5, 6.5.6	—	N/A	
EN12	Description of significant impacts of activities, products, and services on biodiversity biological diversity		—	N/A	
EN13	Habitats protected or restored		—	N/A	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity		73	●	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk and the government and living in the areas affected by our business activities		73	●	
EN16	Total direct and indirect greenhouse gas emissions by weight	6.5, 6.5.5	72-81	●	
EN17	Other relevant indirect greenhouse gas emissions by weight		72-81	●	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved		72-81	●	
EN19	Emissions of ozone-depleting substances by weight	6.5, 6.5.3	—	N/A	
EN20	NOx, SOx, and other significant air emissions by type and weight		—	N/A	
EN21	Total water discharge by quality and destination		72-81	●	
EN22	Total weight of waste by type and disposal method		72-81	●	
EN23	Total number and volume of significant spills		—	N/A	
EN24	Weight of transported, imported, exported, or treated wastes deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII Annex of Basel Convention		—	N/A	
EN25	Name of water bodies significantly affected by the reporting organization's discharges of water and runoff protection states, protection levels and biological diversity value of related habitats	6.5, 6.5.4, 6.5.6	—	N/A	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	6.5, 6.5.4, 6.6.6, 6.7.5	72-81	●	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	6.5, 6.5.4, 6.7.5	—	N/A	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	6.5	72-81	●	
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations and transporting members of the workforce	6.5, 6.5.4, 6.6.6	72-81	●	
EN30	Total environmental protection expenditures and investments by type	6.5	72-81	●	

GRI G3.1 Guideline & ISO 26000 Index

● Reported ● Partially Reported ○ Not Reported N/A Not Applicable

Indicator	Description	ISO 26000	Page	Status	Remarks
Labor Disclosure on Management Approach		6.2, 6.4, 6.3.10	49	●	
LA1	Total workforce by employment type, employment contract, and region	6.4, 6.4.3	51	●	
LA2	Total number and rate of employee turnover by age group, gender, and region		51	●	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.4, 6.4.3, 6.4.4	52-61	●	
LA4	Percentage of employees covered by collective bargaining agreements	6.4, 6.4.3, 6.4.4 6.4.5, 6.3.10	61	●	
LA5	Minimum notice period(s) regarding significant operational changes	6.4, 6.4.3, 6.4.4, 6.4.5	61	●	
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees	6.4, 6.4.6	58-61	●	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities		57	●	
LA8	Education, training, prevention, and risk-control programs to assist workforce members, their families, or community members family members and local residents deal with serious diseases	6.4, 6.4.6, 6.8, 6.8.3 6.8.4, 6.8.8	58-60, 67-70	●	
LA9	Health and safety topics covered in formal agreements with labor unions	6.4, 6.4.6	61	●	
LA10	Average hours of training per year per employee	6.4, 6.4.7	53	●	
LA11	Programs for skills management and lifelong learning for continued employability and managing career endings	6.4, 6.4.7, 6.8.5	53	●	
LA12	Percentage of employees receiving regular performance and career development reviews	6.4, 6.4.7	53	●	
LA13	Composition of governance bodies and breakdown of employees per category by indicators of diversity	6.3.7, 6.3.10, 6.4, 6.4.3	22-23	●	
LA14	Ratio of basic salary of men to women by employee category	6.3.7, 6.3.10, 6.4, 6.4.3, 6.4.4	51	●	
LA15	Return to work and retention rates after parental leave		57	●	
Human Rights Disclosure on Management Approach		6.2, 6.3	43, 49	●	
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	6.3, 6.3.3, 6.3.5, 6.6.6	44-47	●	
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights	6.3, 6.3.3, 6.3.5, 6.4.3, 6.6.6	44-47	●	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including percentage of employees trained	6.3, 6.3.5	27	●	
HR4	Total number of incidents of discrimination, and actions taken	6.3, 6.3.6, 6.3.7, 6.3.10, 6.4.3	51	●	
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk	6.3, 6.3.3, 6.3.4, 6.3.5, 6.3.8, 6.3.10, 6.4.3, 6.4.5	61	●	
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken	6.3, 6.3.3, 6.3.4, 6.3.5, 6.3.7, 6.3.10	51	●	
HR7	Operations identified as having significant risk for incidents of forced labor, and measures taken	6.3, 6.3.3, 6.3.4, 6.3.5, 6.3.7, 6.3.10	51	●	
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning human rights relevant to operations	6.3, 6.3.5, 6.4.3, 6.6.6	—	N/A	
HR9	Total number of incidents of violations involving rights of indigenous peoples, and actions taken	6.3, 6.3.6, 6.3.7, 6.3.8, 6.6.7	—	●	
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments		—	●	
HR11	Number of complaints related human rights that are filed, dealt with, and resolved through the official complaint registration channel		26-27, 44-47	●	

Indicator	Description	ISO 26000	Page	Status	Remarks
Society Disclosure on Management Approach		6.2, 6.6, 6.8	65	●	
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	6.3.9, 6.8, 6.8.5, 6.8.7, 6.6.7	66-71	●	
SO2	Percentage and total number of business units analyzed for risks related to corruption	6.6, 6.6.3	26-27	●	
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures		27, 47	●	
SO4	Actions taken in response to incidents of corruption		—	N/A	
SO5	Public policy positions and participation in public policy development and lobbying	6.6, 6.6.4	—	N/A	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions, by country	6.8.3	—	N/A	
SO7	Total number of legal actions for anti-competitive behavior and monopoly practices, and outcomes	6.6, 6.6.5, 6.6.7	46-47	●	
SO8	Monetary value of significant fines, and total number of non-monetary sanctions for non-compliance with laws and regulations	6.6, 6.6.7, 6.8.7	46-47	●	
SO9	Operations with significant potential or actual negative impacts on local communities	6.3.9, 6.8, 6.8.5, 6.8.7, 6.6.7	66-81	●	
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	6.3.9, 6.8, 6.8.5, 6.8.7, 6.6.7	66-81	●	
Product Responsibility Disclosure on Management Approach		6.2, 6.6, 6.7	33	●	
PR1	Life cycle stages in which health and safety impacts of products and services are assessed, and percentage of significant products and services subject to such procedures	6.3.9, 6.6.6, 6.7, 6.7.4	—	N/A	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	6.7.5	58-60	●	
PR3	Type of product and service information required by procedures, and percentage of products and services subject to such information requirements	6.7, 6.7.3, 6.7.4, 6.7.5	—	N/A	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling	6.7.6, 6.7.9	34-39	●	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	6.7, 6.7.4, 6.7.5, 6.7.6, 6.7.8, 6.7.9	34-39	●	
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications	6.7, 6.7.3, 6.7.6, 6.7.9	34-39	●	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications		34-39	●	
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	6.7, 6.7.7	34-39	●	
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning provision of products and services	6.7, 6.7.6	28-29, 34-39, 46-47	●	
Construction and Real Estate Sector Supplement (CRESS)					
CRE1	Building energy intensity		28, 51, 80-81	●	
CRE2	Building water intensity		28, 51, 80-81	●	
CRE3	Greenhouse gas intensity from buildings		28, 51, 80-81	●	
CRE4	Greenhouse gas emissions intensity from new construction and redevelopment activity		28, 51, 80-81	●	
CRE5	Land and other assets remediated and in need of remediation for the existing or intended land use according to applicable legal designations		—	●	
CRE6	Percentage of the organization operating in verified compliance with an internationally recognized health and safety management system		59	●	
CRE7	Number of persons voluntarily and involuntarily displaced and/or resettled by development, broken down by project		—	●	
CRE8	Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation, and redevelopment		37	●	

* Hyundai Engineering's sustainability report meets all requirements of Level A+ at the level of reporting indicators in the GRI G3.1 guidelines.
Also, a third-party verifier and the application level checking of GRI have confirmed that this report is appropriate for A+ in the application levels of the G3.1 guidelines.

Glossary

Sustainability Management

AA1000 (Assurance Standard)	A verification standard that enhances the reliability of sustainability reports developed by AccountAbility, an English non-profit organization related to sustainability management
Materiality Test	A comprehensive analysis of major issues deduced through stakeholder communication and internal issues relevant to sustainability management according to importance priorities of internal/external issues
GRI (Global Reporting Initiative)	An organization established by UNEP in 1997 to develop the guideline of 'Sustainability Report'
UNGC (United Nations Global Compact)	A voluntary UN affiliated organization which the former secretary of UN, Kofi Annan, used to induce the world economic leaders to participate. The agreement is consisted of total 10 principles which regulates organizational responsibilities on human rights, labor, environment and anti-corruption sectors.
Environmental Impact Assessment	A policy to primarily evaluate the environmental impacts of various development businesses. Includes review, analysis, and evaluation procedures to minimize environmental destruction and maximize the potential of environmentally healthy and sustainable development
SOx : Sulphur Oxides	Sulfur or the sulfuric compounds emitted into the air produced in the process of combustion, production and treatment
NOx : Nitrogen Oxides	Nitrogen Oxides emitted into the air during combustion, production and treatment processes
GHG (Greenhouse Gases)	A type of gas causing greenhouse effect. The 6 greenhouse gases assigned by the WRI/WBCSD are carbon dioxide (CO ₂), Methane (CH ₄), Nitrous Oxide (N ₂ O), Perfluorocarbons (PFCs), Hydrofluorocarbon (HFCs), Sulfur hexa-fluoride(SF ₆)
New renewable Energy	A concept including new energy sources like hydrogen, fuel cells, coal liquefaction gas, solar heat, sunlight, bio-energy, wind power, hydropower, geothermy and bio gas

Engineering Business

EPC (Engineering, Procurement & Construction)	Turnkey base project encompassing all processes including design, purchase and construction
Slag	A byproduct produced in the refining process to treat impurities in metals of minerals, or other metal working and burning process. Prevents oxidation of the metal surface by floating up to the surface of molten metal. The produced slag is divided as blast furnace slag and steel slag. It is used as cement raw materials, concrete, pavement materials, sources of phosphate fertilizer
Ascon	An Abbreviation of Asphalt Concrete, a mixture of asphalt and aggregates (sand and pebbles) or pavement filler (mineral filler) heated or mixed at room temperature
HSE	An abbreviation of Environment, Safety and Environment
ISO 14001	Refers to Environmental Management System, requirements for consistent environmental improvements set by International Organization of Standardization(ISO)
OHSAS 18001	A minimum requirement standard to liberally prevent industrial accidents for an organization through health and safety management system by finding out the risk factors and consistently managing them

Reader's Opinion

Hyundai Engineering would like to hear the valuable opinion of all stakeholders in order to further improve future Social Responsibility Reports. Please fill out the following questionnaire and send it to e-mail or telephone and fax numbers below.

Tel 82-2-2166-3824
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e-mail heccsr@hec.co.kr

1. What is your profession?

① Customer ② Vendor ③ Local Community ④ Government ⑤ NGO ⑥ Employee ⑦ Other ()

2. Through what channel did you get this report?

① HEC Website ② Newspaper/Magazine ③ Seminar/Lecture ④ Employee ⑤ Other ()

3. What are your major areas of interest in this report?

① Introduction ② Management ③ Customers ④ Vendors ⑤ Employees ⑥ Local Communities

4. If there is any section that requires supplementing or improving, which section is it?

① Introduction ② Management ③ Customers ④ Vendors ⑤ Employees ⑥ Local Communities

5. How would you rate this report on the following aspect?

	Very Much	Yes	Moderately Agree	Disagree	Totally Disagree
Contents are easy to understand.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Report structure is clear.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
It provides enough and valuable information about material issues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Contents are reliable.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Design is good and helps understand the contents.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

6. After reading the Report, have your thoughts on Hyundai Engineering changed?

① It changed for the better ② It did not change ③ It changed for the worse

7. Please share your ideas or thoughts if there are material issues to be presented.



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