

2013

HYUNDAI ENGINEERING & CONSTRUCTION
SUSTAINABILITY REPORT

WE BUILD TOMORROW



ABOUT THIS REPORT

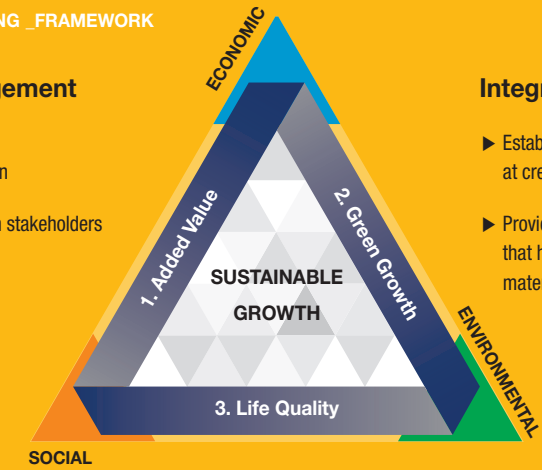
Integrated Reporting

Hyundai E&C has published its sustainability report in an integrated format since 2011. Through integrated reporting, we were able to better understand the impact of our sustainability management on the company as a whole as well as our society. Furthermore, we were able to render interrelationship of economy, environment, and society and add depth to corporate reporting. In order to enhance corporations' integrated reporting capability, Hyundai E&C is participating in the Integrated Reporting Pilot Program managed by the International Integrated Reporting Council (IIRC). Ultimately, we aim to become a global leader of integrated reporting.

INTEGRATED REPORTING _FRAMEWORK

Integrated Engagement

- ▶ Integrate financial and non-financial information
- ▶ Receive comments from stakeholders



Integrated Strategy

- ▶ Establish management strategies aimed at creating long-term values
- ▶ Provide concise and credible information that has taken into consideration materiality

1. Added Value

- Create jobs and induce production in the newly entered regions as results of international expansion
- Reinforce competitiveness from higher quality by actively supporting partner companies
- Improve productivity through fair performance appraisal of employees

2. Green Growth

- Analyze per-KRW value of environmental performance linked to economic performance data
- Achieve business opportunities from green R&D activities
- Diversify portfolio by pioneering green markets

3. Life Quality

- Improve quality of life by establishing and operating the green management system
- Grow together in a sustainable manner through establishment of green supply chain
- Enhance employees' capabilities through environmental education

About This Report

Reporting Standard | This report has been prepared based on the Global Reporting Initiative (GRI) G3.1 Guidelines and the Construction & Real Estate Sector Supplement. This report also reflects the ten principles of the UN Global Compact and the main agenda of ISO 26000. Financial statements have been prepared based on the Korean International Financial Reporting Standards (K-IFRS).

Reporting Period & Scope | This report covers Hyundai E&C's economic, environmental, and social activities and performance of the head office as well as domestic and overseas sites from January 1, 2012 to December 31, 2012. In addition, we partially included activities and performance from 2013. The scope of quantitative data related to environmental and social activities is mainly focused on performance of the head office and domestic sites.

Assurance | In order to ensure credibility of the Sustainability Report, an independent assurance and the GRI Application Level Check have been carried out, the results of which are available on pages 80 through 86 of this report.

WE BUILD TOMORROW

The Passion of Each and Every Member of Hyundai E&C is
Creating a Sustainable Tomorrow.

Civil Works _Challenge

It is the challenge of creating something out of nothing, to achieve a more comfortable lifestyle that is in harmony with the Earth.

Building Works _Imagination

It is a process of building a new history, involving a careful consideration for what is best for people and using one's imagination to create a legacy for the future generation.

Plant Works _Composite Art

It is a composite art that turns one's dream into reality and creates a future that flourishes, all for a greater lifestyle of mankind.

Power & Energy Works _Main Artery

It is the main artery for the development of modern civilization, mankind, and the future.



2013 COVER STORY

Hyundai E&C is making construction history and paving the way for a sustainable future with our corporate spirit of creative daring. The 2013 cover represents the daring and progressive mind-set of each individual member of Hyundai E&C and our collective will to build a better tomorrow.



2013 HYUNDAI ENGINEERING & CONSTRUCTION SUSTAINABILITY REPORT

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Message from the CEO

President & CEO | Jung Soo-Hyun
Hyundai Engineering & Construction

As a Leading Company in Sustainability, Hyundai E&C will Grow Together with all Our Stakeholders and Create the Foundation for a Better Life.

Dear stakeholders,

I am truly delighted to send you greetings through the 2013 Hyundai E&C Sustainability Report.

For the last 66 years, Hyundai E&C has grown together with Republic of Korea, leading national growth and improving the people's quality of life. We never stopped challenging ourselves to create greater corporate value based on our entrepreneurial spirit and firm principles.

With a strong sense of social responsibility derived from understanding the impact of our actions on stability and happiness of the nation and the society, we are striving towards not only short-term achievements but also long-term growth. We at Hyundai E&C will grow to become the world's best construction company providing new value to all stakeholders.

Our roles and responsibilities as a corporate sustainability leader

Since becoming the first domestic construction company to enter the global market in 1965, Hyundai E&C's cumulative overseas orders received recorded 10 billion USD in 1982 and 60 billion USD in 2008; in 2013, we expect to exceed 100 billion USD in overseas orders, raising the prestige of the Korean construction industry throughout 54 countries around the world.

Our firm foundation for business activities allows us to achieve continuous growth. As a global integrated engineering company, we lead the convergence and divergence of cutting-edge technologies in the construction industry based on close cooperation with relevant industries. In accordance with the management principle of growing in balance of both scale and quality, we are proactively advancing sustainability management. This year, we made particularly greater efforts to further strengthen our foundation for shared growth with all stakeholders and developed a support system for sustainable partnerships with our business partners.

As the result of our efforts, we have solidified our global reputation for excellence in corporate sustainability by being included in the DJSI World index for three consecutive years and being selected as the DJSI 'Global Supersector Leader' in the Construction & Materials supersector in 2011.

Growing together with all stakeholders and creating a foundation for better quality of life

Hyundai E&C strives to contribute to national development by expanding communications and interactions with more stakeholders in pursuing sustainability management. In order to do so, all members of Hyundai E&C at 28 branches and 261 sites around the world are pursuing activities in the five areas of sustainability management – site safety management, minimization of environmental impact, protection of human rights and respect for cultural diversity, support for local community development, and communication with stakeholders - making every effort to contribute to the society's growth and happiness.

We will continue to place 'people' as our top priority and fulfill our corporate social responsibility for creating customer value, endlessly challenging ourselves and inspiring innovation to make the Korean construction industry shine on a global stage. I would appreciate your continued interest and support for Hyundai E&C's efforts to create a brighter tomorrow with customers.

Thank you.



HYUNDAI E&C Story

Hyundai E&C strives to become the 'global leader in integrated engineering.'
The Special Features of this report summarize some of Hyundai E&C's corporate activities and performance in this regard.

STORY 1 | We Build Tomorrow on a Global Scale

Hyundai E&C's sustainability activities and performances in the 'global' market, as Korea's construction company

STORY 2 | We Build Tomorrow with Our Business Partners

Hyundai E&C's win-win growth activities jointly carried out with partner companies of various capabilities in order to grow to become a world-renowned 'integrated engineering' enterprise

STORY 3 | We Build Tomorrow by Setting the Standard

Major performances as a 'leader' that have been achieved as results of proactive activities and efforts



WE BUILD TOMORROW

On a Global Scale

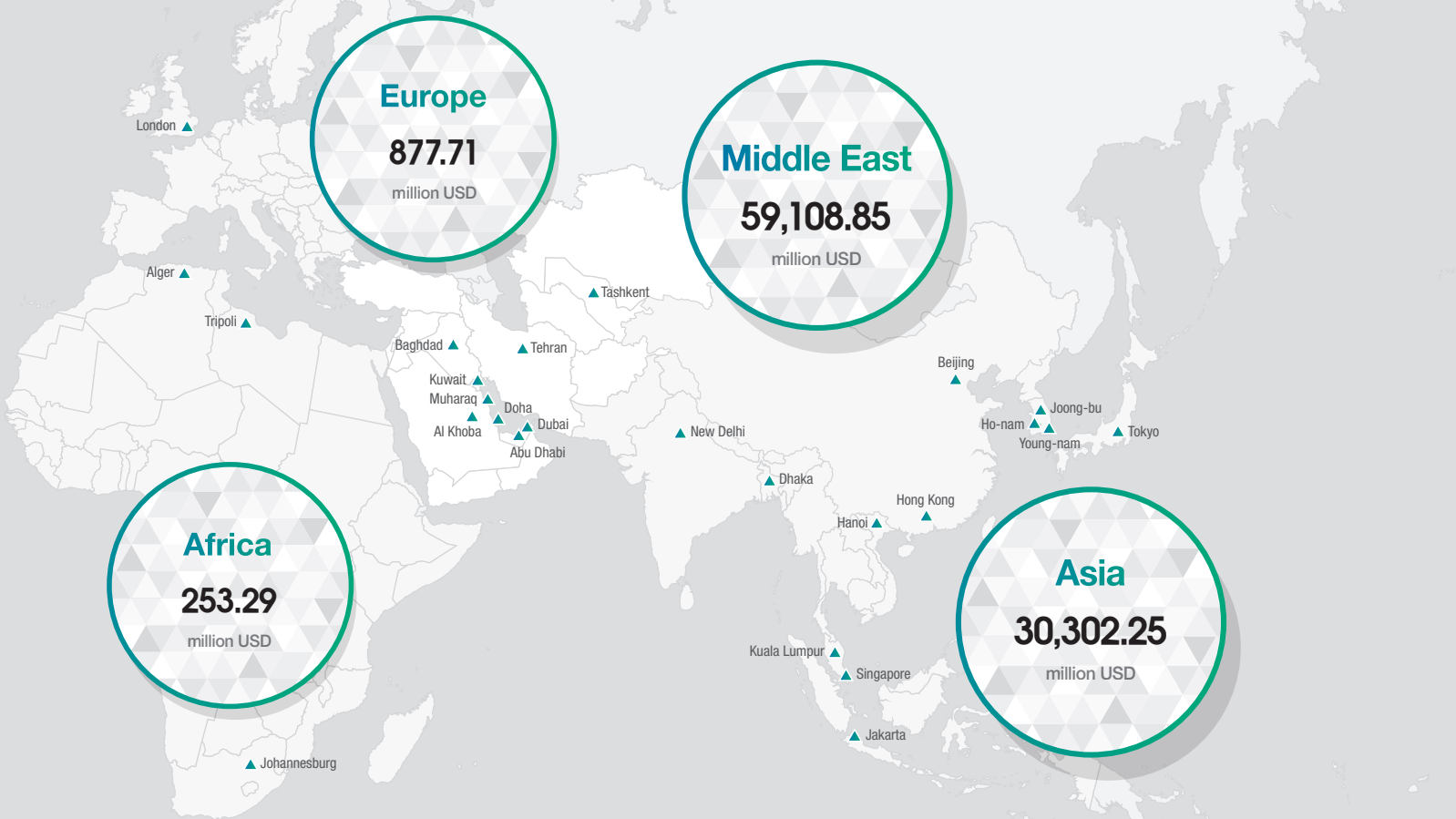
Hyundai E&C at the forefront of the global construction industry - Opening a new era of corporate sustainability on the foundation of orders worth 100 billion USD globally

Since winning its first overseas contract in 1965, Hyundai E&C has successfully completed 771 projects in 54 countries, raising the prestige of the Korean construction industry. The amount of orders received from overseas projects surpassed 10.2 billion USD in 2012, the highest figure among domestic construction companies; Hyundai E&C was also the first domestic construction company to exceed 10 billion USD of stand-alone orders per year and 90 billion USD of orders received (accumulated). These achievements were made possible not only based on Hyundai E&C's technology and experience, but also by entering new markets such as Latin America and Africa.



WE BUILD TOMORROW

On a Global Scale



Middle East

- Iraq** Al Musayyib Thermal Power Plant
- Kuwait** Gas Pipeline of Kuwait Oil Company and 4 other projects
- Saudi Arabia** Ma'aden Alumina Refinery and 10 other projects
- Qatar** Lusail Expressway and 5 other projects
- UAE** Nuclear Power Plant and 6 other projects
- Yemen**

Europe

- UK**

Africa

- Algeria** Arzew Refinery
- Libya** Tripoli West Thermal Power Plant and 4 other projects
- Côte d'Ivoire** Azito Power Plant Expansion
- Republic of South Africa**

Latin America

- Venezuela** Puerto La Cruz Refinery and 1 other project
- Columbia** Bello Wastewater Treatment Plant
- Uruguay** Punta Del Tigre Combined Cycle Power Plant

North America / Pacific

- USA**

Asia

- Turkey** The Third Bosphorus Bridge
- Uzbekistan** Talimarjan Thermal Power Plant Expansion
- India** Kota Chambal Bridge
- Bangladesh** New Haripur Combined Cycle Power Plant
- Myanmar** New Thakayta Combined Cycle Power Plant
- Vietnam** Mong Duong-1 Thermal Power Plant and 2 other projects
- The Philippines** Subic Bay Coal-fired Power Plant
- Singapore** South Beach Development and 15 other projects
- Malaysia** Repair and maintenance of gas facilities
- Indonesia** Peusangan Hydropower Plant and 1 other project
- Sri Lanka** Colombo Port Expansion
- Japan**
- China**
- Hong Kong**

○ Orders received per region
(Cumulative / As of the end of 2012 / unit: million USD)

▲ Branches (Including liaison offices)
25 Overseas / 3 Domestic

※ Projects in progress:
70 Overseas / 191 Domestic



WE BUILD TOMORROW

On a Global Scale

Our Key Responsibilities in Local Communities

As a global leader of integrated engineering, Hyundai E&C is making various efforts to minimize the effects of our business activities on the environment and to create social values. Particularly, we selected the five key responsibilities to focus on in order to pursue sustainability management tailored to the specific traits and situations of the local communities related to our business.



Safety

Safety is directly connected to domestic and social happiness and is thus a top priority of site operations. Based on mutual trust and cooperation, the members of Hyundai E&C are striving to achieve zero accidents and disasters across all sites.



Environment

We acknowledge that construction activities involve massive resource consumption and dire effects on the environment. Therefore, we take the responsibility to minimize the resource usage and to protect and restore the environment.



Respect

We treat every employee and local community of both domestic and overseas sites with respect. We take the head in protecting human rights of local employees and community members and respecting their culture.



Social Development

Local community development is a key driver to achieving a successful execution of our projects. This is why we support economic development, establishment of key infrastructures, and the residents' financial independence of the local communities in which our sites are located.



Communication

Hyundai E&C considers communication with stakeholders to be as important as the aforementioned efforts. As such, we will keep our ears open to invaluable comments from our stakeholders, so as to enhance mutual trust and be more proactive in realizing corporate social responsibility.



WE BUILD TOMORROW

On a Global Scale

Middle East



S Safety **E** Environment **R** Respect **S** Social Development **C** Communication

Saudi Arabia Ma’aden Alumina Refinery

- E** Appointed an environmental manager
- E** Prohibited the use of nightlights at spawning grounds to protect the natural habitat surrounding the site
- R** Monthly meeting on employee benefits with the local partner companies and employees
- R** Education session to advance the local workers' technical capabilities, operated an internal training center
- S** Donation to support the establishment of an education center and a medical center in the local community



Project Director
Park Sung-Boong

“ At our site (Ma’aden Alumina Refinery Project, Saudi Arabia), we are conducting business activities based on respect for the workers, local community members, and the environment. For improved benefits and welfare, we conduct meetings to discuss this matter with local partner companies and workers. To ensure that the local workers can secure better jobs and working conditions even after the current project is complete, we provide training (run by an external specialty organization) for approximately 300 workers and also run an internal training center to further provide the opportunity for technical skills development. Particularly, we have supported the establishment of a local education center and a medical center for the community's economic development and better quality of life in a long term. Furthermore, we are making efforts to minimize negative impact of our on-site activities on the environment; the environmental manager is responsible for protecting biodiversity of the area, by prohibiting the use of night lights in natural habitat, etc. ”

Qatar Msheireb Downtown Doha Phase 1A

- E** Recycled material usage - 23%, FSC-certified wood usage - 65%, recycle rate - 80%
- E** Managed and operated the site in accordance with LEED Platinum and Gold standards, which are the two highest green building standards
- R** Inspected workers' residential facility to protect their welfare and human rights
- S** Prioritized local procurement (29% of all materials were sourced from local suppliers)
- C** Participated in the government's International Workers' Day event



Project Director
Sung Hwan-Don

“ As the project for Msheireb Downtown Doha Phase 1A progresses, we ensure that we build the best building based on the project's specifications and our client's needs. During construction, we make particular efforts to improve the local workers' welfare and place a priority on locally procured raw materials. We believe that the most important value is continuous interaction and communication with local communities. We participate in the Qatar government's Labor Day events and periodically inspect the residential facilities to ensure respect for the local workers and their human rights. In addition, we place a priority on procuring materials from local suppliers and Persian Gulf states, which now account for 29% of all materials used for the project, contributing to not only the local community's economic development but also the overall construction & materials industry of Qatar. Above all, since the project is building a part of Qatar's royal palace, we are striving to set the new green building standard in the country by managing the construction site in accordance with the LEED Platinum and Gold rating; we have achieved 23% recycled material usage rate, 65% FSC Wood usage rate, and 80% construction waste diverting rate. ”

Kuwait The Kuwait Oil Company No.1

- S** Conducted regular safety training sessions for the site workers
- S** Installed safety signs in both English and the local language
- R** Operated a prayer room
- R** Set a compulsory number of local workers to employee
- S** Operated separate residential facilities for each nationality to respect diversity



Project Director
Song Yung-Ku

“ We at the Oil Company No.1 site in Kuwait believe that it is imperative to hire local workers, so much so that we have a set policy on the number of local workers to be employed. What we value the most are the workers' safety, welfare, and human rights and based on this firm belief we are making utmost efforts to create a safe and harmonious working environment. In this regard, we conduct regular safety training sessions on site and all safety signs are indicated in English and the local language. Furthermore, we are operating a prayer room to adopt the local workers' cultural characteristics and respect cultural diversity by operating different residential facilities by country. ”



WE BUILD TOMORROW

On a Global Scale

Asia



S Safety E Environment R Respect S Social Development C Communication

Vietnam

Ha Dong Residential & Commercial Complex, Hanoi

- S Monthly safety & environmental education session (with local language interpretation)
- E Underwent evaluation for ISO 14001 and OHSAS 18001 certifications
- E Environmental education session for the newly hired workers
- R Researched the current status of the local community through local coordinators and collected their opinions
- S All but a few key on-site personnel were local workers; provided a technology & quality management training to enhance their capabilities
- S Made a donation for the flood victims



Project Director
Park Dong-Wook

“ For smooth and successful project management, we place an emphasis on open communication with the local community and the workers. We are gaining a greater understanding of the local community’s current state of affairs and customs through a local coordinator and consequently prepared open communication channels. One example of our effort would be providing financial support for flood victims in the region to further strengthen our relationship with the community. Furthermore, we provide an interpretation service for the local workers during our monthly safety & environment training sessions. Apart from key management personnel, direct hiring from the local community is prioritized as a contribution to long-term community development. To further reinforce the local workers’ capabilities, we provide technology and quality training as well as environmental education especially to the new hires. In addition, we’ve obtained and maintain ISO 14001 and OHSAS 18001 accreditation to ensure on-site environmental management. ”

Singapore

South Beach Development Project

- E Obtained OHSAS 18001 and ISO 14001 certifications; hired an environmental manager
- R Operated a Muslim prayer room
- S Expanded the proportion of local employees; gave priority (during procurement) to local suppliers
- S Supported and attended charity events
- C Networked and exchanged opinions with key personnel of the local community and the government



Project Director
Kim Choong-Jin

“ At our project site we focus on ensuring mutual cooperation and respect with Singapore, environmental protection, and safety. We are expanding local employment, placing a priority on local suppliers during procurement, supporting and participating in charity events, and regularly interact with the local community members and government personnel, all of which sum up our effort to listen to the community’s opinion at all times. Furthermore, we obtained ISO 14001 and OHSAS 18001 certifications and appointed an environmental manager to improve on-site environmental management, in order to further strengthen the local community’s trust in our business activities. ”

Korea

Guri-Amsa Bridge

- S Prevented occupational accidents by installing safety features such as a safety net (for fall prevention), parapet, and lifesaving ropes
- S Organized a Safety Inspection Day and conducted regular safety training sessions
- E Minimized impact on the surrounding environment by assigning environmental managers, operating automatic vehicle washers, and installing sound- & dust-proof walls and silt protectors
- E Acquired a green site certification from the local government and was recognized for excellence in safety management
- E Regular drills for special maintenance of protected waterway
- S Social contribution activities such as volunteering for community organizations, providing financial support, and cleaning up the surrounding areas of Han River



Project Director
Lee Jong-Heop

“ Environmental management is at the top of our list of priorities especially because the construction is located at the upper watershed (protected area for water resources) of Han River. We have appointed an environmental manager and carried out a number of environmental activities (i.e. operating automatic sprinklers and installing dust/noise barriers and silt protectors). Not only do we actively reflect our employees’ ideas on environmentally friendly site management, all our employees make a concerted effort towards achieving zero accidents and protecting the environment. As a result, our site was recognized by the local government as a green construction site as well as a site with superior safety management. With concerted efforts for environmental management, we are striving to ensure workplace safety. We are preventing safety accidents by installing two-tier safety measures (i.e. fall prevention nets, safety rails, and safety ropes) and regularly conducting safety training sessions to raise awareness on workplace safety. Above all, we are actively supporting and participating in the local communities’ volunteer activities for greater cooperation with and care for the locally based organizations and carrying out social contribution activities such as the Han River restoration. ”



COOPERATION

WE BUILD TOMORROW

with Our Business Partners

Hyundai E&C to open a new horizon
of win-win growth through communication
and cooperation with its partner companies

In order to step up as a global integrated engineering company that leads the world's construction industry, corporations must be equipped with both construction capabilities and state-of-the-art technology development. At Hyundai E&C, we are putting continuous efforts to jointly (with our business partners) develop new technologies and enter new overseas markets through win-win management with SMEs and partner companies (i.e. suppliers and subcontractors) with excellent technologies. We are also running a number of programs for our partner companies.



WE BUILD TOMORROW

with Our Business Partners

Support for Partner Companies' Win-win Management

Hyundai E&C is making earnest efforts to smoothly communicate and strengthen partnership with a total of 946 partner companies (as of 2012). Led by a team dedicated to win-win management, we are providing financial, technological, and educational supports and operating the 'Win-win Growth Support Center' to win through today's stagnant situation of construction industry.

In recognition of our efforts, we won the Minister of Land, Transport, and Maritime Affairs Award at the Awards for the Promotion of the Construction Industry's Cooperation 2012. At the 'Evaluation of Joint Cooperation among Construction Companies 2012' conducted by the Ministry of Land, Transport, and Maritime Affairs (MLTM), we scored over 95 points and received the highest rating. The MLTM's Evaluation is an annual review of the industry players' efforts toward joint cooperation and win-win growth among integrated and special contractors as well as large corporations and SMEs, providing incentives to those with high ratings.



We gained competitiveness by working on Hyundai E&C projects

CEO Lee Sang-Bum
Jaeho Construction Co.,Ltd

Jaeho Construction is participating in a number of Hyundai E&C's win-win management programs. In 2008, we entered Hyundai E&C Win-win Growth Technology Competition and were awarded for our 'automatic PHC pile cutting machine,' which ended up being a great opportunity to publically gain a reputation for our construction and technological capabilities, subsequently upgrading the corporate competitiveness.

Financial Support for Partner Companies

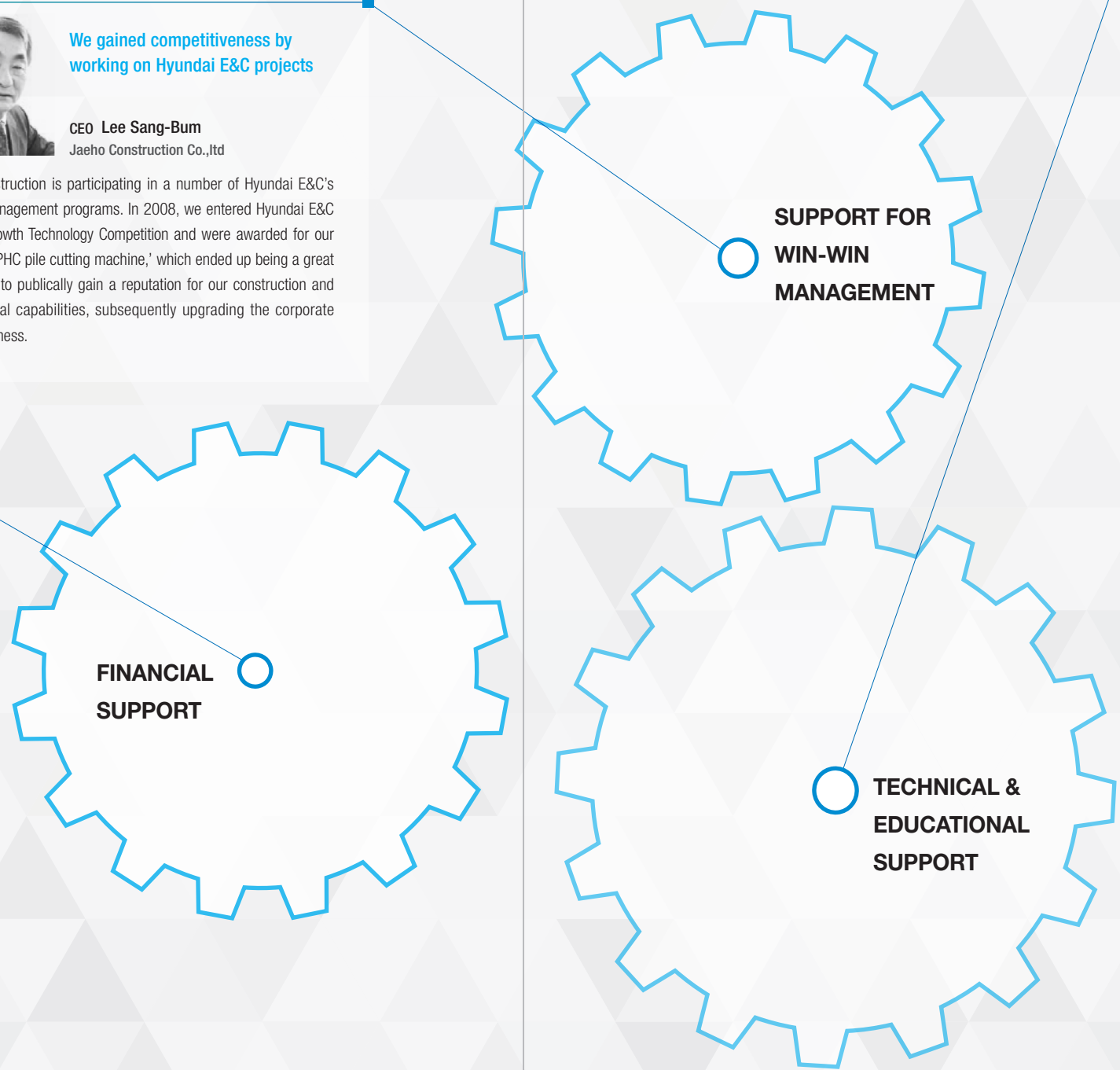
Proving financial support for our promising SME business partners that do not have strong financial resources is essential to making meaningful progress towards win-win growth. Since signing the 'Joint Cooperation and Fair Trade Agreement' with its partner companies in 2010, Hyundai E&C has created a 60 billion KRW fund to help the partner companies that are suffering from financial difficulties due in major part to the stagnant economy of the construction industry. Based upon this fund, we provide zero-interest loans for them to secure liquidity. In 2013 before New Year's Day, we made early payments totaling 120 billion KRW to our partner companies. As a result, a total of 458 companies were able to resolve hefty financial burden (including wages and payments for raw materials). In the future, Hyundai E&C will strive to set an example of win-win management between a large enterprise and SMEs and try to create a more cooperative partnership.



We always feel secure, backed by the Working Capital Loan Program

CEO Lee Yong-Wan
Shin Young E&C

We greatly benefited from Hyundai E&C's 'Zero-interest Working Capital Loan Program' last Chuseok (Korean Thanksgiving Day). We received a loan worth 50% of a 2-month average value of construction completed three months in advance, which enabled us to make an early payment of wages for the workers before the big holiday.



Technological and Educational Support for Partner Companies

At Hyundai E&C, we hold an annual Win-win Growth Technology Competition, provide supports for partner companies' patent application, and safely deposit the technological documents of partner companies in escrow, all of which reflect our efforts to discover good companies and enhance their technological capabilities.

We conduct a quarterly education session on quality, safety, and labor management for qualitative growth of partner companies. As an effort to assist their international expansion, we invited 13 partner companies to visit our overseas sites in three countries (UAE, Qatar, and Kuwait) and provided them with an opportunity to explore overseas markets. Furthermore, we have organized the Council of Partner Companies and regularly hold a CEO seminar and a quarterly win-win growth seminar for all business partners across different business units.



We achieved our dream of entering overseas markets through the excellent partner company overseas site visit

CEO Park Jung-Pil
Joong Won Engineering

In 2010, we had the opportunity to visit Hyundai E&C's overseas sites in the Middle East with the CEOs of other excellent partner companies and strengthened willpower to expand to overseas markets. Later, we participated in the educational session for overseas expansion twice and eventually won the contract from Hyundai E&C and Hyundai Engineering. Overall, these experiences became a stepping stone for us to establish a foreign branch in Abu Dhabi; it would be fair to say that we have received supports from Hyundai E&C in many ways.

Hyundai E&C's Technological & Educational Support Programs

Title	Key Activities
Overseas site visit for excellent partner companies	<ul style="list-style-type: none">Review trends and prospects of overseas construction industriesPrepare for overseas projectsProvide the opportunity to collect information
Win-win Growth Seminar (separately held by the type of work)	<ul style="list-style-type: none">Run a training session on quality, safety, and labor managementHear the partner companies' difficulties and suggestionsShare case studies of successful overseas projects
Education: Fair consignment and commission	<ul style="list-style-type: none">Establish a foundation of fair consignment and commission and prevent inter-corporate conflict in advanceSettle and disseminate a win-win growth culture
Education: Overseas expansion	<ul style="list-style-type: none">Provide education on cultures of overseas sites, tax, and setting up a foreign branch
Education: Transparency and business ethics	<ul style="list-style-type: none">Provide education on ethical managementTake the pledge to act by the Code of EthicsEstablish a foundation of fair subcontracting
Hyundai E&C Win-win Growth Technology Competition	<ul style="list-style-type: none">Discover and develop excellent technologies of SMEsRegister winners of the Competition as new partner companies; provide incentives and cash prize



WE BUILD TOMORROW

by Setting the Standard

Hyundai E&C
to build a tomorrow for everyone through its leadership
in sustainability management

In order to realize its sustainability vision, Hyundai E&C is participating in various global initiatives for keeping economic, environmental, and social values and receiving outstanding results at a number of sustainability assessments on the world's leading companies of sustainability management. We will continue to expand our sustainability activities and advance our leadership in this regard, so as to set our sustainability management as an example for other global enterprises.





WE BUILD TOMORROW

by Setting the Standard

To Build Sustainable Value



Participation in the International Integrated Reporting Framework development

As are financial statements, sustainability performance data are being increasingly utilized as important indicators of a company's valuation. On a global scale, there is an active movement to develop a common standard for integrating the financial and non-financial disclosures. Hyundai E&C is participating in this movement – namely, the IIRC's pilot project on the Integrated Reporting Framework development – to make a contribution.



First Runner-up in the Best Integrated Report category at the CRRA

Hyundai E&C's efforts toward integrating led the company itself to gain recognition at the Corporate Register Reporting Awards (CRRA) – which is organized by the UK's Corporate Register – for two consecutive years. The CRRA is an international award dedicated to evaluating 'corporate sustainability reports' only, where winners are determined based upon on-line voting by over 37,000 stakeholders world-wide. Having been awarded the Best First Time Report in 2011, we were again awarded at the CRRA 2012 as the First Runner-up in the Best Integrated Report category, firmly securing our reputation as a global construction enterprise.

To Build Economic Value



Winning a gold medal at a global sustainability assessment

In 2013, Hyundai E&C received the Gold Class award (only given to companies whose score is within 1% of the Sector Leader's score) of RobecoSAM, the organization responsible for the DJSI Corporate Sustainability Assessment. Every year, RobecoSAM conducts an assessment of approximately 2,500 corporations within 58 sectors and provide the result to institutional investors around the world.

Hyundai E&C has been included in the DJSI World index for three consecutive years since 2009, gaining a reputation as a global leader in the construction sector.



The 1st place at the National Construction Capability Survey 2012 announced by the Ministry of Land, Transport, and Maritime Affairs (MLTM)

Backed by the construction capability valuation of 11.7 trillion KRW (up by 60 billion KRW from the previous year), Hyundai E&C won the first place at the MLTM's Construction Capability Evaluation (which was carried out on 540 construction companies) for four consecutive years. Hyundai E&C also won the first place in three areas of evaluation: construction record, management evaluation, and technical capability. Such result is a clear indication that Hyundai E&C is being recognized as Korea's leading construction company continuously growing in balance of both scale and quality.

VISION

As a global integrated engineering company, we lead the convergence and divergence of cutting-edge technologies and the construction industry based on an organic cooperation with relevant industries

To Build Environmental Value

Acquisition of an international carbon reduction certification

For the first time in Korea, Hyundai E&C earned the Carbon Trust Standard (CTS) certificate from the UK's Carbon Trust. A CTS certification is only given to companies and organizations that have established a systematic energy management system and actually reduced GHG emissions. At Hyundai E&C, we were recognized for reducing our GHG emissions by over 4% compared to the previous year and earned the certification in April 2012.



The world's first construction company to acquire an international energy management certification

In March 2012, Hyundai E&C became the world's first construction company to get the ISO 50001 energy management certification from the International Organization for Standardization (ISO). ISO 50001 is an international certification that promotes efficient energy use as a response to climate change. ISO 50001 was applied at Hyundai E&C's key departments such as the Engineering Design Team at the head office and the Procurement Team, as well as the Hyundai R&D Center and all domestic sites. We plan to expand the application of ISO 5001 to all of our overseas sites.



Green building certification

Hyundai E&C is gaining a reputation for its environmental construction capabilities for maximizing use of environmentally friendly materials and renewable energy while reducing energy consumption by acquiring green building certifications. One example would be Leadership in Energy and Environmental Design (LEED), developed by the US Green Building Council (USGBC). A number of our domestic and overseas projects are now LEED-certified.

In Singapore, we are getting our projects certified by the BCA (Building and Construction Authority) Green Mark. We were recognized for applying environmental design factors and procuring environmentally friendly raw materials, which led us to be awarded the 'Platinum' Green Mark and 'in 2011 and to win the BCA Construction Excellence Awards in 2012 for the Khoo Teck Puat Hospital.



To Build Social Value

Commitment to the 10 Principles of the UN Global Compact

In 2012, Hyundai E&C joined the UN Global Compact, a principle-based international initiative. We strictly comply with the Ten Principles in the areas of human rights, labor, the environment, and anti-corruption.





Jaber Causeway Bridge, Kuwait | JUL 2013 - JUN 2018

To Build SUSTAINABLE VALUE

Direction

With an entrepreneurial spirit of ‘challenging oneself with creativity,’ Hyundai E&C is writing the history of the construction industry and doing its part for the country and the society. In order to continue growth with various stakeholders amid the rapidly changing business environment, we have announced the ‘HDEC Green CSR Declaration,’ our code of conduct, and are advancing sustainability management with our partner companies. By doing so, Hyundai E&C is striving to become a company that creates tomorrow for a better future.

In 2012

In 2012, Hyundai E&C has established the sustainability management strategy aimed at sharing a strategic direction with partner companies and carrying out sustainability management activities. Furthermore, we have determined sustainability KPIs in order to align our sustainability activities with the values subsequently created – a reinforced connection between the non-financial and financial performances – and established grounds for integrated reporting.

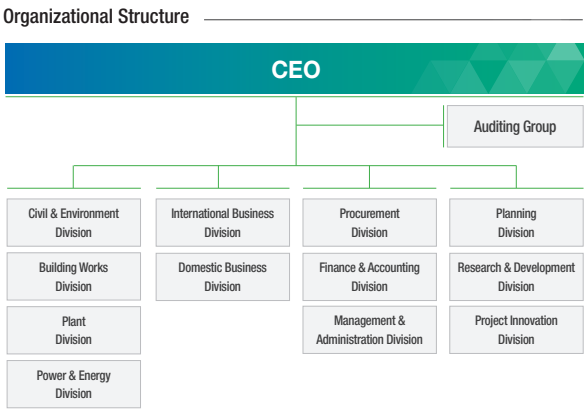
We will continue to publish an annual sustainability report to transparently disclose our sustainability management performances to our stakeholders.

COMPANY OVERVIEW & BUSINESS PORTFOLIO

Backed by advanced technical capabilities and exceptional execution abilities, Hyundai E&C is providing a better foundation of life for its stakeholders world-wide and creating a better tomorrow together. As of May 2013, a total of 5,291 employees are working at the head office, 3 domestic and 25 overseas branches, and 191 domestic and 70 overseas sites.

As a leader of the global construction industry and the development of a global village, Hyundai E&C is growing to become a company with a greater potential and competitiveness by expanding its regional bases in Latin America, Africa, and the Commonwealth of Independent States (CIS), based on a secure business foundation in Korea, Asia, and the Middle East.

Orders received Unit: trillion KRW	15.6	Revenue Unit: trillion KRW	10.4
Sales Unit: billion KRW	415.6	Net profit Unit: billion KRW	347
Credit rating*	AA-	* Credit rating from Korea Ratings Corporation, NICE Information Service, and Korea Investors Service	



MAY 1947

Established as Hyundai Civil Works Company

NOV 1965

Won order for Pattani Narathiwat Highway Project in Thailand

JUL 1970

Completed Gyeongbu Highway

APR 1982

Value of contracts exceeded 10 billion USD

AUG 1995

Completed construction of Seosan reclaimed land

APR 2010

Won contract for UAE nuclear power plant

APR 2011

Incorporated into Hyundai Motor Group

SEP 2013

Cumulative overseas contract value to reach 100 billion USD (projected)



CIVIL WORKS



We will take the responsibility for the humanity's prosperity with our leading technical capabilities.

Hyundai E&C's Civil & Environment Division has led the development of key national infrastructures and the economy based on its pioneering spirit, strong will, and driving force. The Division has successfully completed a number of projects within a broad range, including land development, ports, railways, roads, bridges, water resources, and the environment; being recognized world-wide for its excellent technical capabilities, the Division is rapidly positioning itself as the core infrastructure solution leader who can provide an integrated solution for construction of key infrastructures for various countries' economic development.



BUILDING WORKS



With a challenging spirit and passion, we will create the future architectural space that will lead the generation to come.

Creating creative space with unlimited imagination, the Building Works Division is responsible for construction of residential, commercial, medical, office, educational, and cultural facilities where people and the environment can co-exist. By developing core technologies, reinforcing design and engineering capabilities, and cultivating talent in the workforce, the Division will lead the construction industry's paradigm and pioneer new overseas markets to eventually grow to become a constructor & developer who can lead the 21st century's new construction culture.

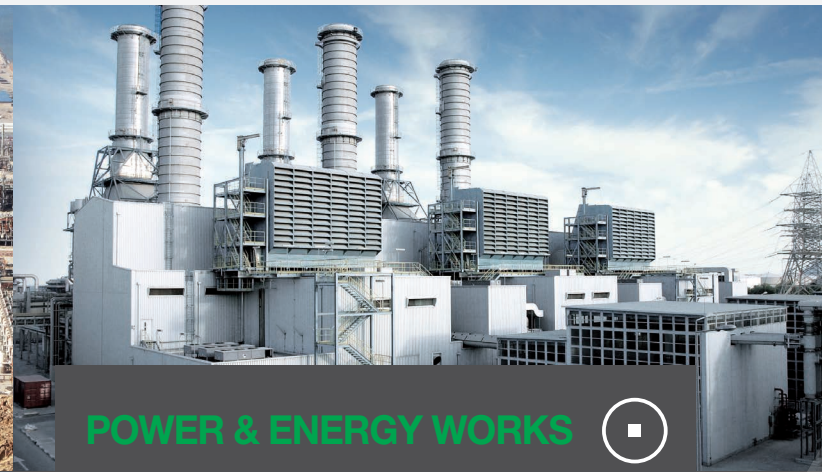


PLANT WORKS



Backed by excellent technologies, vast experiences, and a strong driving force, we will lead the global plant construction industry.

With its world-class technologies and reputation, the Plant Division is carrying out the construction of various industrial facilities – such as a mega-scale petrochemical plant, steelworks/refineries, and a LNG terminal – as well as nuclear power generation projects. By diversifying the business model and developing core technologies, the Division is entering new, high value-added markets and improving its engineering, procurement, and construction capabilities to ultimately raise Hyundai E&C's status as a leader of the global plant construction industry.



POWER & ENERGY WORKS



We will push forward the development of a high-tech energy network for the future environment.

Hyundai E&C's Power & Energy Division enjoys a strong reputation as a world-wide leader of various energy projects such as power transmissions and industrial electricity, all of which make up a foundation for developing a high-tech energy network for the future environment. Under the vision of becoming a 'total power & utility provider', the Division is actively developing technical capabilities (to obtain high-yield orders), developing human resources, and participating in the win-win growth strategy with Hyundai Group. In this regard, we are expanding future-oriented business areas such as the development of U-City (ubiquitous city; concept of a high-tech, future city) and renewable energy.

Construction of oil pier and berthing facilities, Kuwait | SEP 2005 – FEB 2007

Bitexco Financial Center, Vietnam | JUN 2008 – OCT 2010

South Pars Field Development Phases 4 & 5 Onshore Gas Processing Facilities, Iran | MAR 2002 – FEB 2005

Jabel Ali Power and Desalination "L"-Phase II, UAE | MAY 2005 – APR 2008

MANAGEMENT PHILOSOPHY & CORE VALUES

The times and the environment change; however, the spirit of Hyundai E&C has remained true to its origin for the last 66 years of business and is now the source of our corporate competitiveness. Since the incorporation into Hyundai Motor Group in 2011, Hyundai E&C has shared the Group's management philosophy and core values and is further enhancing its strengths by organically connecting with the Group.

The World's First Resource-circulating Company

Having begun with a passion for creating greater value, Hyundai Motor Group's innovative ideas involve resource circulation and optimized use of resources in a wide range of areas such as auto, steel, and auto parts. Following the incorporation of Hyundai E&C in 2011, particularly, the Group came to establish an eco-circulation structure beyond the existing resource circulation. Based on the improved, eco-circulation structure, Hyundai Motor Group has expanded its business area to eco-transportation and future infrastructure development beyond simply reducing environmental pollution. With its resource-circulating structure and eco-circulation structure, Hyundai Motor Group and Hyundai E&C will closely cooperate with each other and grow together for a better tomorrow.



Customers as Our Priority

We provide the best-in-class products and services and prioritize customers among all values, creating a corporate culture that truly impresses customers.

Challenging Action

Refusing to be complacent, we challenge ourselves to new possibilities and achieve goals no matter what, with passion and a creative mind.

Communication and Cooperation

We create synergy from sharing a sense of community known as "we," through mutual communication and cooperation with others and partners.

Respect for Talented Individuals

Believing that the future of our organization lies in each of the members' mindset and capability, we make efforts in professional development and create a corporate culture that respects talent.

Global Orientation

We respect diverse cultures and customs, aim for the best, and become a trusted corporate citizen at both individual and organizational levels.

Hyundai Motor Group Core Values | Based upon the DNA of success so deeply engrained in Hyundai Motor Group, every member of the Group strives to realize the future vision by pursuing the Group's core values as a standard of their action and decision-making. The five core values are what every member of the Group must abide by, with priority; by sharing and internalizing these core values, we can challenge ourselves, cooperate with each other, and establish a creative corporate culture that respects customers and talented individuals in order to advance itself to be a global construction enterprise.

Aware that "being global" starts with a harmony of diversity, Hyundai E&C strives to demonstrate its power as a global citizen through respect for cultural differences, sympathy beyond race, best-in-class capabilities, sharing beyond borders, and diversity not uniformity. With every member's open mind and global capability, Hyundai E&C's greater tomorrow begins.

Management Philosophy | On the basis of the Group's management philosophy, 'to realize the dream of humanity by creating a new future through creative thinking and endless challenges,' we are accomplishing a history of success and leading the future society.

Unlimited sense of responsibility	Realization of possibilities	Respect for mankind
<ul style="list-style-type: none">- Strive for the business's continuous growth in order to take the responsibility for our employees and their families as well- Seek the highest quality to unlimitedly take the responsibility for our customers' safety and happiness	<ul style="list-style-type: none">- Engrain a DNA of pursuing unlimited growth and development- Refuse to stay comfortable or complacent, yet have an entrepreneurial spirit to take the risk of failure and pioneer new business areas- Realize even the smallest possibility into a reality and create a fundamental, added value	<ul style="list-style-type: none">- Provide the best-quality products and services to as many people as possible and contribute to the development of human society's overall standard of living- Proactively respond to environmental issues and participate in philanthropic activities to contribute to the world's local communities

AUTOMOBILE

Lifetime Partner
in Automobiles and Beyond

CONSTRUCTION

We Build
Tomorrow

STEEL

Leading
the New Era of Steel

LOGISTICS

PARTS

FINANCE

IT

ROLLING STOCK / HEAVY MACHINERY

HYUNDAI MOTOR GROUP

GROUP VISION

Together for a Better Future

COMPANY VISION We Build Tomorrow

'A Company that Creates a Better Tomorrow, Together'

Hyundai E&C embraces respect for humanity and environmentally friendly management to create the very best value. To create a better tomorrow by harmoniously growing with its stakeholders, Hyundai E&C has internalized the Group's management philosophy and core values to the most fundamental level and is realizing its corporate vision: a global integrated-engineering enterprise, we lead the convergence and divergence of cutting-edge technologies and relevant industries, thereby creating a better foundation for life.

Mid- to Long-term Management Strategy | In order to successfully realize the Group's vision, Hyundai E&C established a mid- to long-term management strategy in 2011 and reinforced the strategy to be both concrete and well-executed by determining strategic tasks for each division and selecting core products and new growth businesses. Particularly, we newly established the Strategy Planning Group in March 2013 to enhance our research ability and the capability and drive to enter new markets and business areas as well as to organize the system for executing strategy.



Share and internalize the Group's management philosophy and core values

Main concept of the Group's management philosophy

Unlimited sense of responsibility
Realization of possibilities
Respect for mankind

Core values of Hyundai Motor Group

Customer	Customers first
Challenge	Aggressive execution
Collaboration	Communication and cooperation
People	Respect for talent
Globality	Globally oriented

Hyundai E&C's vision and mission

Roles as a global engineering enterprise

Provide integrated construction services and diversify the type of overseas contracts

Establish an optimized management infrastructure

Organic cooperation with relevant industries

Prepare the basis for sustainable growth

Enhance partnership with relevant industries to expand business areas

Lead the convergence and divergence of future technologies and industries

Ensure that individual technologies developed in separate work areas are integrated and utilized in new areas to create new growth drivers

Fulfill the role as a catalyst of new growth business areas

Create a better foundation of life

Value 'people' as a top priority and create a better foundation of life by having a shared mindset with customers

Grow together with all stakeholders and contribute to the society

STAKEHOLDER ENGAGEMENT

Thoroughly aware that understanding and communicating with stakeholders is a key to sustainable development and growth, Hyundai E&C has selected the government/media/associations, employees, customers, partner companies, local communities, and shareholders/investors as the major stakeholders of the company and is operating several communication channels. Furthermore, the company is practicing the value of co-existence by fairly sharing the economic values created from its business activities.

Communication channels

Cyber Audit Office, community meeting, general meeting of shareholders, investor information session, Customer Center, Council of Partner Companies, etc.

Management audit and provision of opinions

Board meetings, public hearings, formal reports, Junior Board, Compliance Program (CP), etc.



**Government/
Media/
Associations**

We strive to create a better future through active participation in the government's policy development, compliance with laws and regulations, and transparent corporate disclosure via media and relevant associations.



Employees

We support our employees' professional development through fair evaluation and compensation. In addition, we guarantee work safety at construction sites and provide a variety of benefits to create a pleasant working environment.



Customers

We make the utmost efforts to realize the very best quality by enhancing our technical abilities, so as to gain customers' trust, construct a comfortable residential environment, and improve communication with customers.



**Partner
companies**

We diligently work to establish fair and transparent business relations with our partner companies. We are also realizing the value of co-existence by sharing information and spreading technologies.



**Local
communities**

We promote environmental protection and philanthropic activities in the regions surrounding our sites, actively communicating with the local communities and sharing hope.



**Shareholders/
Investors**

We maximize value for shareholders and investors through stable corporate governance and continuous improvement of corporate competitiveness.

Distribution of Economic Value to Stakeholders

Government 206 billion KRW	Employees 744.6 billion KRW	Partner companies 7,654 billion KRW	Local communities 7.9 billion KRW	Shareholders/ Investors 110 billion KRW
Tax payment including corporate tax and VAT We are fulfilling responsibilities and obligations as a corporate citizen by faithfully paying tax and participating in the government's policy-making.	Wages and benefits We are distributing economic value to employees by means of wages and benefits and further trying to create a great workplace (GWP) to enhance employee satisfaction	Procurement and subcontracting expenses We are making appropriate payments for goods and services we purchase from our partner companies, strengthening the joint cooperation relationship.	Social contribution expenses We are contributing to local communities' sustainable development and stability through donation, volunteer activities, and supports for the construction of main infrastructures.	Dividends and interest We are maximizing value for shareholders and investors through continuous improvement of profitability and efforts to reinforce stability.

Based on advanced corporate governance, we have established a stable management environment and are successfully operating the business.

Structure of the Board of Directors (BOD)

In order to ensure independence and transparency of decision-making process, Hyundai E&C's Board of Directors (BOD) is composed of one executive director, two other directors, and four external directors. The BOD is chaired by the President of Hyundai E&C, and all external directors currently on the Board are independent external directors (hereafter referred to as external directors) that have been appointed to improve the BOD's independence. None of the external directors has belonged to Hyundai E&C or relevant subsidiaries, been specially affiliated, or had financial transactions with the company in the last five years. All external directors are appointed based on their expertise and experience in at least one of the following fields: law, accounting, and construction. Particularly, the four independent, external directors are responsible for objective monitoring and audit of management activities and, at the same time, act as advisors and facilitators of business operations. In order to assist the external directors with their tasks, Hyundai E&C is providing necessary information and educational opportunities.

Information regarding the BOD's articles of association, responsibilities, and resolutions can be found on Hyundai E&C's website. In addition, we regularly disclose the BOD-related information that need to be publicly available at the Financial Supervisory Service's Depository of Korea's Corporate Fillings (DART).

Current Status of the Board of Directors			
Type	Name	Position	Title
Full time	Jung Soo-Hyun	Executive director	CEO and President, Hyundai E&C
Part time	Chung Mong-Koo	Other director	CEO and Chairman, Hyundai Motor
	Kim Yong-Hwan	Other director	Vice-president, Hyundai Motor
	Shin Hyun-Yoon	External director	Professor of Law, Yonsei University; Chairman, Korean Association of Law Schools
	Lee Seung-Jae	External director	Chairman, Tax Firm Samsung
	Suh Chee-Ho	External director	Professor of Architectural Engineering, Konkuk University; Chairman, Architecture Institute of Korea
	Park Sang-Ok	External director	Leading Lawyer, Law Firm Do Youn

Performance of the BOD in 2012

On behalf of the organization and shareholders and to everyone's benefit, the BOD sets key management goals and fundamental principles of business operation and audits the management's corporate activities. In 2012, 14 board meetings were held and the BOD had discussions on 44 issues on the agenda. The BOD fulfilled the minimum participation rate of 70%, as required by the company policy, and diligently carried out the BOD's role of maximizing corporate value and establishing stakeholders' trust.

Board meetings14times

Issues on the agenda44ISSUES

Committees under the BOD

Three committees are operated under the BOD in order to enhance the Board's transparency, ensure efficient operation, carry out specialty functions, and pursue sustainability management activities. In October 2012, we changed the name of the existing Social Contribution Committee to the Ethics Committee and further expanded the Committee's function and authority.

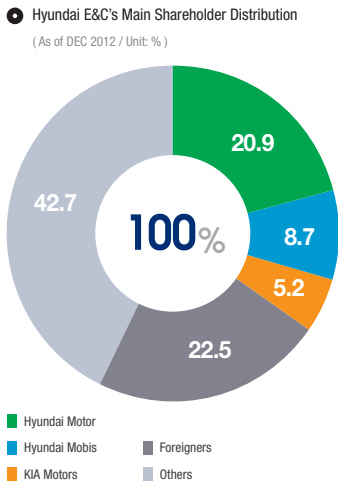
Committee	Composition	Functions
Audit Committee	Chairman Shin Hyun-Yoon + 3 External directors	- Audit the legality of business activities carried out by the BOD and the management - Review integrity and feasibility of the company's financial activities - Examine and control the company's internal audit
Outside Director Nominating Committee	Chairman Jung Soo-Hyun + 4 External directors	- Recommend nominees for external directors
Ethical Management Committee	Chairman Shin Hyun-Yoon + 3 External directors, 1 Executive director	- Determine the vision for sustainability and strategic tasks - Review transparency of internal transactions and execution of ethical management - Ensure that the Compliance Program is in practice - Deliberate and resolve major social contribution policies

Evaluation and Remuneration of the BOD

We are operating the BOD Performance Evaluation Program and conduct third-party evaluation for the company's long-term growth and improvement of corporate governance. The BOD is subject to a self-performance evaluation and a third-party performance evaluation and the performance evaluation results get delivered to shareholders. Directors' remuneration, including severance pay, is paid within the limit determined at the generating meeting of shareholders; and disclosed through the Financial Supervisory Service's Depository of Korea's Corporate Fillings (DART) and other public materials.

Protection of Shareholder Rights

As Hyundai E&C's owner, our shareholders have the right to have a share in the profits, attend the general meeting, exercise one's voting right, and receive significant company information in a regular, timely manner. For amendments to the Articles of Incorporation, mergers or split offs, decrease in capital and other such matters that affect the status of the company or create a significant impact on shareholder rights, the general shareholders meeting makes decisions focused on preserving shareholders rights. Hyundai E&C also protects the shareholders' right to information by disclosing important management information through various channels including Annual Reports and regular Business Reports, the website, and general shareholders meeting in a timely and accurate manner.

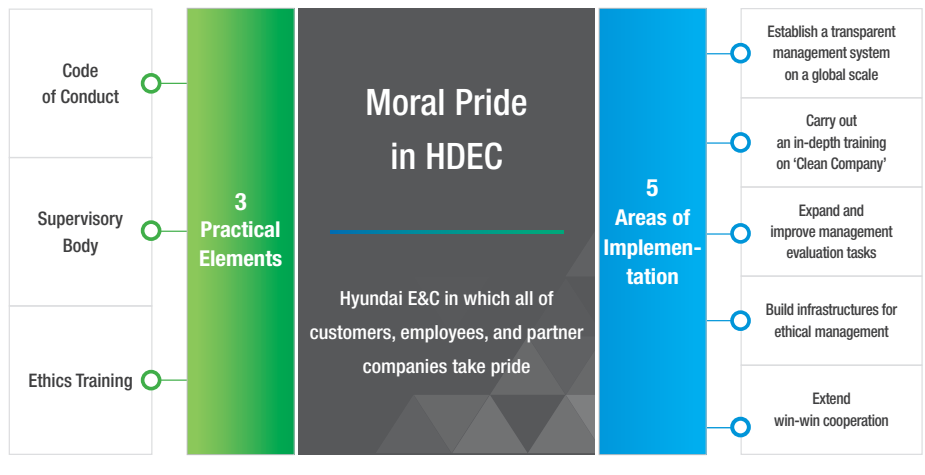


In 2004, Hyundai E&C established a platform for business ethics and publicly announced the company's commitment in corporate social responsibility, so as to correct any unjust practices and cost structure in an ethical manner, thereby strengthening its corporate competitiveness, creating new values, and fulfilling its social responsibility. From then on, we have taken a step-by-step approach, such as establishing an ethical management system and announcing the HDEC Green CSR Declaration. Today, every member of Hyundai E&C complies with the company's business ethics standard and ethical management has truly become a significant part of our culture.

Code of Ethics

As a global enterprise, Hyundai E&C strictly complies with its business ethics standard to maintain positive brand image and extend ethical management practices to partner companies and the society as a whole. One such effort is the HDEC Green CSR Declaration, which allows us to share our ethical management vision with stakeholders and encourage their participation as well. In 2012, we updated the HDEC Green CSR Declaration particularly with regard to anti-monopoly and protection of human rights, reflecting rapidly changing industry trends and stakeholders' needs.

Ethical Management System



HDEC Green CSR Declaration

Since its foundation in 1947, Hyundai E&C has pioneered the Korean construction industry with its entrepreneurial spirit of 'challenging oneself with creativity,' taking the responsibility for the country and the society. Amid the rapidly changing business environment, we are growing together with our stakeholders to increase corporate value. In this regard, Hyundai E&C has announced the 'HDEC Green CSR Declaration' which details Hyundai E&C's commitment in 3 areas: 'Responsibility for Sustainable Business,' 'Responsibility Toward the Environment,' and 'Responsibility Toward Stakeholders' with these areas further developed in 61 articles.

The Green CSR Declaration is aimed at achieving the following:

- Set the direction for Hyundai E&C's corporate social responsibility
- Establish the foundation for integrating Hyundai E&C's business strategies with corporate social responsibility
- Build a transparent and credible relationship with Hyundai E&C's stakeholders
- Publicly announce Hyundai E&C's commitment to fulfill corporate social responsibility

Responsibility for Sustainable Business

24 Articles

Responsibility toward the Environment

14 Articles

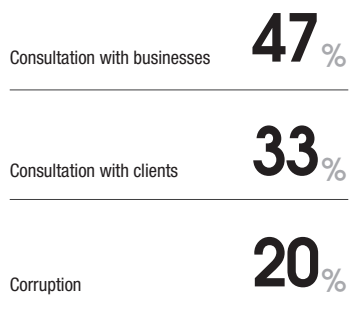
Responsibility toward Stakeholders

23 Articles

Cyber Audit Office



Type of Reports Filed via the Cyber Audit Office



Fair Trade Autonomous Compliance Manual



Operation of the Cyber Audit Office

At Hyundai E&C, we are operating the Cyber Audit Office (<http://audit.hdec.kr>), an independent website provided in both English and Korean aimed at communicating with external stakeholders about the company's ethical management practices while allowing them to report on any act of violation. Hyundai E&C's Cyber Audit Office not only discloses the Code of Ethical Management and other related internal policies and regulations, it offers training and information on ethical management contributing to the awareness on the issue.

Furthermore, external stakeholders can report any cases of unfair request and/or corruption of Hyundai E&C's employees in real-time through the Cyber Audit Office. Cases are handled transparently and quickly with local hotlines for the various overseas offices available on the English Cyber Audit Office for use by informants outside of Korea. Informants may choose to file the report anonymously. The Cyber Audit Office ensures that the each case is handled confidentially and that the informant's identity, confidentiality, and anonymity are protected by assigning a reference number to the case regardless of whether the report was filed anonymously. The reference number can be used to track the status of the case.

Autonomous Compliance with the Fair Trade Program

Hyundai E&C operates an internal compliance system, the Fair Trade Program, in order to establish a transparent and fair business culture. We have built a stringent system to manage risks through the Fair Trade Program, including unethical trade, cartel, subcontracting, and labeling and advertisement. In addition, we have also strengthened related internal training.

Autonomous Compliance System | In order to emphasize the importance of fair trade among employees, our Autonomous Compliance Committee has selected the seven key components of the Fair Trade Program and implemented a number of activities in this regard. In addition, internal fair trade activities are monitored and areas for improvement identified to prevent infractions. Outcomes and performance regarding fair trade activities are reported regularly to the management.

Enhanced Training on Fair Trade | In order to raise employees' awareness on autonomous compliance with fair trade practices, we are carrying out training sessions on the more recent fair trade issues that are relevant to Hyundai E&C. We strengthened training on cartel and Subcontracting Act violations in order to prevent related incidences from occurring.

7 Key Components of Autonomous Compliance with the Fair Trade Program

CEO's commitment	Appointment of supervisors for autonomous compliance	Establishment and amendment of the Autonomous Compliance Handbook	Training system	Monitoring & supervisory system	Regulations on any act of violation	Establishment of documentation system
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Fair Trade Training Program

Overview of the Subcontracting Act	For domestic project directors and management team leaders	- Fair Transactions in Subcontracting Act, recent trends in policy-making and legal executions, etc.
Special Education on Fair Trade	For management and team leaders	- Key fair trade issues for Hyundai E&C and risk management measures
Prevention of a Cartel	For employees and management working in contracts and sales	- Laws and cases of bid rigging, code of conduct, etc.

An accurate risk analysis not only allows a company to pre-empt and respond to critical situations but also enables it to determine strategic direction, find new opportunities, and efficiently operate the business. Hyundai E&C has established a risk management infrastructure and is making efforts to minimize risks.

Defining Risks

For effective risk management, we comprehensively take into consideration all factors such as business areas, markets in which our corporate activities take place, macroeconomic environment, and characteristics of stakeholders and define risks accordingly. At Hyundai E&C, we define and classify risks into one of the following categories: country risks, company and market risks, and project risks.

Country Risks | Country risks include political, social, cultural, climate change, water, and other environmental risks that may arise from changes in and outside of Korea. We are managing these risks throughout the organization.

Company and Market Risks | These are the most commonly evaluated risks related to the market situation, business, and finance. Following an increase in overseas projects, it is more important than ever to stably manage overseas finances; at Hyundai E&C, we are utilizing the company intranet to check foreign currencies on a real-time basis and to effectively manage currency risks.

Project Risks | We conduct a periodic analysis on the construction market situations to manage business risks regarding economic stagnation or overheating, procurement, etc. Particularly, in order to systematically and professionally respond to legal risks from our business activities, we are operating the 'Hyundai E&C Conflict Management System,' which provides exemplary cases of legal risks and solutions and allows us to submit inquiries to in-house legal experts.

Risk Management Infrastructure

Along with the restructuring of the risk management organization (aimed at systematic risk management) in 2012, Hyundai E&C improved its risk management infrastructure and prepared implementation strategies by determining key risks, defining response tactics, and developing a response manual on key risks.

Analysis of Key Risks | In order to respond to various risks in a timely and effective manner, we have selected the 20 key risks, monitor their current status on a monthly basis, and carry out an analysis on these risks through scenario mapping. In addition, we have determined key performance indicators (KPIs) on each of the key risks and developed a response manual, which includes the evaluation standard of four stages – attention, caution, alert, and crisis – of a risky situation and the relevant teams functions during monitoring and crisis response.

Domestic Business Risk Assessment Meeting

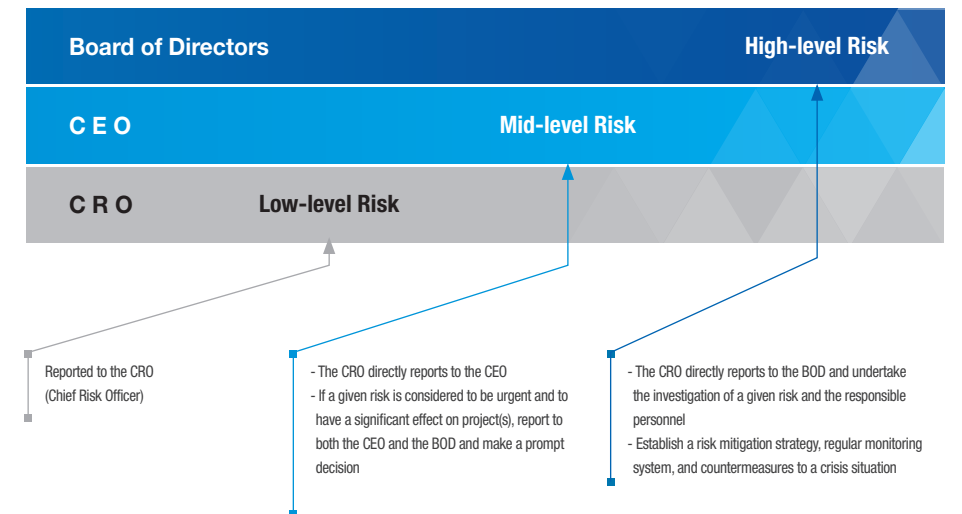
Striving to further grow even in times of crisis with the company's proactive risk management, Hyundai E&C kicks off each year with an annual Domestic Business Risk Assessment Meeting. In 2013, the Meeting started with each business division's presentation on major site issues, followed by the division heads' business plans and strategies for the year. Overall, the Meeting provided the opportunity to critically assess some of the worst practices and risk factors at sites and to discuss the measures to respond to these issues and prevent them from recurring in the future.

2013 Annual Domestic Business Risk Assessment Meeting



Risk Management Organizational Structure | We have established the Pre-trade Risk Management (PRM) Team, an organization responsible for effective management of various risks that are present in the stages leading to the project execution, and the Risk Management Part within each business division, setting a clear structure of risk management among relevant organizations. In addition, we are operating the new Risk Management Committee for deliberating a project's feasibility and monitoring and discussion of risks during the project execution stage. Also under effective operation is the existing Contract Deliberation Committee, which we have made a significant improvement in the Committee's risk management capabilities from the project planning stage to the execution stage.

Risk Reporting Structure | Hyundai E&C analyzes risks' degree of seriousness, probability of occurrence, and extent of influence, quantify risks, and categorize them into several stages. Our risk reporting structure is classified by each stage, which is the sort of structure that allows us to report and manage risks in a more timely and effective manner.



Hyundai E&C's 20 Key Risks

1	Rise of raw materials prices	11	Political uncertainties in foreign countries
2	Currency volatility	12	Diminished ties with partner companies
3	Intensified competition	13	Changes in the construction industry policies and regulations
4	Weakening of brand awareness	14	Damages to corporate image
5	Failure to set appropriate management targets	15	Vulnerability in HR management
6	Failure of new projects	16	Non-compliance with laws
7	Inability to qualify with the global QC standards	17	Occupational accidents
8	Liquidity crisis	18	Information and technology leak
9	Changes in the global economy	19	Natural disasters
10	Stagnant domestic construction industry	20	Man-made hazards

SUSTAINABILITY MANAGEMENT STRATEGY

To build a tomorrow with stakeholders, Hyundai E&C is pursuing sustainability management to create greater social values.

Our Sustainability Strategy

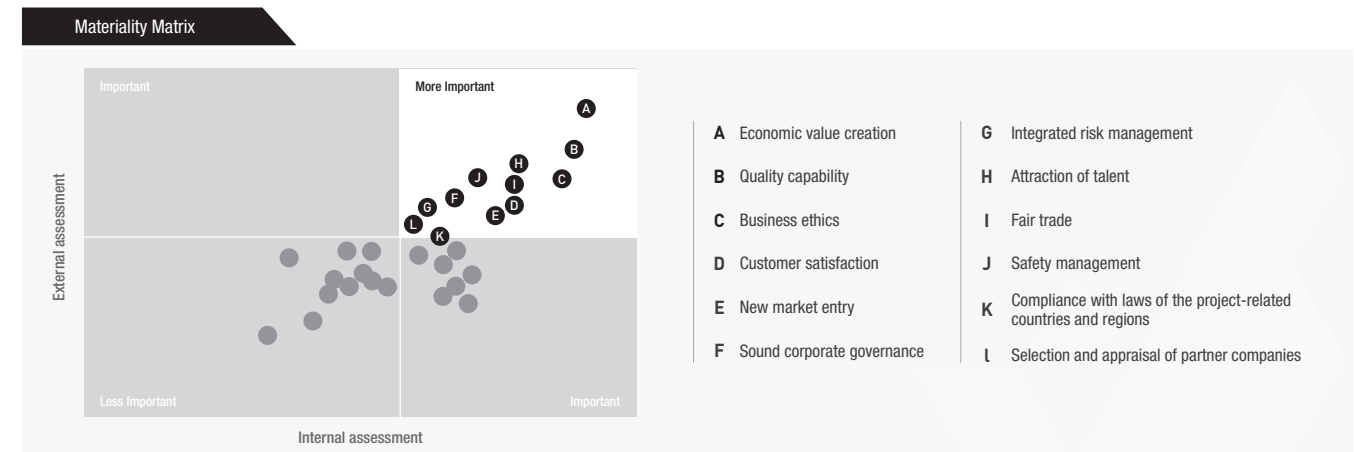
Hyundai E&C's sustainability management philosophy is clearly present in its corporate vision: As a global integrated engineering company, we lead the convergence and divergence of cutting-edge technologies and the construction industry based on an organic cooperation with relevant industries. In order to pursue sustainability management in a more systematic manner, we have established the framework of sustainability management strategy; guided by the Business Planning Group, we are carrying out sustainability activities that involve participation from all members of relevant departments.

Key Sustainability Issues

Materiality Analysis I Every year, we undertake a materiality test targeting employees and external stakeholders to determine key issues that affect Hyundai E&C's sustainability. After the materiality analysis, 12 key issues – economic value creation, sound corporate governance, integrated risk management, business ethics, customer satisfaction, quality capability, new market entry, attraction of talent, safety management, fair trade, compliance with laws of the project-related countries and regions, and selection and appraisal of partner companies – were selected. Contents of this report have been determined in accordance with the 12 issues selected, which we will continue to reflect upon when establishing goals and plans for Hyundai E&C's sustainability management in the future.

Materiality Analysis Process

Step1. Put together a list of issues	Determine issues regarding sustainability management	<ul style="list-style-type: none">Global sustainability standardsConstruction industry trendsMediaHyundai E&C's internal situations
Step2. Conduct a stakeholder survey	Examine stakeholders' level of interest and current status for each issue	<ul style="list-style-type: none">Number of participants: 2,915 stakeholders including employees, customers, partner companies, and local communitiesSurvey period: April 15, 2013 - April 27, 2013Survey method: Intranet and e-mail
Step3. Select key issues	Draw out key issues through assessment of the materiality matrix	<ul style="list-style-type: none">Compose the materiality matrixSelect key issues



Framework of Sustainability Management Strategy





Exhibition Hall 2, BEXCO, Korea | DEC 2009 - MAY 2012

To Build **ECONOMIC VALUE**

Direction

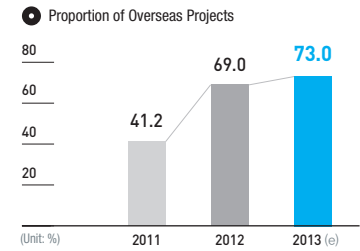
We are establishing grounds for sustainable growth towards increased economic value by receiving more orders and improving our profit model. We are also working towards the advancement of internal management systems through engraining a strong sense of business ethics and reinforcing risk management. By investing in local communities, creating job opportunities, and inducing production, we will continue to make each and every effort to become a company trusted by all stakeholders.

In 2012

In order to realize the vision of becoming a 'global integrated engineering company,' we have reorganized the business portfolio for each business division and improved our capability to provide integrated construction services. We focused on strengthening our global organizational structure by increasing the number of overseas branches for international expansion and taking the overseas project management system up a notch by establishing systems to better manage overseas partner companies and improving operational activities. As a result, we entered emerging regions such as Latin America, Africa, and CIS and pioneered new markets. Furthermore, we developed convergent and divergent technologies based on synergy with the Hyundai Motor Group, taking one step closer to becoming a truly advanced global construction company with great technological competitiveness.

Creating Sustainable Economic Value

Recognized for the quality it provides, Hyundai E&C has achieved the highest record of overseas contracts among Korean construction companies and, based on this record, created significant economic value. Moreover, in order to meet our stakeholders' expectations, we will continue to enhance our technical abilities, expand strategic business areas, and strengthen the capability our sound project management.



Competitiveness in Overseas Markets

Winning over 10 billion USD of overseas contracts in a single year for the first time in Korea in 2010 and accumulating 80 billion USD of overseas contracts as of 2011, Hyundai E&C has opened a new era for the Korean construction industry. Amid a stagnant global economy, set a new record for the Korean construction industry by winning 10.27 billion USD of overseas contracts in 2012 for cumulative overseas orders exceeding 90 billion USD on the foundation of excellent technology, vast construction experience, and customers' trust. In 2013, we expect to exceed 100 billion USD in terms of overseas contracts (cumulative). These achievements are the result of Hyundai E&C's efforts to diversify its Middle East-centric market portfolio and proactively seek new market opportunities in Latin America and Africa.

Construction Capability

Hyundai E&C won first place at the Construction Capability Evaluation 2012 announced by the Ministry of Land, Infrastructure, and Transport (formerly known as the Ministry of Land, Transport, and Maritime Affairs) for four consecutive years, reaffirming the company's position as a pillar of the Korean construction industry. To transform into a global leader, not just the top contractor in Korea, we are striving to grow in both scale and quality.

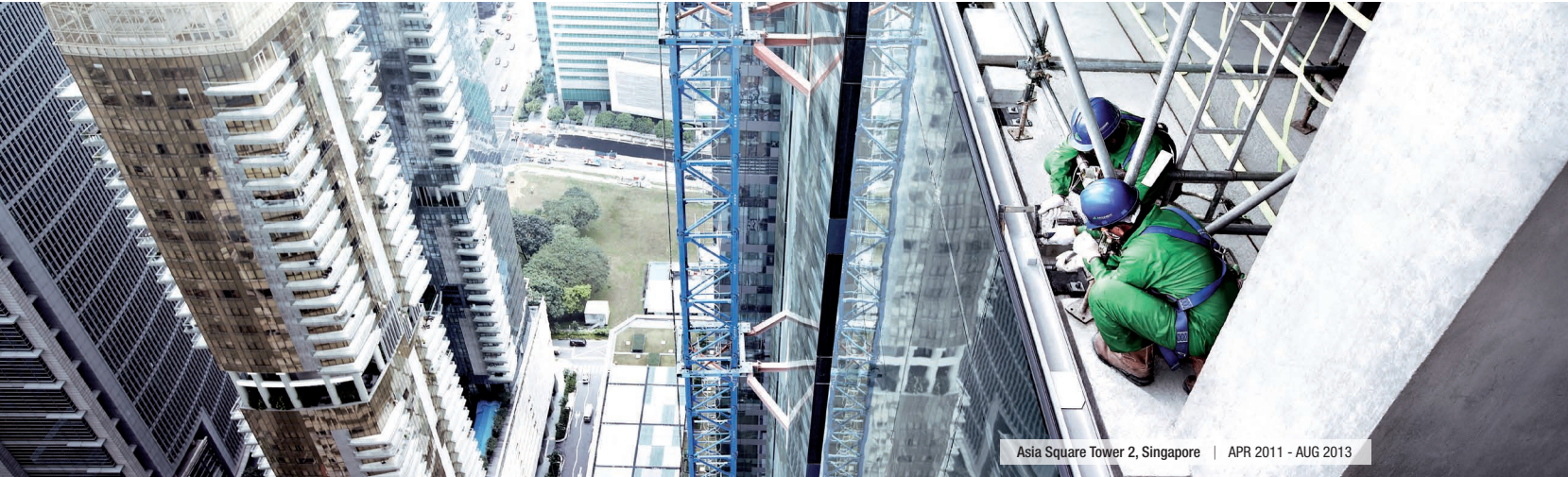
Hyundai E&C, Global Top 4 in Middle East Revenue

THE TOP 225

Revenue Rises After 3-Year Lull

Engineering and Construction Magazine, "Engineering News-Record" (U.S.)

According to the prominent construction and engineering magazine Engineering News-Record (ENR, United States), Hyundai E&C ranked 25th in the "Top 225 International Contractors," which is a ranking that highlights the largest global firms based on overseas revenue. In addition, it ranked 4th for firms that had the largest revenue in the Middle East. Hyundai E&C was able to accomplish such records and stand shoulder to shoulder with global players even in the face of economic downturn and other obstacles by balancing its domestic and foreign portfolio and aggressively opening up new markets overseas.



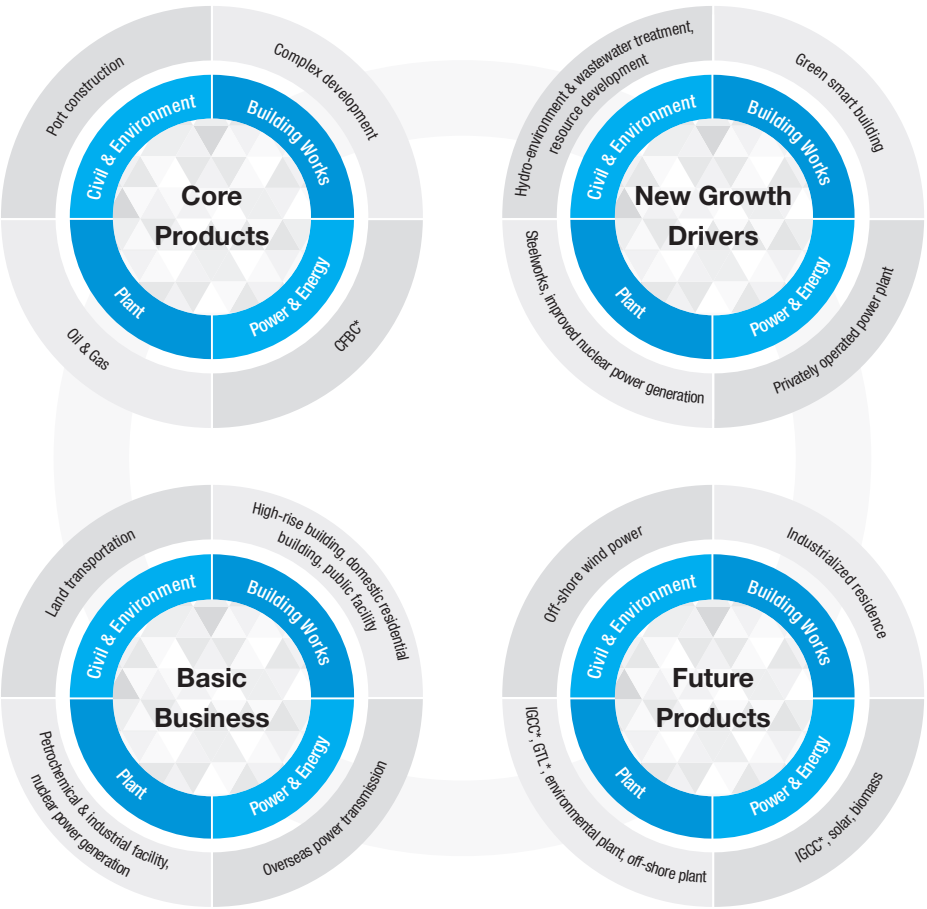
Asia Square Tower 2, Singapore | APR 2011 - AUG 2013

Business Portfolio Advancement

To realize its vision of becoming a global integrated engineering company, Hyundai E&C has established a business portfolio strategy for each business division, advancing the total service business model and striving to grow both qualitatively and sustainably.

Business Portfolio Strategy

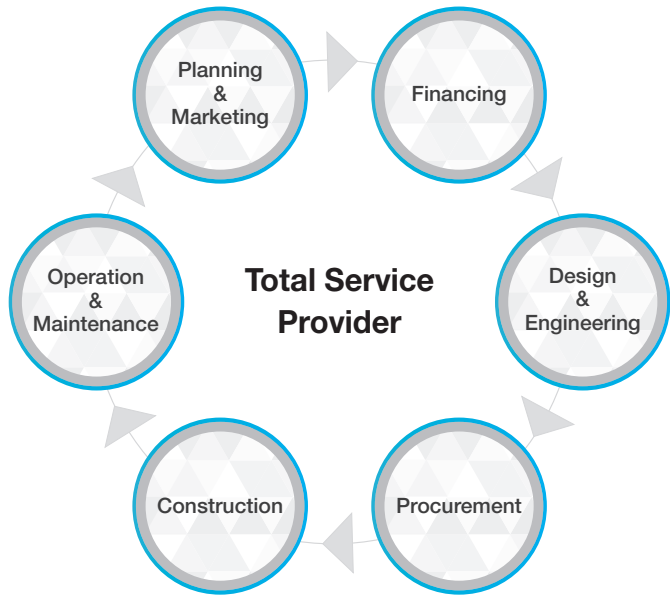
Based on the strengths of each business division, industry analysis, and market forecasts, we have established a business portfolio strategy categorized into four areas: core products, new growth drivers, basic business and future products. For core products, we focus on adding value to the business model and creating revenue by expanding the value chain to obtain top-tier competitiveness at the global level. Since early development of core technologies is central to securing businesses that can be new growth drivers, we will strive to improve technical abilities and secure technologies through pilot projects. As for the basic business projects, we are strengthening each business division's competitiveness to solidify the overall business foundation. Lastly, our future products are currently at the stage of initial market formation, which is why we are focusing on research and development.



* CFBC: Circulating Fluidized Bed Combustion
 IGCC: Integrated Gasification Combined Cycle
 GTL: Gas-to-liquids (a technology that can convert natural gas into liquid fuel or chemical substance)

Business Model Advancement

Following changes in the market, the construction industry is also facing demands to expand beyond the existing EPC (engineering, procurement, and construction) contracts and fulfill the role of ‘Total Service Provider.’ Based on its vast experience and advanced technology accumulated from carrying out over 771 projects in 54 countries around the world, Hyundai E&C is capable of fulfilling its customers’ needs for one-stop services, which ranges from planning to operation and maintenance. By doing so, we are creating various value and truly becoming an integrated engineering company that customers can rely on.



Planning & Marketing | We undertake a thorough review of a given project from the very beginning of the planning stage and determine measures to minimize cost while maximizing profit, in order to establish the most optimum integrated solution while ensuring quality, meeting the deadline, and securing safety, all within the project budget. We create the best value throughout the lifecycle of a construction project, such as selecting an optimal location, studying economic feasibility, reviewing the right construction methods and raw materials, planning how to procure equipment and secure skilled workers, and analyzing environmental impact.

Financing | Hyundai E&C’s financing experts carry out a detailed risk analysis of all stages of a project before the project begins, propose the financial structure and financing terms, and support the funding process based on the company’s credibility.

Design & Engineering | Based on a balanced business portfolio and over 66 years of experience, we forecast the construction and operation stages from the initial design stage and provide an optimum design and engineering solution.

Procurement | We are maximizing procurement efficiency by establishing a global procurement system, finding the best partner(s) available in the region, working in partnership with construction material and equipment suppliers, and retaining procurement professionals. Particularly, we have established an IT system for finding, evaluating, and managing partner companies with an excellent track record from around the world to obtain the best materials and services as needed.

Construction | Perfect construction is one of the most important factors of a successful project. At Hyundai E&C, we provide the highest quality to our customers with a solution most optimized to the site conditions based on continuous technological innovation and talent management.

Operation & Maintenance | Hyundai E&C is gaining experiences of operation and maintenance (O&M) within a wide range of business, such as complex facility, transportation infrastructure, industrial plant, environmental plant, and power plant. Furthermore, we are securing capabilities tailored to industrial plant operation in the areas of facilities and asset management, wastewater management and striving to provide the world’s top-tier O&M services in various areas.

Backed by technical ability, expertise, and synergy with Hyundai Motor Group, Hyundai E&C is continuously pioneering new business areas that will lead the company’s future growth.

New Business Development Strategy

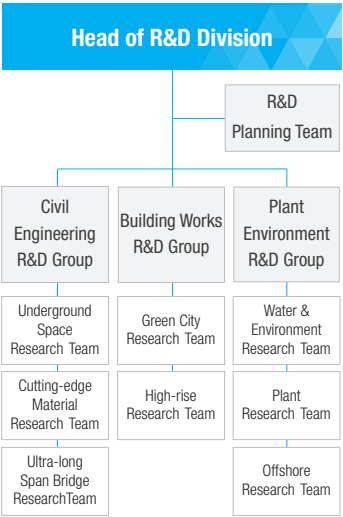
Development of New Growth Drivers | Based on market analysis results, we have determined new growth drivers of each business division, selected items to be developed in the long term, and organized the Strategy Planning Group within the Planning Division to actively pursue new growth drivers.

Particularly, we have newly established the Green Environment Business Group to develop capabilities to compete in the global environmental industry, which is gaining attention as a new growth driver for the future. Following this establishment, we expect to reinforce the global competitiveness of our environmental business within a wide range – such as water supply, hydropower generation, wastewater recycling, and waste management – and be able to expand in terms of both geography (i.e. new markets in North Africa and Latin America) and portfolio (i.e. operation and management).

Organization Restructuring to Secure New Growth Drivers

Date	Description	Roles & Expected Outcomes
JAN 2013	Launched the Green Environment Business Group under the Civil & Environment Division	• Expand business areas such as environment, water resource, hydropower generation, water supply, Reverse Osmosis (RO) desalination, soil remediation, and waste management
FEB 2013	Launched the International Business Planning Group and the Market Analysis Team under the International Business Division	• Gain expertise in national-level market analysis with the aim of entering emerging markets
MAR 2013	Established the Strategy Planning Group under the Planning Division	• Facilitate execution based on mid- to long-term vision and strategies New Growth Strategy Team – Research on the global economy and real estate market; establish and improve mid-term strategy New Market Planning Team – Conduct feasibility studies, strategic planning and execution on new business (new market and region entry) through M&A, Joint Ventures and other options
APR 2013	Subdivided the cost estimation organization under the Civil & Environment Division	• Strengthen the organization’s capability to pursue green environmental business Green Environmental Cost Estimation Team I – Environmental business – Water treatment/wastewater treatment/incinerator/desalination, etc. Green Environmental Cost Estimation Team II – Water business – Stream/dam/hydropower generation/irrigation, etc.
JUN 2013	Subdivided the Plant Sales Group within the Plant Division	• Subdivide the organization by region to secure expertise and efficiency Established Plant Proposal Team I and Team II for each region

R&D Division Organizational Structure



Enhancement of Technological Competitiveness | In order to make the leap to an engineering-based construction company, Hyundai E&C – particularly the Research and Development Division – is continuing research and development with the aim of obtaining the world’s best technologies. At a state-of-the-art research facility, our talented researchers are striving to develop competitiveness for the future by carrying out research in new business areas, contracts and commercialization strategy, and measures to synergy with the Group. In addition, they conduct research on providing solutions to technical difficulties by way of on-site technical consulting, and registering the intellectual property rights of developed technologies. At Hyundai E&C, we strongly encourage the application of new technologies, which leads to a number of achievements such as reduced construction period and cost saving.

We hold the annual Technology Competition for Win-win Cooperation targeting university students and SMEs, supporting technology development and discovering excellent technologies. In addition, we are establishing a global network with leading foreign contractors and technology institutions through close cooperation.

Pioneering New Business Areas & Markets

● Memorandums of Understanding for Cooperation



Reinforced Global R&D Cooperation | In order to secure top-tier technologies, we are actively partnering with reputable research institutes and universities both in and outside of Korea. As a result of such cooperation, we enjoy the opportunity to adopt cutting-edge technologies from foreign countries and promote the Korean construction industry's excellent capabilities internationally.

MOUs for New Growth Drivers

Area	Date	Partner Organization	Area	Date	Partner Organization
High-rise	JUN 2011	Loughborough University (UK)	Water/ environment	FEB 2012	UCLA, Water Technology Research Center
	JUN 2013	Gehry Technologies (US)			
Green city	JUN 2013	LBNL	Nuclear power generation	JUL 2011	Korea Atomic Energy Research Institute
				NOV 2011	Ultra Safe Nuclear
				JAN 2012	Seoul National University Nuclear Engineering
Technology management	JAN 2013	VTT (Finland)	Long span bridge	OCT 2012	Tokyo Metropolitan University
	FEB 2013	AIT (Thailand)		OCT 2012	Yokohama National University
				NOV 2012	Korea Railroad Research Institute

Development of Convergent & Divergent Technologies through Synergy with the Group | Hyundai E&C is carrying out a number of joint R&D projects with the subsidiaries of Hyundai Motor Group. By developing convergent and divergent technologies in various areas such as energy, environmental construction material, power, and transportation, we are developing new business areas and creating greater synergy within the Group.

Synergy Amongst Hyundai Motor Group Affiliates

R&D Tasks	Partner(s)
Develop a Reverse Osmosis (RO) wastewater recycling system	Hyundai Steel
Research various uses of ground-granulated blast-furnace slag	
Develop new steel grades for the construction industry and assess mass-produced structural steel	
Commercialize industrial fuel cell technology	Hyundai Motor Company, Hyundai Hysco
Study the Intelligent Transportation System (ITS) application methods	Hyundai Motor Company, Hyundai Mobis, Hyundai Autoever, Hyundai Mnsoft
Develop a Building Energy Management System (BEMS)	Hyundai Autoever

Opening the Global Era at Hyundai E&C Through Overseas Training and Education



Asian Institute of Technology / Thailand

Subject: Technology management

Period: MAY 20 - JUN 1, 2013

Participants: Research & Development Division (Kim Sung-Ho, Im Jang-Hyuk, Kim Jun-Hyung), Civil & Environment Division (Song Hyun-Sup, Kim Kim Dong-Won, Cho Il-Soo)

"The R&D Division and Civil & Environment Division had the opportunity to visit Asian Institute of Technology in Thailand for technology management education, where we completed the training for project management and technical capability reinforcement and shared business cases regarding technology and quality management of Hyundai E&C.

After the program, I was able to put what I learned at AIT in practice during the actual R&D planning. Particularly, we expect to improve performances of the researches currently being held by designing R&D projects based on stringent investment analysis."

Kim Sung-Ho

Research & Development Division, R&D Planning Team



UOP / United States

Subject: Petrochemical process

Period: APR 27 - JUN 28, 2013

Participants: Plant Division (Park Ji-Geun, Lee Dong-Wook)

"I received UOP's training at the 53rd Engineering Design Seminar. The training covered a wide variety of subjects, including basic engineering, fundamentals of major construction processes, types of equipment, selection standard, selection of utilities and off site visits required for running factories, safety education for driving vehicles and equipment, and environmental protection.

This training has enabled me to more safely manage risks during commissioning by utilizing what I have learned about each process's fundamentals and equipment characteristics.

I was particularly delighted to not only acquire technical capabilities from a leading organization in the United States but also interact with participants from diverse backgrounds and the world's leading engineering companies, which helped me gain confidence in international business."

Park Ji-Geun

Plant Division, Plant Equipment Technology Support Group



Major Projects in Emerging Markets

	Peusangan Hydropower Plant and 1 other project, Indonesia (MAY 2011 - JAN 2016)
	New Haripur Combined Cycle Power Plant, Bangladesh (FEB 2011 - JUL 2013)
	Mong Duong-1 Thermal Power Plant and 2 other projects, Vietnam (DEC 2011 - OCT 2015)
	Azito Power Plant Expansion Project, Côte d'Ivoire (FEB 2013 - MAY 2015)
	Bello Wastewater Treatment Plant (WWTP), Columbia (SEP 2012 - SEP 2016)
	Puerto La Cruz Refinery and 1 other project, Venezuela (SEP 2012 - FEB 2016)
	Ain Arnat Combined Cycle Power Plant (CCPP), Algeria (DEC 2012 - MAR 2016)
	Punta Del Tigre Combined Cycle Power Plant, Uruguay (APR 2013 - MAR 2016)

Emerging Markets Strategy

Expansion to Emerging Markets | Based on our overseas project experience in the Middle East, we are expanding to other regions in the world such as Africa, Latin America, and Eastern Europe. In order to do so, we have newly established the Overseas Project Development Group and the New Market Planning Team within the Strategy Implementation Group to prepare for global expansion and future businesses.

Particularly, in order to continue long-term growth in the future, Hyundai E&C has been strategically expanding its business to Latin America, Africa, and the Commonwealth of Independent States (CIS) of Eastern Europe while retaining a strong basis in the Middle East. Winning the contract for a 2.99 billion USD refinery project in Venezuela in 2012 is one example that shows our continued and systematic efforts to diversify our market.

To further target the Latin American construction market, we have established a branch office in Columbia in 2010 and another one in Venezuela in 2012, followed by a series of new orders in the region. Today, we are acclaimed to have successfully entered the Latin American market. In the CIS market, we won the contract for the 820 million USD Talimarjan Thermal Power Plant Expansion Project in Uzbekistan, completing the 'construction Silk Road' that starts from the Middle East and connects to Central Asia. Backed by such achievements, in 2012, Hyundai set the record of receiving over 10 billion USD worth overseas contracts in a single year for the first time in Korea, opening a new era for the Korean construction industry.

New Overseas Branches

※ Includes re-opened branches and liaison offices

Year	New Overseas Branches
2012	Kuala Lumpur, Johannesburg, Caracas
2013	Toshkent, Montevideo (planned), Istanbul (planned)

Bello Wastewater Treatment Plant, Columbia

- Project owner: ANEPM
- Location: Bello, Columbia
- Project period: SEP 2012 - SEP 2016 (49 months)
- Project overview: Wastewater treatment facility with capacity of 430,000 tons/month; equipment and materials procurement, installment, and commissioning; standard method for activated sludge



Puerto La Cruz Refinery, Venezuela

- Project owner: PDVSA
- Location: Anzoategui, Venezuela
- Project period: SEP 2012 - FEB 2016 (42 months)
- Project overview: Refinery capacity expansion (170,000 barrels light crude oil → 210,000 barrels heavy crude oil)



Mong Duong-1 Thermal Power Plant, Vietnam

- Project owner: Electricity Vietnam (EVN)
- Location: Hanoi, Vietnam
- Project period: DEC 2011 - OCT 2015 (47 months)
- Project overview: Four 810 tons/hour fluidized-bed combustion boilers and two 500MW steam turbines



Globalization of Management Infrastructure

In 1965, starting with the first-ever overseas project by a Korean construction company, the Pattani-Narathiwat Highway in Thailand, Hyundai E&C has contracted over 771 projects in 54 countries around the world and is now considered one of the world's leading construction companies. In order to globalize not only our business portfolio but also management infrastructure, we are extending our cost, project, organizational management systems to the overseas branches and sites.

Reinforcement of Global Cost Management

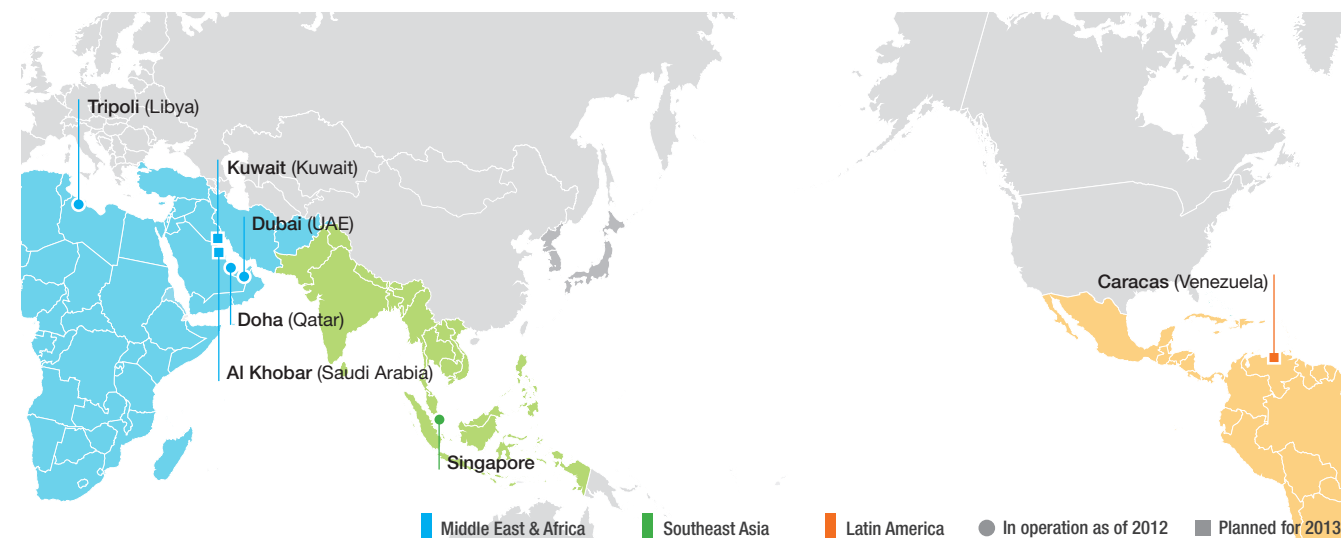
By improving the operation of overseas procurement and logistics, we are seeing a more effective global cost management, enhancing the overall work efficiency, and strengthening the management structure of any relevant risks.

Procurement | In 2012, we have assigned procurement personnel to overseas branches in Singapore, Dubai, Tripoli, and Doha, and 4 sites in 4 countries to purchase office supplies required for operating overseas business and branches, construction materials and equipment, wood materials, and safety features directly from local suppliers. Procurement of locally sourced materials has allowed us to reduce procurement expenses and in the future, we plan to expand the number of overseas branches with procurement personnel to include Kuwait, Al Khobar, and Caracas for a total of seven procurement branches.

To support local procurement, we have established the overseas project procurement and subcontracting system, known as 'e-Procurement & e-Subcontract.' In 2013, we will further advance the system to stabilize the existing bidding, transport, and procurement management systems and establish new processes for appraisal of partner companies, contract management, and payment management.

Logistics | We have developed a customs clearance manual for each country and are currently developing a module for analyzing transport data in order to improve the efficiency of logistics work and thus prevent any loss (cost) that may occur due to a delay in project period. Particularly, the customs clearance manual allows for elimination of any unnecessary delays at customs by laying out each country's potential, customs-related risks beforehand. Furthermore, we expect that having the new guidelines on customs clearance work for each region will help all customs-related personnel work in a consistent and efficient manner, leading to effective customs clearance.

Operational Plan of Procurement Branches



Along with the customs manual, Hyundai E&C developed a transport management program in 2012 to easily track the current status and trends of transport (freight) cost by route and region. By effectively sharing such information, we can ensure accuracy of transport cost data of a given project at the preliminary bidding stage. Furthermore, we have been able to compare bids at the subcontractor selection stage and to better respond to changes in market conditions by analyzing trends of transport cost.

Improvement of the Global Organizational Structure

Hyundai E&C operates 25 overseas branches, including the South Africa and Venezuela branches established in 2012. Each of the overseas branches provides Hyundai E&C's management infrastructure to overseas site(s) and act as an important bridge between the head office and overseas sites. Our overseas branches are responsible for making on-site requests for subcontractor selection, bridging the head office and sites during the business partner selection process, and carrying out some of the procurement and subcontracting work. The branches play a key role when it comes to finding local business partners, managing the list of local partner companies, and supervising sites.

At Hyundai E&C, we will continue to enhance the global organizational structure and the systematic infrastructure for overseas projects in order to apply the world's most unified, strict standards of project management and enable a more effective operation of the business.

Advancement of the Overseas Project Performance Management System

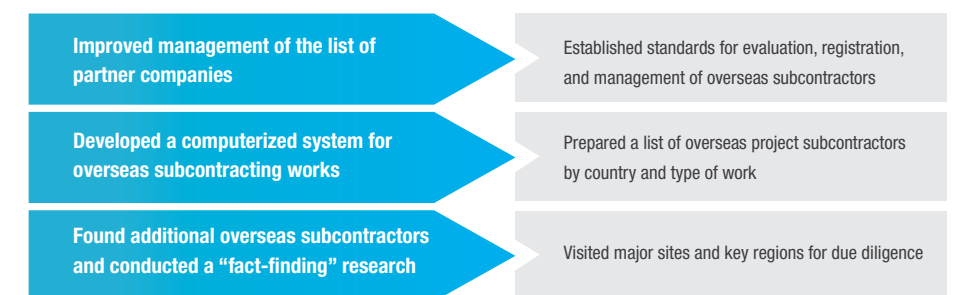
We are advancing the partner company selection and performance management system, which is a key to successfully winning contracts for and carrying out overseas projects.

Establishment of the Overseas Partner Company Performance Management System | It is imperative to work with excellent local partners to ensure that overseas projects are carried out effectively. At Hyundai E&C, we have compiled a detailed list of business partners and suppliers in each country (in which our current and potential projects are located) and a guideline of local laws and regulations, so as to find and sign subcontracting agreements with the right partner(s).

We manage and operate overseas partner companies with the same standard and system as those of domestic partner companies and have also computerized overseas subcontracting works.

Reinforcement of Domestic Partner Companies' Global Capacity | In order to improve our domestic partner companies' capability to participate in overseas projects, we provide a number of training opportunities for key issues such as tax laws of different countries. Furthermore, we provide support for partner companies to employee talented workers at overseas sites.

Improvement of Overseas Partner Company Management





Qatar Gas to Liquid – Liquid Processing | AUG 2006 - SEP 2010

To Build ENVIRONMENTAL VALUE

Direction

To achieve its environmental management vision, ‘2020 Global Green One Pioneer,’ Hyundai E&C has improved environmental friendliness over the entire process of a project, including research and development, design, transport, construction, operation, and decommissioning, enhancing our green management capabilities and spreading environmental management to partner companies as well.

In 2012

In order to preemptively respond to environmental management issues, we have restructured the environmental management framework by establishing the Integrated HSE System, goals, and action plans, and became the world’s first construction company to receive the ISO 50001 certification (energy management system). In addition, we established the Integrated Environmental Performance Management System in connection with the GHG & Energy System and the Waste Management System to strengthen the cohesion between project management and environmental management in order to maximize performance of environmental management and mitigate environmental risks.

Furthermore, we made investments in renewable energy technologies (e.g. photovoltaics, wind, tidal, etc.) and core technologies for low carbon, green buildings to reinforce new growth drivers for the future. Some of our environmentally friendly technologies have been deployed in green building construction at Expo 2012 Yeosu Korea and the H-MEG technologies.

Foundation for Environmentally Friendly Management

By reflecting the environmental management strategy in our core management strategy, Hyundai E&C is building a platform to become a global environmental leader in both corporate social responsibility and new environmental businesses.

Environmentally Friendly Management System

Establishment of an Integrated Management System for Safety, Health, and Environment | In order to proactively respond to domestic and international issues related to environmental management, we have established an integrated management system for safety, health, and environmental management by combining ISO 14001 (environmental management system), KS I 7001 & 7002 (green management system), and ISO 50001 (energy management system) in 2012.

In the same year, we changed 16 pertinent policies and manuals following the management systems' integration, and established targets and implementation plans for each field in accordance to our company-wide policies and goals. These steps have ensured that the environmental management infrastructure is gaining foothold.

Environmentally Friendly Management Roadmap



Environmental Management Policies & Goals

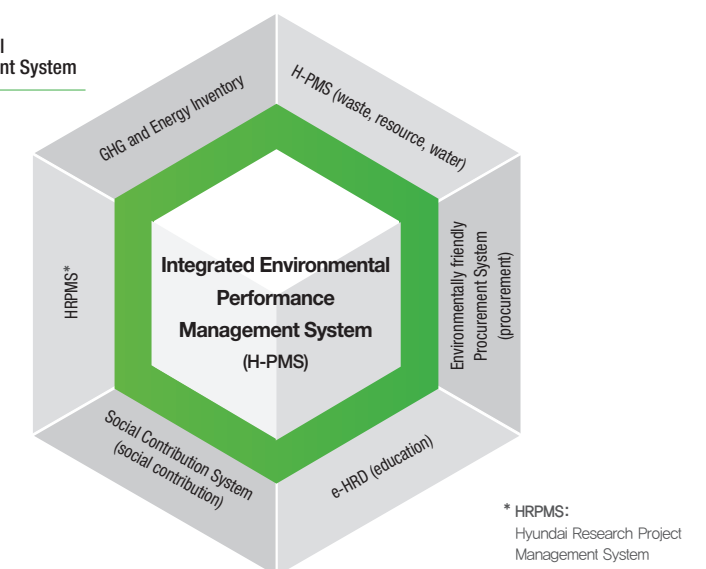


Performance Evaluation of Environmentally Friendly Management | Following the 'Safety, Health, and Environmental Management Goals and Program Operation Policy,' in 2012, we have established 26 environmental performance indicators for the head office and 22 for sites to better manage performance. Each year, our accomplishments and results are reported to top-level executives, and the information is also used to plan, set goals, and determine ways to make improvements for the following years to come.

To efficiently manage performance of environmental management, we have integrated the GHG & Energy Management System and the Waste Management System with Hyundai - Project Management System (H-PMS) to collect and track data on a real-time basis. Following the integration of environmental management system and H-PMS, we have been able to combine general operations with environmental management, strengthen environmental risk mitigation measures during construction, and increase work efficiency.

In 2013, we plan to gradually complete the Integrated Environmental Performance Management System by sequentially combining e-HRD, environmentally friendly procurement, social contribution, and Hyundai Research Project Management System (HRPMS) with H-PMS. Furthermore, we plan to reinforce our management infrastructure by expanding site inspections, evaluating the propriety of goals for environmental management KPIs, and monitoring the current state of affairs. Through company-wide, systematic management of environmental performance, Hyundai E&C is making strides for improvements in environmental management.

Integrated Environmental Performance Management System



Inspection of Environmental Management Activities | In order to enhance internal capabilities for environmental management and encourage employees' participation, we have inspected all sites for their level of environmental management in 2012 and are providing evaluations and guidance twice a year for domestic sites and once a year for overseas sites. As a result of the inspecting, we awarded 5 million KRW and overseas training opportunity to the employees of the top 5% sites. For the employees of the bottom 10% sites, we performed additional examinations, established countermeasures, and carried out a number of activities to improve performance. In 2013, we are determined to increase the accountability of project directors and HSE personnel by reflecting the examination results on their KPIs.

Environmental Management Education | In order to increase employees' understanding of environmental management and expand environmental management activities, we are executing a holistic and comprehensive training. In 2012, we focused our efforts on providing a tailored training for each site rather than developing one type of site training manual. As a result, 4,326 employees completed a total of 11,999 hours of training. In particular, we started an in-house training program for the Leadership in Energy & Environmental Design (LEED), a green building certification in the US, certification to support accreditation, and organized a Clean Development Mechanism (CDM) specialist seminar available within the organization to provide our employees with an opportunity to strengthen environmentally friendly project management capabilities. In 2013, we will continue to expand our training efforts to employees of partner companies as well.

● Award Ceremony for the Carbon Trust Standard



Carbon Management System

Aware of risks that climate change presents on the construction industry, Hyundai E&C is striving to proactively respond to climate change and rather turn these risks into opportunities. In this regard, we have established carbon management goals that are in line with the nation's GHG reduction goals, conducted GHG reduction activities, and preemptively participated in the national GHG policies such as the Energy Target Management System, further enhancing our leadership in global carbon management.

Carbon Management Strategy | To achieve its vision, '2020 Global Green One Pioneer,' Hyundai E&C has set goals to reduce GHG emissions 30% below Business As Usual (BAU) by 2018 and to obtain the Zero-House technologies by 2020, and is carrying out the carbon management strategy in this regard. Through successful execution of the strategy, we will greatly reduce GHG emissions, develop new markets, and diversify our business portfolio to maximize corporate value and truly become a global environmental construction leader.

Introduction of the Energy Management System | Since establishing a GHG inventory in 2010, we have thoroughly reviewed energy use of all construction stages (from planning to completion), set reduction targets, and are currently monitoring the state of affairs on a monthly basis. Particularly, in 2012, we became the world's first construction company to acquire and apply the ISO 50001 (energy management system) certification to all domestic sites and ensured each site to be capable of examining energy use, selecting key sources of energy, and systematically managing energy use.

Following introduction and establishment of a site energy management system, we achieved a 41,930 tCO₂-e reduction of GHG emissions in 2012 compared to the previous year. As a result of adopting the energy management system, we saw a financial benefit of 6.7 billion KRW in 2012 alone with annual energy saving. In 2013, we plan to develop a method to forecast and reduce each site's energy use and develop a guideline on GHG reduction, to outperform the nation's GHG reduction target.



● ISO 50001 Energy Management Certificate Awarding Ceremony

GHG emissions in 2012

396,720 tCO₂-e

Carbon Management Strategy

VISION

2020 Global Green One Pioneer

GOAL

Reduce GHG (greenhouse gas) emissions
30% below the BAU by 2018

Develop 'Zero-House' (zero energy consumption)
technologies by 2020
(Develop 'Zero-House' (zero LCCO₂* emissions)
technologies by 2025)

Green System

Establish Foundation for
Environmental Management

- 1 Build the foundation for environmental management
- 2 Improve environmentally friendly corporate image
- 3 Operate the Environmental Management Committee

Green Project Management

Create Environmentally Friendly
Project Sites

- 4 Systematically reduce GHG emissions
- 5 Expand environmentally friendly outsourcing
- 6 Operate sites in an environmentally friendly manner

Green R&D

Expand
Green Technologies

- 7 Secure environmental core technologies
- 8 Be the first to acquire environmental original technologies

*LCCO₂ (Life Cycle CO₂)

Financial Impact Analysis of GHG Emissions | In order to comply with the government policies and strategies on green buildings, we are analyzing the environmental cost of GHG emissions by utilizing the Ministry of Environment (ME)'s TOTAL program as well as the ME and the Ministry of Trade, Industry and Energy's (formerly the Ministry of Knowledge Economy) LCI (Life Cycle Inventory) data system. As evaluation of energy use and GHG emissions has enabled quantitative environmental impact assessment, we can now conduct analysis of buildings' and construction materials' environmental friendliness.

Greater Leadership in Carbon Management | In 2012, Hyundai E&C participated in the Climate Disclosure Standard Board (CDSB) Working Group and is currently taking part in the establishment of measures to implement the Climate Change Reporting Framework (CCRF). In addition, we are working as an adviser to the council of domestic construction companies for establishing GHG and energy management standards in response to the government's GHG & Energy Target Management System. In 2013, we plan to participate in the pilot project for applying the GHG & Energy Target Management System on the construction industry.

Eco-Campaign | As an effort to reduce GHG emissions through company-wide energy saving and to establish environmentally friendly sites, we are organizing a number of eco-campaigns. For instance, we are encouraging employees at the head office to either shut down computers or set them in sleep mode during lunch hour. At sites, we are promoting the development of energy-saving items at the construction stage. Furthermore, we are promoting a campaign to use public transportation or commuter buses operated by Hyundai E&C, and managing the campaign performance on a groupware system.

Eco-Campaign Activities

The following are some of the many eco-campaign activities that take place at our project sites.



Environmentally Friendly Site Operation

In order to minimize impact on the environment of our sites' surrounding areas, we have established an environmental management system across the entire chain of procurement, transport, construction, and deconstruction and are carrying out various green site operation activities.

Environmentally Friendly Construction

In order to minimize environmental impact at the construction stage, we are making various efforts such as managing sites' energy and resource consumption and periodically checking the impact of our business activities on the environment and the surrounding ecosystem.

Environmental Impact Management | In 2012, we achieved zero environmental accidents as a result of systematic environmental impact management, such as voluntarily carrying out an environmental impact assessment on construction sites and determining measures to control various environmental factors such as air quality, water quality, soil, noise, and vibration. As the government's environmental management policies and citizens' environmental awareness have led to a more stringent environmental assessment from external parties, we are ensuring that all our sites strictly comply with laws and manage environmental factors.

► **Environmental Impact Assessment:** Hyundai E&C carries out a compulsory environmental impact assessment before starting a construction or development project, in compliance with the Environmental Impact Assessment Act. Through the assessment, we determine measures to minimize impact on the natural, living, social, and economic environments, evaluate and select any alternatives (if available), and establish plans for post-project environmental impact assessment, ultimately coming up with the optimum solution for a given project.

► **Environmental Inspection & Management:** Every year, all domestic and overseas sites are subject to an independent (external) inspection as well as an internal evaluation (performed by in-house environmental professionals). In 2012, we selected 11 sites – newly established, large-scale, and/or with a record of multiple civil complaints – to be subject to special environmental inspection and management.

On-site Energy & Resource Consumption Management | In order to effectively manage energy and resources consumed at the construction stage, we are fully utilizing our IT systems – such as H-PMS, BIM, and the Integrated Environmental Performance Management System – to collect and manage data on energy and resource consumption by type of work and source, on a monthly basis.

Measures to Manage Major Resources

Materials	Water	Energy
<ul style="list-style-type: none">- Operate the BIM (Building Information Modeling) system: All construction-related information put into databases within the BIM system. This system calculates the exact amount and cost of the materials required for a given construction work, which allows us to save materials that would have otherwise been used unnecessarily- Check the inventory situation and the price of materials on a real-time basis	<ul style="list-style-type: none">- Operate the H-PMS- Install facilities for rainwater harvesting, de-watering, and sprinkling	<ul style="list-style-type: none">- Acquired the ISO 50001 certification- Organize energy saving plans- Review and approve the Energy Performance Index- Install high energy-efficient facilities and infrastructures

Site Environmental Impact Management | By reducing wastes, preventing water pollution, and managing water consumption and wastewater management, we are trying to minimize the environmental impact of sites.

► **Water Consumption and Wastewater Treatment:** A majority of water consumed at sites is used within sprinkler systems for the purpose of dust control. We ensure that water does not leak at water-intense facilities such as sprinkler systems, lavatories, and washrooms through regular repair and maintenance works. In 2012, our water consumption decreased by 30% compared to the previous year. Wastewater from sites is disposed in compliance with the relevant regional government's wastewater treatment regulation. Furthermore, we have installed treatment facilities such as dust barriers, tunnels, and batch plants at sites that incur a significant amount of wastewater, and are minimizing water pollution through continuous monitoring. As of 2012, we are operating 13 wastewater treatment facilities at 11 domestic and overseas sites.

Wastewater Treatment Facility



Water Quality Examination of Discharged Water (pH, SS, COD, N-h, TN, TP)



Measures to Manage Environmental Factors at Sites

Air quality	<ul style="list-style-type: none">- Establish the air pollutant emissions and abatement facility installation standards- Install dust barriers and automatic sprinklers- Make the current status of air quality publicly available via the Tele-Monitoring System and electronic displays at sites
Water quality	<ul style="list-style-type: none">- Operate sewage treatment facilities such as retaining walls, tunnels, and batch plants- Carry out a daily inspection of power supply to sewage treatment facilities and their operating status, and examine water quality at least once every six months- Manage the marine environment- Install diversion channels and grit chambers; strictly manage oil facilities- Manage performance within the energy use report, utilizing the monthly monitoring result of water use at each site
Noise & vibration	<ul style="list-style-type: none">- Install sound-proof and vibration-proof facilities; use low-noise equipment- Operate vehicles at low speed within sites; install sound-proof walls around sites
Soil contamination	<ul style="list-style-type: none">- Exhibit any equipment repair & maintenance work and oil change work within sites- Developed a contaminated soil washing technology (the Environmental Technology Verification No. 92); 6 patents and 2 utility models related to restoration of contaminated soil

► **Ecosystem Protection:** Hyundai E&C complies with the Nagoya Protocol (an international protocol on access to genetic resources and the fair and equitable sharing of benefits) and carries out a number of biodiversity protection activities at sites. In order to prevent the ecosystem (of sites' surrounding areas) from being destroyed, we thoroughly examine and evaluate our impact on the ecosystem and make every effort to design and use construction methods that can preserve as much of the ecosystem as possible and minimize any topographic changes and damages to natural vegetation. In case any damage to the ecosystem is expected, we take impact minimization measures such as transplanting, replacement of habitat, and construction design changes. Even after groundbreaking, we continue regular monitoring of the ecosystem and work with the stakeholders for consultation and inspection works.

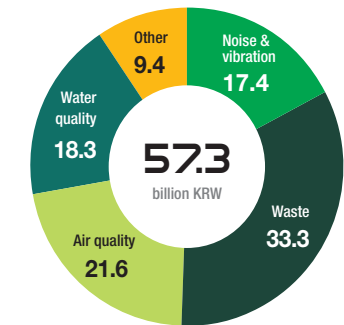
Ecosystem Protection Activities

Replace habitat	Transplant trees and plants; create ecological wetlands at settling basins; install an island of "artificial" plants; develop natural streams and green areas
Install protection devices and pathways	Build escape paths and escape-leading fences for small animals; install pathways that utilize silt protectors, blocking paths, roadside trees, and other on-site structures
Consider alternative designs	Change the construction location; apply low-vibration construction methods; downscale bridge foundations

Protected Species Inhabiting in the Sites' Surrounding Areas



Environmental Protection Expenditures and Investment in 2012 (Unit: %)



Environmental Investment | With greater environmental awareness, we saw a significant increase in our investment in the site environmental management and protection activities. In 2012, the cost of environmental protection and investment was 57.3 billion KRW, up by 87% from the previous year.

Environmental Clean-up Activities | By establishing performance indicators related to sites' environmental clean-up activities and making continuous efforts in this regard, we are strengthening ties with the local communities and reinforcing external credibility. In 2012, 57,390 (accumulated) employees participated in 773 sessions of environmental clean-up and/or community volunteering.

Environmentally Friendly Supply Chain

We have strengthened environmentally friendly procurement processes to promote the development of eco-friendly construction materials, manage procurement records, and support partner companies' environmental management.

Environmentally Friendly Procurement Process Improvement | We have signed the 'Voluntary Agreement on Environmentally Friendly Procurement' with the Ministry of Environment and are continuously improving our procurement processes to encourage production and consumption of environmentally friendly goods.

Enhancing Partner Companies' Environmental Management | In order to make the supply chain more environmentally friendly, we are carrying out a number of environmental management activities throughout selection, management, and assistance for our partner companies. At the selection stage, we give priority to companies with excellent environmental management capabilities, supported by the ISO 14001 certification, the Ministry of Environment's 'Environmentally Friendly Company' designation, etc. Before signing a contract, we request for a written pledge to comply with the HSE standard and carry out an audit via independent management consulting firms. Furthermore, we seek to promote environmental technology development and find promising companies with environmental technologies by organizing an exhibition for newly developed items and providing incentives when such new technologies are applied to our sites. In 2012, we held the 'Convention for Partner Companies' Energy Saving' and provided environmental management training sessions to encourage partner companies to be more environmentally friendly.

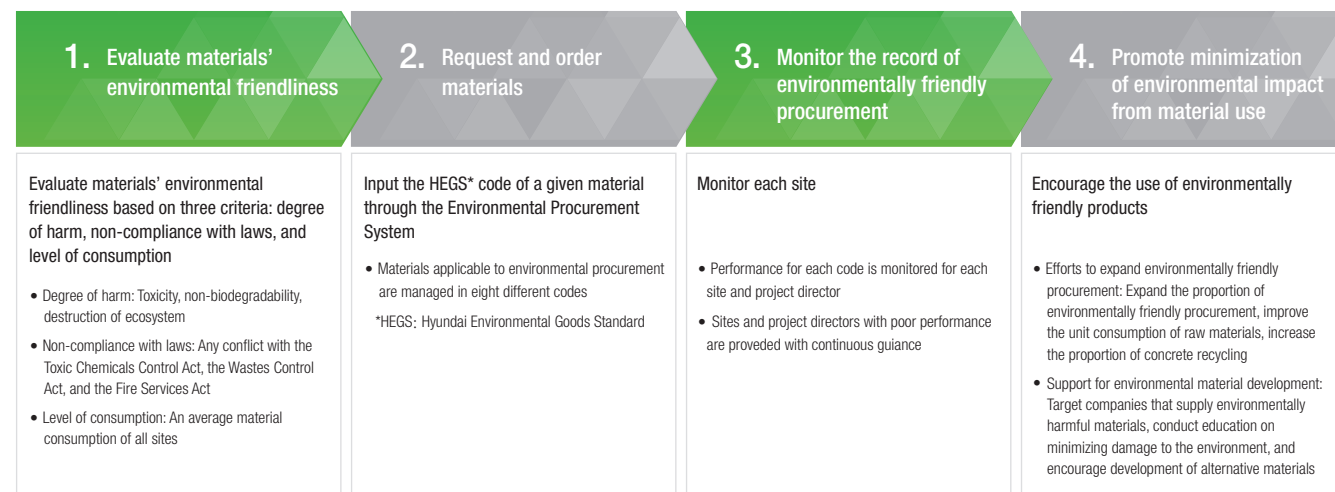
Environmentally Friendly Transport

To reduce GHG emissions from the transportation of goods, Hyundai E&C has established a guideline on operation of work vehicles in an effort to spread the environmentally friendly transport culture. We will continue to minimize energy consumed at the transport stage by enforcing the head office's environmental management regulation.

Eco-driving | Hyundai E&C is promoting the environmentally friendly transport culture by periodically checking vehicles, prohibiting sudden acceleration, sudden braking, and idling within sites, encouraging the use of bicycles within sites, and minimizing the use of work vehicles with car-sharing. We will continue to expand these eco-campaigns for each and every employee to participate in the GHG reduction through 'Eco-driving.'

Purchasing Environmentally Friendly Vehicles | As an effort to reduce GHG emissions from work vehicles, we purchased three hybrid cars in 2012, which resulted in saving 3,300 liters of gasoline and reducing 7.27 tCO₂-e of GHG emissions in one year.

Environmentally Friendly Procurement Process



Environmentally Friendly Deconstruction

At Hyundai E&C, we have developed guidelines on waste management and deconstruction to ensure that all sites operate standardized processes for environmentally friendly deconstruction, waste disposal, and recycling management.

Environmentally Friendly Deconstruction Guideline | All sites undertaking deconstruction and demolition works must comply with the 'Guideline on Occupational Safety Standards for Deconstruction Work' which has been developed in accordance with the government's Occupational Safety Standards. By doing so, we are minimizing effects on the environment and occupational accidents that may occur during deconstruction and demolition of buildings. Furthermore, we have developed a guideline on handling harmful substances, which our workers can refer to before carrying out a preliminary assessment of harmful substances (i.e. asbestos) that may be present at sites, so as to prevent their direct expose to asbestos. We take a sample of rubble from a given deconstruction site for examination by an independent laboratory, and if the asbestos content exceeds 1%, we make a request for asbestos removal and disposal to hazardous waste management specialists.

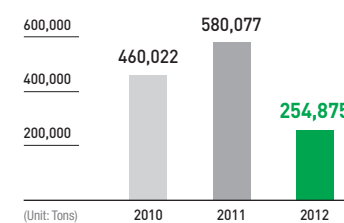
Waste Disposal | For sites that either discharge large amounts of waste or need special attention for waste management, we have established waste disposal and recycling targets and taken measures to achieve these targets such as installing an on-site waste depository and managing waste disposal data by site, partner company, and type of waste. In addition, we are minimizing the environmental impact from our disposal activities by establishing guidelines for each type of waste. During procurement, we put priority on recycled materials (as long as quality is not compromised). We ensure that asbestos and waste oil accrued from the disposal stage are treated by hazardous waste management specialists, and sell any recyclable materials and wastes to recycling plants to increase resource efficiency.

Such efforts led us to reduce the amount of waste by half in 2012 compared to the previous year. In 2013, we will evaluate the performance of waste transport and treatment companies for cost saving and appropriate handling, so as to establish a higher-quality waste management mechanism.

Integrated Environmental Waste Management System | For integrated management of waste, we have established the Integrated Environmental Waste Management System by connecting our H-PMS to the Ministry of Environment's waste management system, "Allbaro." Starting from July 2012, the new Integrated Environmental Waste Management System has been applied at all domestic and overseas sites.

Designed to prevent non-compliance with environmental laws and manage company-wide waste discharge data and disposal cost by work process, type of work, division, and company, the Integrated Environmental Waste Management System provides important data for contracting, bidding, and budgeting and is increasing our environmental management's efficiency and effectiveness. As this System has allowed us to gain greater transparency and credibility of our environmental waste management data, we expect to see an annual cost saving of 600 million KRW.

Waste Disposal and Recycled Waste



Publication of the 'Environmental Standard' for Overseas Environmental Management



Since 2012, Hyundai E&C has published the 'Environmental Standard' in major countries of operation, including Singapore, Saudi Arabia, UAE, Qatar, and Kuwait. By utilizing this Standard, which is published in 6 languages, we aim to respond to each country's environmental regulations and apply our environmental standards to overseas sites to ultimately improve and systematically manage overseas sites' level of environmental management. In the future, we plan to also publish the 'Environmental Standard' in new markets such as Latin America and Central Asia.

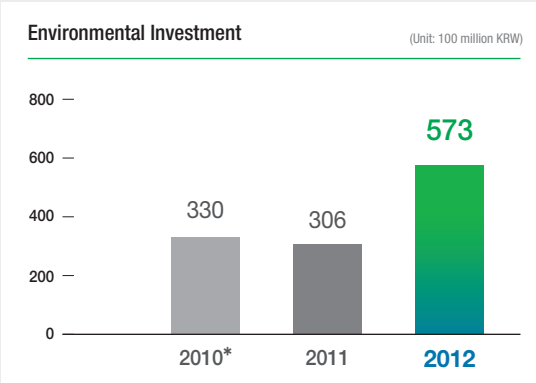
Material Flow Analysis

Environmentally Friendly Technology Development	Environmentally Friendly Design	Environmentally Friendly Procurement	Environmentally Friendly Transport
Strategies			
<ul style="list-style-type: none"> - Restructure the technology R&D organization - Employee more R&D professionals and expand budget allocations - Expand R&D partnership with the Group 	<ul style="list-style-type: none"> - Apply environmentally friendly designs - Develop environmental restoration technologies 	<ul style="list-style-type: none"> - Strengthen environmentally friendly procurement processes - Increase the proportion of eco-friendly materials - Develop and apply eco-friendly materials 	<ul style="list-style-type: none"> - Enhance environmentally friendly transport - Switch to eco-friendly cars - Improve the company vehicle operation standards
Major Activities and Achievements in 2012			
<ul style="list-style-type: none"> - Carried out joint R&D projects with the Group - Continued the development of major environmental technologies such as H-MEG and 'Green Smart' demonstration - Increased R&D investment 		<ul style="list-style-type: none"> - Increased the number of the environmental friendliness evaluation criteria and made changes to the existing areas of improvement - Evaluate sites by the HEGS Grade - Expanded the application of ground-granulated blast-furnace slag at sites 	<ul style="list-style-type: none"> - Tightened the eco-vehicle operation standards - Raised employee awareness through environmentally friendly transport campaigns

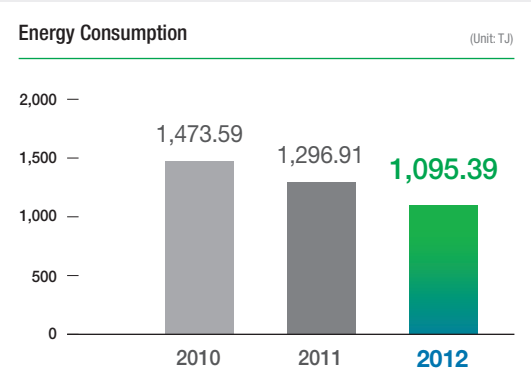
Environmentally Friendly Construction	Environmentally Friendly O&M	Environmentally Friendly Deconstruction	Environmentally Friendly Supply Chain
Strategies			
<ul style="list-style-type: none"> - Build system for site-driven environment and energy consumption management 	<ul style="list-style-type: none"> - Operate 'zero-energy' buildings - Realize the 'Green Home,' a concept of environmentally friendly housing 	<ul style="list-style-type: none"> - Minimize waste discharge - Treat and remove hazardous chemicals in accordance with laws and regulations 	<ul style="list-style-type: none"> - Expand environmentally friendly technology exchange with partner companies - Improve environmental management education for partner companies
Major Activities and Achievements in 2012			
<ul style="list-style-type: none"> - Established and operated an integrated health, safety and environment system - Monitored and reduced energy consumption throughout all stages - Published "Environmental Standard" for overseas sites 	<ul style="list-style-type: none"> - Expanded the application of environmentally friendly items on buildings 	<ul style="list-style-type: none"> - Complied with waste management guidelines and operated the waste management system - Complied with the asbestos removal guideline 	<ul style="list-style-type: none"> - Provided greater educational and financial support for partner companies' environmental management

INPUT

Reinforced Steel	Water	Fuels	Gas	Electricity
248,627 ton	893,000 ton	136.57 TJ	178.86 TJ	771.20 TJ

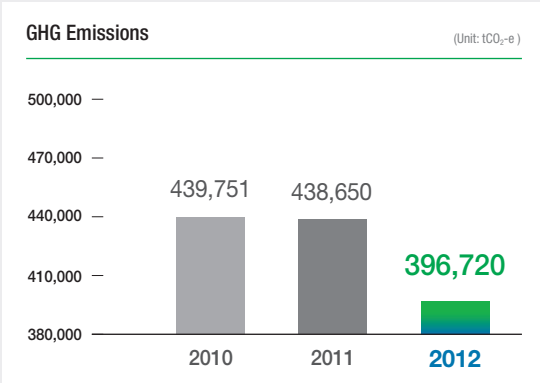


* The 2010 data includes expenses on environmental campaigns among others



OUTPUT

Waste Discharged	Recycled Waste	Wastewater Treated	Direct, Indirect GHG Emissions	Other Indirect GHG Emissions
254,875 ton	2,655 ton	1,289,531 ton	55,877 tCO ₂ -e	340,843 tCO ₂ -e



※ Scope: Domestic sites

Green Building Certifications

Type	Building	Level
Green Mark	Khoo Tech Puat Hospital	Platinum
	One Shenton way	Gold
	Overseas Union House	Gold
	Pasir Ris Condominium	Gold Plus
	Asia Square Tower 1	Platinum
	Pasir Ris Condominium Parcel 2	Gold Plus
LEED	Botannia Condominium	Gold
	Asia Square Tower 1	Platinum

Advancing Environmentally Friendly Technology

At Hyundai E&C, we are developing and applying environmental technologies as our new growth drivers for the future. We have established a technology development roadmap, which includes renewable energy technologies (e.g. solar, wind, tidal, etc.) and core technologies for low carbon, environmentally friendly buildings, and are making step-by-step efforts to develop and commercialize these technologies.

Environmentally Friendly Technology Development

R&D Investment | We are allocating more financial and human resources in research and development, to gain greater technological capabilities for construction technology. In 2012, we allocated 12 billion KRW to the environmental R&D budget for the development and site support works being carried out by over 100 researchers.

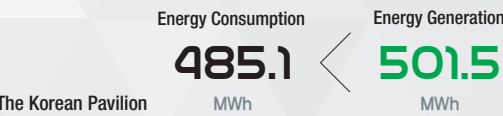
Environmental Design | We make every effort to apply “environmental-friendliness” right from the design stage. Depending on a given technology's strategic direction, our environmental design factors are categorized into four areas: energy saving, water conservation, consideration for the ecosystem, and comfortable living condition.

Design Factors under Consideration and Major Technologies by Area		
	Design Factors under Consideration	Major Technologies
Energy saving	Efficiency: Thermal insulation methods, thermal-insulating materials, energy-efficient windows and doors, waste heat recovery ventilation system, integrated energy management system, etc.	- Building integrated photovoltaic system (BIPV) that ensures visibility - Energy management system (HEMS)
	Renewable energy generation: Photovoltaic solar, tidal, wind, geothermal, biogas, hydrogen, etc.	
Water conservation	Conservation: Water-efficient toilets, water meters, greywater recycling systems, rainwater harvesting systems, decompression valves, etc.	- Rainwater harvesting system
	Reuse: High-pressure filters, ammonia stripping, collection of high-concentration liquid compound fertilizers, etc.	
Consideration for the ecosystem	Indoor air quality: Environmental materials, composite sensors, ventilation control programs, etc.	- Verification of finishing materials' environmental friendliness - Floor impact noise reduction technology
	Ventilation: Nature-friendly arrangements, topographic consideration, wind-resistant structure evaluation Thermal insulation: Thermal-insulating compound materials, external heat insulation systems, tunnel lining thermal insulation, etc.	
Comfortable living condition	Topography: Fertile soil yard, contaminated soil washing technology, prevention of land subsidence	- Environmentally friendly dredging and dredged soil treatment technologies
	Water quality: Installation of water shield, treatment of water contaminated from washing processes, treatment of organic wastewater, etc. Natural habitat: Recycling of damaged plants and trees, creation of escape paths, ecological wetlands, and an island of “artificial” plants	

Realizing 'Zero-energy, Zero CO₂'

Hyundai E&C applied environmentally friendly, “futuristic” technologies and design factors on the main facilities of Expo 2012 Yeosu Korea, such as Big-O and the Korean Pavilion.

Particularly at the Korean Pavilion, we applied renewable energy facilities such as photovoltaic, wind, and solar power as well as the world's first fuel cell system for vehicles, achieving 'Zero-energy, Zero CO₂' and realizing Hyundai Motor Group's eco-cycle.



Fuel cell	216.0
Photovoltaics	268.5
Wind power	11.0
Solar power	6.0
Total	501.5



The Korean Pavilion, Expo 2012, Yeosu, Korea

Environmental Products and Services

Aware of the importance of environmental products and services' impact on energy saving and GHG reduction, we are carrying out a number of activities to achieve this.

H-MEG Technology Development | We are developing Hyundai Micro Energy Grid (H-MEG), which is intended for integrated operation of the convergent and divergent ‘Smart Green City’ technologies and the energy saving technologies that are optimized to make each of the building energy generation, distribution, and consumption stages more efficient. With the vision of developing capabilities to build a ‘Zero-energy House’ by 2020, we will continue to develop the H-MEG technologies for greater energy saving and GHG reduction and expand the application of environmental items in projects.

Application of Environmental Items | In order to respond to the government's environmental policies and effectively achieve our goals, we at Hyundai E&C are expanding the application of environmental items in a broad range. We plan to complete the environmental item application roadmap by 2020, selectively applying (i.e. considering profitability) environmental items that are relevant to each project.

Green Building Certification | As of 2012, 46 domestic buildings constructed by Hyundai E&C have received the Green Building Certification (either preliminary or completed) and 22 have been certified by the Building Energy Efficiency Rating System. As for the Leadership in Energy and Environmental Design (LEED) green building rating system, which is an international benchmark on green buildings' materials, resources, design, and structures, one of our overseas projects is LEED-certified while seven other overseas projects have been certified by the BCA Green Mark.

Expected Achievements of the H-MEG Technologies

<div>▶ Maximize energy saving by making each of the building energy generation, distribution, and consumption stages more efficiently</div> <div>- Achieve a 30% reduction in building energy consumption and develop competitiveness in the field of environmental construction by 2014</div> <div>▶ Establish a technology base for integrated operation of buildings with future-oriented technologies</div>					
Response to climate change Draw measures to connect the CDM and the domestic GHG reduction results	Green building Make proposal(s) for low-energy technology development	Green home Build the low-energy Hillstate complex	Environmental remodeling Utilize core technologies for improving energy efficiency → turn into a new business model	Overseas sector Utilize the information for winning new overseas contracts and consider a new business model	Green city Apply the MEG (micro energy grid) technologies in the green city and village development

Greater Application of Water Conservation and Water Efficiency Technologies

In order to contribute to the global water conservation movement, we have been applying a number of water conservation and water efficiency technologies to sites since 2009

Water-saving Equipment | All sites that began operation in or after 2012 are applied with water-saving equipment (in accordance with the specification described in the Implementing Regulations of the Waterworks Law). Particularly in apartment buildings (except for studio apartments), where the majority of water is consumed for residential purposes, we plan to install water-saving foot pedals on kitchen sinks.

Greywater Recycling Systems | In order to promote residential wastewater recycling, Hyundai E&C is applying greywater recycling systems, which treats wastewater from buildings for reuse at sanitary fixtures of public facilities. In 2012, we newly applied a water supply conservation technology that utilizes rainwater harvesting and landscape plants. In 2013, we plan to test the performance of “extremely water-efficient” toilets and do a trial run on selected sites.

Water Meters | Hyundai E&C has developed and applied Hillstate Energy Management System (HEMS), which is dedicated to the residents of Hillstate for real-time monitoring of water, gas, and electricity use with smart devices.

Major Environmentally Friendly R&D Achievements

Area	Technology	Summary	Green Aspects	Economic Feasibility	Type	Method of Development	Current Status	Case
 Green Building	Fuel cells for commercial application in buildings	• A technology that applies hydrogen- or methane-derived PEM fuel cells on buildings; an efficient renewable energy system that can respond to building heat and electric power around the clock (realizes an integrated load system)	• Reduces buildings' GHG emissions and achieves 'zero emissions'	• Improved construction capability and minimized system installation area • Repair & maintenance cost saving and improved efficiency	Design optimization	Sole development	<div><div>Planning</div><div>Development</div><div>Test & evaluation</div><div>Commercialization</div></div>	
	Pollutant-adsorbing wallpaper	• Adsorbs and decomposes formaldehyde, known as carcinogen, for improvement of indoor air quality	• Adsorption rate of formaldehyde: 77.1% • Cumulative quantity of formaldehyde adsorption: 7,337 $\mu\text{g}/\text{m}^2$	• Saves site operations cost by improving the indoor air quality	Product innovation	Joint development	<div><div>Planning</div><div>Development</div><div>Test & evaluation</div><div>Commercialization</div></div>	
	Deodorization system	• Deodorizes odorous substances caused by occupants' activities for enhanced indoor environment	• Deodorization rate of hydrogen sulfide: over 71% • Deodorization rate of ammonia: 100%	• Increases sales as a special item that can be applied as an 'option'	Product innovation	Joint development	<div><div>Planning</div><div>Development</div><div>Test & evaluation</div><div>Commercialization</div></div>	
	Optimal design system for green buildings	• A simulation tool that can be utilized by even non-professionals for automatic control of the building energy performance evaluation tool • Able to reach the most competitive and rational conclusion through scientific comparison of design proposals	• Low-energy construction design	• Able to select the optimal solution after reviewing a number of design scenarios • Energy performance improves by at least 10%	Design optimization	Sole development	<div><div>Planning</div><div>Development</div><div>Test & evaluation</div><div>Commercialization</div></div>	
	Control technologies for building energy saving	• On-demand energy saving and control technologies that work hand in hand, which particularly saves energy for cooling and heating (accountable for approximately 50% of building energy consumption) while maintaining a comfortable living environment	• Reduces buildings' GHG emissions and provides a comfortable living environment	• Repair & maintenance cost saving and improved system efficiency	Control algorithm	Sole development	<div><div>Planning</div><div>Development</div><div>Test & evaluation</div><div>Commercialization</div></div>	Green Smart Building Pilot Project
	Performance evaluation tool for 'Green Home'	• A tool developed to enable the 'Green Home' design team to carry out energy performance evaluation, which was once only able to be run by energy professionals. One can check the expected score and grade of a given 'Green Home' design with a single click	• Optimized energy efficiency design that is also cost-effective	• Able to compare and contrast various construction expense options when given equal energy performance	Design optimization	Sole development	<div><div>Planning</div><div>Development</div><div>Test & evaluation</div><div>Commercialization</div></div>	
 Green Energy	Multi-level tidal power generator and wave-dissipating structures for generating waves and currents	• A complex marine energy generation system that utilizes wave absorbing pile breakwater	• An integrated energy generation system based on tidal current and wave power, both of which are completely pollution-free sources; therefore, zero carbon emissions can be achieved and the amount of fossil fuel use can be dramatically reduced	• Saves construction expenses by developing a high-efficiency tidal power generator and tidal current-wave power integrated system	Product innovation	Joint development	<div><div>Planning</div><div>Development</div><div>Test & evaluation</div><div>Commercialization</div></div>	
	Integrated design for off-shore wind farms and the latest support structure	• A technology for evaluating the weight of superstructure and substructure of off-shore wind farms as well as for structural design • The latest support structure and suction bucket foundation technology for better economic feasibility	• Greater utilization of wind energy • Minimizes generation of contaminants during construction	• Improved economic feasibility under the same conditions of large-scale turbines and deep water	Product innovation	Joint development	<div><div>Planning</div><div>Development</div><div>Test & evaluation</div><div>Commercialization</div></div>	Suction Bucket Foundation for a Marine Meteorological Tower
	Integrated treatment technology for thermohydrolysis and anaerobic digestion of organic sludge	• An economical and innovative sludge treatment technology that liquidifies, separates, and reduces organic sludge with over 80% water content using thermohydrolysis and produces biogas from the remaining liquid through high-efficiency anaerobic digestion	• Reduces organic sludge and generates fuel (biogas and solid fuel) • Saves over 50% of energy compared to the existing sludge treatment technology (drying)	• Reduces O&M expenses by saving over 50% of energy compared to the existing sludge treatment technology (drying)	New technology development	Joint development	<div><div>Planning</div><div>Development</div><div>Test & evaluation</div><div>Commercialization</div></div>	
	Refining technology for using biogas as fuel	• A refining technology that removes impurities and improves methane purity as an effort to convert biogas from organic waste treatment process into fuel for vehicles or city gas	• Waste to energy • Generates energy that can replace fossil fuel	• Structure-related cost stands at 70% compared to foreign technologies	Process development	Joint development	<div><div>Planning</div><div>Development</div><div>Test & evaluation</div><div>Commercialization</div></div>	Wonju Wastewater Treatment Plant Biogas Refinement Demonstration Plant
 Green Infrastructure	Pressurizing Support Tunneling Method (PSTM)	• A technology used during construction of a new transportation infrastructure that passes under an existing structure; uses a slim, pressurizing support system instead of the usual large steel pipes (\varnothing 800-2,000mm), thereby minimizing impact on the upper ground level while ensuring security, speed, and economic feasibility	• Steel pipe usage decreases by 60% • Carbon emissions decrease by 40% • Saves social cost by increasing stability of the upper ground level and thus minimizing civil complaints and added repair	• Construction cost saving by 3.2% • Construction period reduced by 35%	New technology development	Sole development	<div><div>Planning</div><div>Development</div><div>Test & evaluation</div><div>Commercialization</div></div>	
	Low-carbon, low-heat concrete	• A technology that replaces a certain amount of cement (one of the ingredients for concrete making) with blast-furnace slag, reducing carbon emissions and hydration heat	• Reduces carbon emissions from cement production	• Saves materials procurement cost • Decreases construction period (by reducing hydration heat)	Design optimization	Sole development	<div><div>Planning</div><div>Development</div><div>Test & evaluation</div><div>Commercialization</div></div>	UAE Nuclear Power Plant Yulchon II Combined Cycle Power Plant Dangjin Thermal Power Plant
	Zero-carbon, cold mix asphalt pavement technology	• An asphalt pavement technology that utilizes electric furnace slag aggregate and polymer emulsified asphalt. This technology produce and work at room temperature	• Zero carbon emission and fossil fuel-based energy generation during asphalt production and zero waste materials during repair & maintenance	• Results in over 10% of cost saving compared to the existing pavement process that includes cutting and overlay	Product innovation	Joint development	<div><div>Planning</div><div>Development</div><div>Test & evaluation</div><div>Commercialization</div></div>	Near Suwon Interchange on Gyeongbu Expressway Near Suwon on Route 42
	Polymer concrete pavement method	• A bridge-decks surfacing technology that utilizes polymer concrete	• Reduces carbon emissions compared to the regular asphalt and concrete pavement	• Reduced dead-weight of bridge-decks to a thickness of 1cm	Product innovation	Joint development	<div><div>Planning</div><div>Development</div><div>Test & evaluation</div><div>Commercialization</div></div>	Near Yeosu Interchange on Central Region Expressway
	Application of high-strength steel on buildings	• Applies high-strength steel on high-rise, atypical building, securing safety while reducing the amount of steel required for construction	• Saves the amount of steel required → Reduces carbon emissions	• Cost reduction • Construction period reduction	Design improvement	Joint development	<div><div>Planning</div><div>Development</div><div>Test & evaluation</div><div>Commercialization</div></div>	
 Environmental Restoration	Washing & purifying technology for contaminated soil	• A zero-discharge washing & purifying technology that adopts selective separation of high-density contaminated soil and closed-circuit acid elution	• Environmentally friendly soil remediation system that fully reuses industrial water (used for washing)	• Minimizes the amount of contaminated soil subject to purification by using precise, grain-size separation technology	Process optimization	Site demonstration	<div><div>Planning</div><div>Development</div><div>Test & evaluation</div><div>Commercialization</div></div>	Jang Hang Steel Public Area Soil Restoration, Section 2
	Ecological river bed restoration technology	• A technology that prevents sanding that occurs at flood sites in order to restore ecosystem of river bed and secure linkage	• Creates an environmentally friendly, ecologically diverse river bed	• Construction cost reduction	New technology development	Joint development	<div><div>Planning</div><div>Development</div><div>Test & evaluation</div><div>Commercialization</div></div>	Han River Section 6 Palmicheon Test Section Tancheon Test Section
	Reverse osmosis system for reusing steelworks wastewater	• A technology that reuses steelworks wastewater, which is from various sources of pollution and exist in high degree of contamination, as steelworks process water by integrating membrane separation and preprocessing with reverse osmosis	• Minimizes contamination of the nearby marine environment by reusing steelworks wastewater that would otherwise be discharged	• Water saving	New technology development	Joint development amongst the Group	<div><div>Planning</div><div>Development</div><div>Test & evaluation</div><div>Commercialization</div></div>	Hyundai Steel, Dangjin Factory 100 tons/Day Demonstration Facility



To Build SOCIAL VALUE

Direction

We at Hyundai E&C prioritize customers, build a corporate culture of mutual trust between labor and management based on unwavering support for employees, establish a solid partnership with partner companies, and strengthen win-win cooperation with local communities through social contribution activities, all of which are our efforts to create a better future with stakeholders.

In 2012

By operating a systematic talent development program, expanding communication, and providing various welfare and benefits, Hyundai E&C is cultivating global talent and increasing employee satisfaction to create a warmhearted corporate culture. Particularly, we have introduced the New HR Program to establish grounds for fair appraisal and unbiased compensation. Furthermore, we are operating a Promotion Point Program to motivate employees.

As an effort towards win-win growth with partner companies, we have expanded support for excellent partner companies and enhanced communication by operating the Council of Partner Companies. We have also expanded social contribution activities in the local communities surrounding our overseas sites, fulfilling our corporate social responsibility as a global enterprise.

Employee Value Creation

Hyundai E&C strives to cultivate global professionals who lead change and contribute to greater value creation. As part of our talent management, we are providing systematic training opportunities and increasing employee satisfaction at the same time.



The Ideal Employee

We at Hyundai E&C believe that the greatest task of an organization is to cultivate talent who can create new value by overcoming challenges, challenging the impossible and striving to be the best. As such, we are pursuing a number of talent development strategies such as suggesting a vision for growth for individuals and supporting global professional development. By discovering and recruiting the best talent, Hyundai E&C aspires to become a leader of the construction industry.

The Ideal Hyundai E&C Employee



Diversity in Hiring	
Employees with disability	57
Foreign employees	17
Men of national merit	65
(Unit: persons)	

Equal Opportunities in Employment

Talent Recruitment | In 2012, Hyundai E&C expanded recruitment of global talents and graduates of universities outside of Seoul, and recruited a total of 487 employees, including 242 new university graduates, 212 with previous work experience, and 33 interns. We will continue to secure excellent talents with great potential to manage global projects and eventually strengthen the organizational competitiveness.

Human Rights & Diversity | Hyundai E&C offers females, foreign workers, men of national merit, and the individuals with disabilities equal opportunities, protects their diversity, and provides various means of support.

In order to protect employees' human rights, we abide by domestic and international human rights standards and also have our own strict standards relevant to this matter. In particular, Hyundai E&C has developed standards to protect and support diversity on site so that discrimination based on religion or ethnicity does not occur. Backed by such efforts, we incurred no restrictions or accusations with regard to human rights in 2012.

Fair Appraisal and Compensation

In order to thoroughly grasp each employee's abilities and job performance and encourage better performance, we are operating a performance appraisal program and provide compensation in line with appraisal results.

Appraisal | In 2012, Hyundai E&C introduced the New HR Program based on Management by Objective (MBO) and implemented fair performance reviews accordingly. With the MBO-based appraisal program, we have advanced the performance management system including 'goal-setting' and 'mid-term examination' and ensured accurate and professional appraisal, fair compensation, and promotion to take place. To ensure a smooth appraisal process, we developed a performance appraisal IT system and carried out the training of HR personnel responsible for appraisal.

In 2013, we plan to further strengthen the performance appraisal program by holding a public hearing of responsible parties, conducting an employee satisfaction survey on the performance appraisal result, and continuing the training of HR personnel responsible for appraisal.

Compensation | We provide compensation for employees based on the annual salary system, which is determined upon the performance appraisal result. By doing so, we are securing grounds for performance-based compensation and better reward programs. Seeking to minimize the effect of individual employee's years of service on promotion decisions and rather enhance promotion opportunities depending on individual employee's job performance and capabilities, we have introduced a Promotion Point Program so as to enable employees to better predict the possibility of promotion and to raise their motivation.

In the future, Hyundai E&C will continue to establish the organizational, HR management, and talent development plans in order to strengthen the company's global competitiveness. Furthermore, we will continuously monitor the performance appraisal program to make the program more secure and improve the appraisal, compensation, and promotion processes for foreign workers, eventually setting up an HR system that can maximize employee value. The wages of new employees are 409% higher than the legal minimum wage; an individual's wage may differ from another depending on his/her position and working conditions and never due to gender discrimination.

HDEC Job Rotation Program	
HDEC operates the Job Rotation Program in order to cultivate talent with expertise and global capacity while also increasing employee job satisfaction. Based on HDEC's strategic direction, the Job Rotation Program is operated based on the principles of equality and efficiency. For employees at the Associate and Assistant Manager level, the principle of equality is applied in order to provide equal opportunity to gain experience and expertise in different parts of the business. The principle of efficiency is applied to Managers and Senior Managers to maximize performance and contribute to stable project execution.	
In particular, HDEC is increasing rotations between Headquarters and project sites in order to enhance project understanding for employees in the technical business units. Furthermore, to enhance global capacity, employees are to spend at least two years at overseas sites before they reach the Senior Manager position. The Job Rotation Program is implemented in tandem with the Promotion Point Program and those who have met the job rotation requirements receive points towards promotion.	
● Current Status of the Job Rotation Program	
Civil & Environment Division	39
Building Works Division	26
Plant Division	34
Power & Energy Division	11
Support Divisions	11
Total	121
(JAN- JUL 2013 / Unit: Persons)	

e-HRD System Website



Global Talent Development

We strengthened our foundation for global talent development by operating the e-Human Resource Development (e-HRD) System and improving the organizational and HR structures.

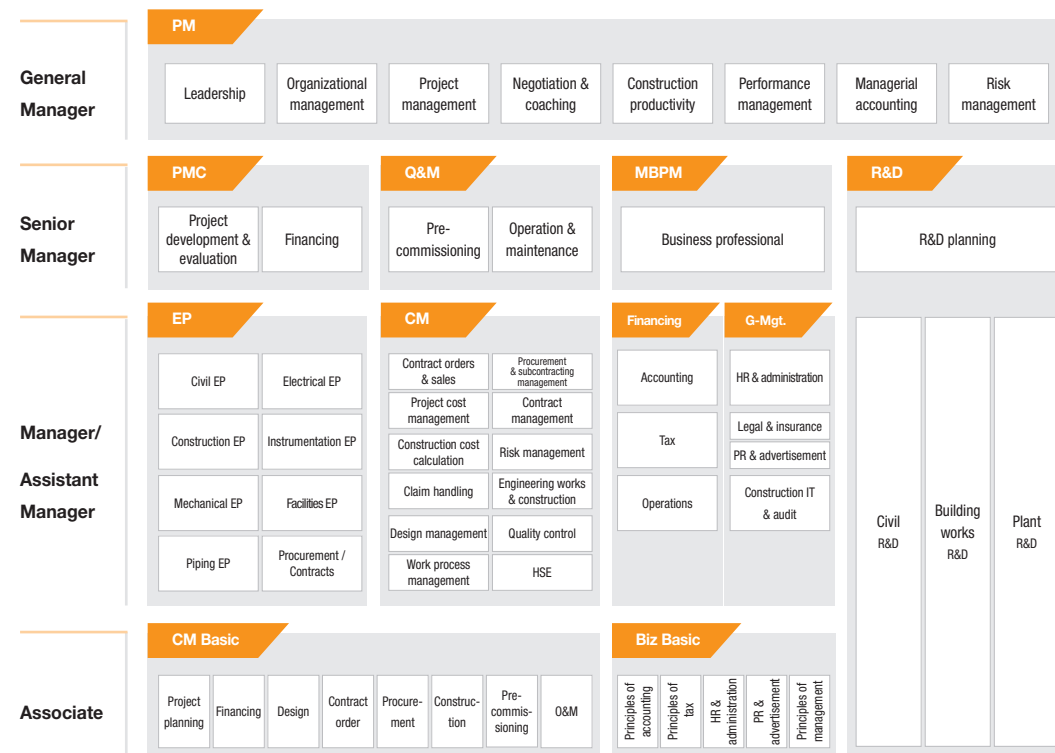
Integrated Training with Hyundai Motor Group I Hyundai E&C holds integrated staff training sessions in all educational sectors to create greater synergy with Hyundai Motor Group. In 2012, 5,027 employees received training. Hyundai E&C understands that training and education is central to gaining market competitiveness and ensuring employee satisfaction. Thus, in 2012, we provided an average of 123 hours of education per person, for which we invested 926,994 KRW for each employee.

Global Training Opportunity I Hyundai E&C is expanding educational programs on language, different cultures, and negotiation as well as overseas working and training opportunities. Furthermore, we provide leadership training to support our employees to be global leaders.

Knowledge & Education Network I We support our employees to share their areas of interest and to network with each other by operating 10 study groups on a wide range of topics including education, research, and foreign language.

Intranet-based Knowledge Sharing I Through the Closed User Group (CUG) section on the groupware system, we are operating a platform for sharing knowledge and information (for each business division) regarding regulations and guidelines, organizational structure and human resources, public notices, and others. Employees are able to conveniently check information related to their job through this knowledge sharing platform.

Global Professional Development Roadmap



PM : Project Management
PMC : Project Management Consultancy
O&M : Operation & Management
MBPM : Master of Business & Project Management
EP : Engineering & Procurement
CM : Construction Management
G-Mgt. : General Management

Healthcare & Medical Support Programs in 2012

- On-line self diagnosis of mental health in partnership with Jongno Community Mental Health Center
- Metabolic syndrome test for individuals with obesity and smokers
- Cardiopulmonary Resuscitation (CPR) training for each business division
- Drug drop box for prevention of drug abuse

Welfare & Benefits

Hyundai E&C is increasing employee satisfaction by offering welfare & benefits that respect employees' personal lifestyle and enhance their quality of life. We operate various welfare & benefit programs for supporting employees' leisure activities, childbirth and motherhood, residential and economic security, and healthcare.

Childbirth & Parental Leave I At Hyundai E&C, we support employee's childbirth and parental leave. The rate of employees who return to work after taking parental leave is considered fairly high at 82%; we retain 100% of these employees at work for over 12 months. By continuously supporting our employees' childbirth and motherhood, we strive to contribute to solving low birthrate, which is one of the greatest social problems today.

Healthcare Support I We have expanded the work scope of the in-house medical room to include medical check-up and health training, to act as a healthcare companion of employees. By doing so, we expect our employees to be able to periodically check their health and regularly obtain medical information, leading to enhanced health welfare and greater ability to respond to emergency situations particularly at sites.

Apart from the in-house medical room, Hyundai E&C provides financial support for medical check-ups of employees and their spouses. In 2012, we invested 1.7 billion KRW on healthcare support and, as a result, a total of 5,082 individuals (employees and their family members combined) enjoyed this benefit.

Welfare & Benefits Programs

Description	Program details
Support for leisure activities	Bonus for summer vacation, discount at sports centers, access to designated recreational lodges that are available across Korea
Support for childbirth and motherhood	Childbirth incentive program, support for childcare expenses, paternity leave for male employees (3 days)
Support for residential & economic security	Welfare Fund (3% annual interest rate), corporate residences for single households
Medical support & healthcare	Regular medical check-up; special test for metabolic syndrome, mental health check-up, smoking cessation program
Support for employees' educational expenses for children	Birth through middle school: 100,000 KRW per child High school: 450,000 KRW per child (for public schools) University: 4 million KRW per academic semester Educational expenditure support for children with special needs
Gifts	Gift for employees' parents, gift on the national holiday (e.g. New Year's Day and Chuseok), Gift for employees' children upon new enrollment at school
Selective benefits package	Benefits "credit card" (amount varies by each employee's position)
Other	Support for moving expenses for families of employees working overseas Special reward for employees with long-term service to the company

Spanish Language Education

“Muchas gracias (Thank you very much).”

In April 2012, Hyundai E&C began offering Spanish language classes, following French and Chinese. The classes last for one hour per session and are offered four times a week, over the course of two months. By doing so, we are enhancing the employees' linguistic skills to further expand the company's foothold in Latin America, one of our strategic overseas markets, and providing them with professional development opportunities.



Spanish Language Course for Employees

Hyundai E&C values a well-communicated and trusted corporate culture. We are striving to create a family-oriented corporate culture for our employees and their families, to ultimately become a company as warmhearted as a family.

Corporate Culture of Open Communication

We at Hyundai E&C guarantee freedom of the Labor Union's activities as an effort to create a corporate culture that values communication with employees. Improvement of systems, productivity enhancement, and improvement in employee welfare and benefits and working conditions are openly discussed and opinions are reflected in corporate policies to increase employee satisfaction.

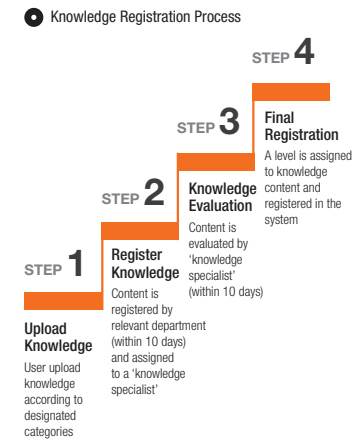
Labor Union I A Hyundai E&C employee can freely join or withdraw from the Labor Union. The company regulates itself to neither hinder an individual's registration to nor force withdrawal from the Union. In accordance with Article 10 – duty to notify – of the Collective Agreement, we make it a principle to immediately give notice to all employees regarding significant changes in the business such as organizational restructuring.

As of December 2012, 526 employees – 18.13% of the 2,902 employees who are qualified to join the Union – are members of the Labor Union, subject to protection by collective agreement. The Labor Union discusses matters related to the improvement of systems, productivity enhancement, and improvement in employee welfare & benefits and working conditions through the Labor-Management Committee. In 2012, the Committee had eight negotiations with the management and reached conclusions regarding matters such as wage increase, educational expenditure support for children with special needs, and special rewards for employees with long-term service to the company.

Junior Board I The Junior Board, comprised of assistant managers, managers, and senior managers, can be described as Hyundai E&C's "new idea bank." Since the 1st Junior Board commenced in 1990, the Board has been very active in various corporate affairs. In 2012, the 22nd Junior Board composed of 36 young, active members who will lead management innovation for the next two years kicked off. During its term, the Board will analyze key management issues, propose the countermeasures, expand two-way communication, and provide opinions on global research.

Knowledge Management System (KMS) I We now live in the era where knowledge and information become sources of value creation. At Hyundai E&C, we have been operating the Knowledge Management System (KMS) to increase our brand value and improve competitiveness. In 2012, around 60,000 cases of knowledge database were registered on the System, with over 130,000 hits annually.

KMS enables a user to easily search the exact information he/she requires, by managing the database into five categories of work-related knowledge, business proposals, general information, best and worst practices, and prevention of site issues. To vitalize this System at the management level, the Business Planning Group provides mileage for entries, hits, and comments made by employees.



Meet the 22nd Junior Board

Nam Jung-Hoon / Chair

"The Junior Board was initially designed from the perspectives of 'cultivation' and 'utilization.'" In essence, the Junior Board promotes a sense of leadership among employees and, at the same time, acts as a brain for the management and helps to smooth their brainstorming process. Working as a member of the Junior Board gives me a terrific learning opportunity and I feel empowered to have a positive impact on the organization that I belong to."

Kim Yu-Mi / Vice Chair

"The Junior Board reviews all areas of improvement across the business, undertake internal discussions, and come up with a proposal. The proposal then gets reviewed by the Business Planning Group and finally presented at the management meeting. If approved, contents of the proposal are put into practice. It is truly rewarding to see our opinions being reflected in the actual management practices."

Domestic Business Division Team-building Event (JUN 9, 2012)



Employee Children's Ski Camp (JAN 16 - 18, 2013)



Employee Engagement Survey Results

	2010**	2011	2012
EET*	78%	87%	84%

* EET (Employee Engagement Index): A management tool that comprehensively indicates employees' rational, emotional, and practical engagement degrees. The index is calculated from the ratio of employees' positive responses.

** The result of Hyundai E&C's GWP Satisfaction Survey

Greeting Day I At the start of every week, we use the internal messaging system to notes of greeting and encouragement amongst employees and management. This program helps Hyundai E&C's employees start off the week on a positive note and helps us build a friendly working environment with open communication. The employee that sends out the most greetings is chosen as the "Communication King/Queen" and the employee who receives the most greetings gains the title "Most Popular Employee."

Internal Facebook for Employees I To ensure that employees can casually communicate with each other no matter where they are located, Hyundai E&C has a private Facebook Page and runs a number of fun events. In the future, we will expand communication via Facebook by expanding the privacy setting to include friends and families of the employees so as to run family-oriented events on the Facebook Page as well.

Family-oriented Corporate Culture

Harmonizing Activities I As an effort to promote the spirit of 'one family' and enhance employee morale and a sense of belonging, we are holding a number of harmonizing activities at each business division such as a sports day, environmental protection activities, volunteer activities, tracking, and cultural events.

Children's Camp and Field Trips I In August 2012, we organized a field trip to Byuljubu Village in Taeon and Hyundai Motor's Asan Plant for a total of 70 children of employees. In addition, we held other programs for the children of Hyundai E&C employees such as farm experience, field trip to a TV station, ski camp, English camp, and field trip to the Aerospace Museum.

Employee Satisfaction

Employee Engagement I We are trying to improve our working environment by creating global standard of advanced workplace. Since, the integration into Hyundai Motor Group in 2011, we have surveyed EET(Employee Engagement Index) that targets HMG(Hyundai Motor Group) employee. The purpose of this survey is to examine the degree of employee satisfaction. The result of EET was 84%.

Along with the management of employee engagement, we have assessed the degree of internalization of Hyundai E&C's five core values - Customers First; Aggressive Execution; Communication and Cooperation; Respect for Talent; Globally Oriented – and established and performed action plans based on the assessment results.

Turnover I A turnover rate is a good indication of employees' perception on the quality of welfare and employment insecurity. In 2012, 275 employees (or 6.36% of employees in total) left the company. Recognizing collective resignation and strikes as major risks, we are making every effort to decrease the turnover rate by enhancing employee satisfaction, conducting scenario analysis, and planning other countermeasures.

Meet the Communication King

Communication King, JAN and MAR 2013

Park Kyung-Ho
Executive Vice President / Civil & Environment Division

"Many of the workers on site go through a sense of alienation and lack of social existence due to the physical distance from the headquarter. This is why I often send messages of encouragement to the site workers, about how we should continue to look further and overcome current challenges. Albeit short, these messages are helpful for promoting a sense of unity between the sites and the headquarter as well as for maintain close communication."

Communication King, JUL 2012

Choi Byung-Heon
Puerto La Cruz Refinery Site, Venezuela

"I regularly send messages to all past and present coworkers with whom I've worked since entering the company. I usually write about the books I read and the documentaries I watched, basically about things that I learned and felt. Sending messages such as these keeps me studying, as these are shared with even those whom I haven't worked with."

By raising all employees' awareness on health, safety, and the environment (HSE), Hyundai E&C is diligently working to achieve its detailed, strategic goals of safety management as follows: establishing the 'total safety' concept, reinforcing each business divisions' accident prevention activities, achieving zero serious accidents and environmental accidents, and implementing the Permit to Work (PTW) system for all types of work.

Safety Management System

Integrated HSE Management System I Since July 2012, Hyundai E&C has been operating the Integrated HSE Management System to simplify relevant tasks and systematically manage HSE matters. In 2013, we plan to establish a Global HSE Standard, which includes workplace safety guidelines by country and standardized HSE information, based on our domestic safety management system.

New HSE Organization within Business Divisions I In order to enhance our level of safety management at a company-wide level, we newly established the HSE Team in January 2013 under each business division. If a serious workplace accident occurs, the Division Head makes a direct report on the matter. We have taken further steps to emphasize the importance of safety management by increasing the weight of the HSE factor in each business division's KPIs and making it compulsory to include the HSE factor in the executives' KPIs as well.

Safety Management Activities

Permit to Work (PTW) I In 2011, we have introduced the Permit to Work (PTW), which is a an advanced accident prevention system that approves an operation to take place only after safety measures on hazardous factors are fully established, especially if the operation is considered to have high accident risks by nature. If a given operation did not receive the PTW or omitted safety measures as written in the PTW document, the operation is subject to an immediate halt. In 2012, we have expanded the PTW system to all types of work to preemptively prevent workplace safety accidents.

Reinforced Site Inspection I In 2012, we carried out a total of 1,172 inspections on domestic and overseas sites' safety management affairs (e.g. with regard to falls, equipments, collapse, etc.) and measures being taken to prevent workplace accidents, and categorized the sites that have gone through the safety inspection into A to D grades to promote further improvement.

Out System I In order to promote safety consciousness among all employees and site workers, Hyundai E&C has implemented the Out System which outlines restrictive measures for varying degrees of safety violations and has prepared in-house training at headquarters to prevent accidents from recurring. In 2012, the Out System was executed a total of 5,026 times or an average 37 times per site, a 42% decline from the previous year. We plan to continue and expand the operation of the Out System.

Out System Overview

Type	Penalties	Infringements
1 OUT	Immediately "out" upon violation	Not wearing a safety harness when working in high places; not wearing a safety helmet (hard hat) within site; operating machinery without a license
2 OUT	1st time: Warning 2nd time: Out of site	Not wearing protective equipments (other than a safety helmet and a seatbelt); disassembling safety facilities without an approval and not restoring to the original state
3 OUT	1st time: Warning 2nd time: Special training 3rd time: Out of site	Violating basic workplace safety & environmental procedures (that are regulated company-wide and/or at each site)

Supportive inspections	836 times
Evaluative inspections	221 times
Special inspections	115 times

Safety Inspection Day



Safety Inspection Day I Every month, Hyundai E&C holds a 'Safety Inspection Day' at all 260 domestic sites and organizes a number of activities and events such as a safety exercise (physical), awards for exemplary workers, and the reading of a safety oath, all of which are overseen by the management. Furthermore, the current status of compliance with the HSE procedures and site safety inspections get directly reported to the management, taking further steps to achieve 'zero accident' in all construction projects.

HSE Training I In accordance with its HSE training procedures, Hyundai E&C carries out HSE training sessions at all sites; we also provide training to site workers of partner companies based on the Project HSE Plan.

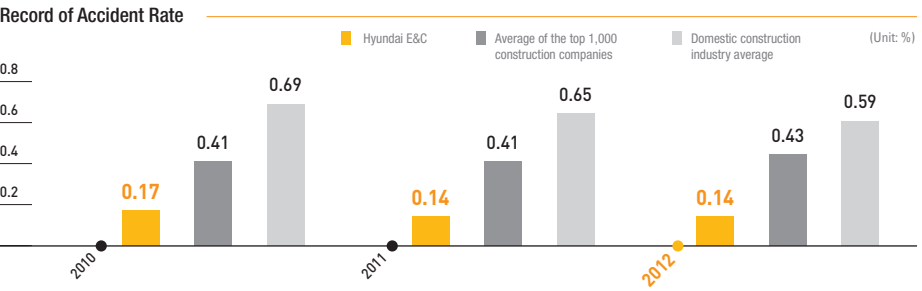
In 2012, a total of 4,305 site workers participated in the HSE training, up by 34% from the previous year, and 80.67% of the participants reported that they were satisfied with the training. In the future, we plan to invite outside experts, improve training materials, and enhance the training environment to increase their satisfaction.

Current Status of the HSE Training

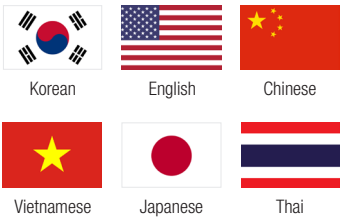
Hyundai E&C employees	2011	2012	Partner companies	2012
HSE training participants (Unit: persons)	3,208	4,305	Number of HSE training participants (Unit: persons)	874
Level of satisfaction (Unit: %)	85.8	80.7	Level of satisfaction (Unit: %)	95.7

Distribution of the HSE Standards I As an effort to revitalize our HSE training at a global level, we are running case study-based training sessions on basic overseas safety guidelines (on-site accidents, traffic accidents, and fire) and common requests from project owners and distributing the HSE Standards in six different languages. Furthermore, we are planning to hold a 'HSE One-point Training' session where we visit, educate, audit, and evaluate the sites that have requested for support.

Accident Rate I In 2012, Hyundai E&C's accident rate was 0.14%, a lower figure compared to the average accident rate of the domestic construction industry. We achieved this by carrying out inspections and conducting training through each business division's HSE Team. In addition, HSE tasks were implemented according to the characteristics of project sites, we thoroughly investigated the cause of accidents, and carried out quarterly examinations of the sites at which accidents occurredHyundai E&C has set the accident rate target for 2013 as 0.13% and is making every effort to achieve this target.



HSE Standard Manual (6 Languages)



Achieving a Record 10 Million Accident-free Hours at the Vietnam Site

Certificate of Recognition
is hereby given to
Hyundai Engineering & Construction Co., Ltd.
for their active safety contribution for
National Committee and Environmental Center Project
from 21 May 2010 to 14 May 2012
for achieving an accumulative 10,000,000 man hours
of safe working

Commemorative photograph, the People's Committee Chair Award for being the site of excellent safety management

Certificate of Recognition for achieving an accumulated 10,000,000 accident-free hours.

Hyundai E&C's safety management gained greater recognition overseas. At the Hanoi City Ha Dong District Residential and Business Complex site in Vietnam, we have achieved the staggering record of 10 million hours without a single accident since breaking ground in May 2010.

This record possesses much meaning to us, especially considering the difficult situations present at the site, and has been made possible through the commitment of all employees, local workers, and the partner companies to ensuring everyone's safety and prevention of any delays that may occur from workplace accidents, which led to greater client satisfaction. Particularly, Hyundai E&C was recognized by the local government as the site of excellent safety management and received an award from the Ha Dong People's Committee Chair.

Win-win Cooperation

Our business partners are one of the most valued companions for Hyundai E&C's sustainable growth. Our win-win cooperation strategy is continuous, methodical, and truly practical, as it involves awareness-raising throughout the organization and various support programs for our partner companies.

Growing Together with Partner Companies

Based on a solid partnership with partner companies, we have found the ones with outstanding performance, improved their competitiveness, and established a system for transparent and fair transactions.

Our Policy | Hyundai E&C's win-win cooperation principle lies in transparent and fair selection of partner companies and stringent management of project quality. We select and register partner companies based upon a strict partner company management policy, providing equal opportunities to every partner company.

Selection of Excellent Partner Companies

Our effort to grow together with our partner companies starts early on, right from the selection process. In order to continuously cultivate excellent partner companies, we not only carry out evaluation of existing core business partners but also conduct evaluations to identify new partner companies.

At Hyundai E&C, we put compliance with environment, safety, and health related policies as the top priority of signing a contract during the partner company selection process and, in order to prevent excessively low bidding, we operate a "Low Bid Deliberation System." By doing so, we are able to ensure that a reasonable amount of profit and thus management stability are secured for our partner companies.

Management of Overseas Partner Companies | Hyundai E&C, which is growing to become a global integrated engineering company, is reinforcing the overseas partner company management system as a foundation to efficiently run overseas projects.

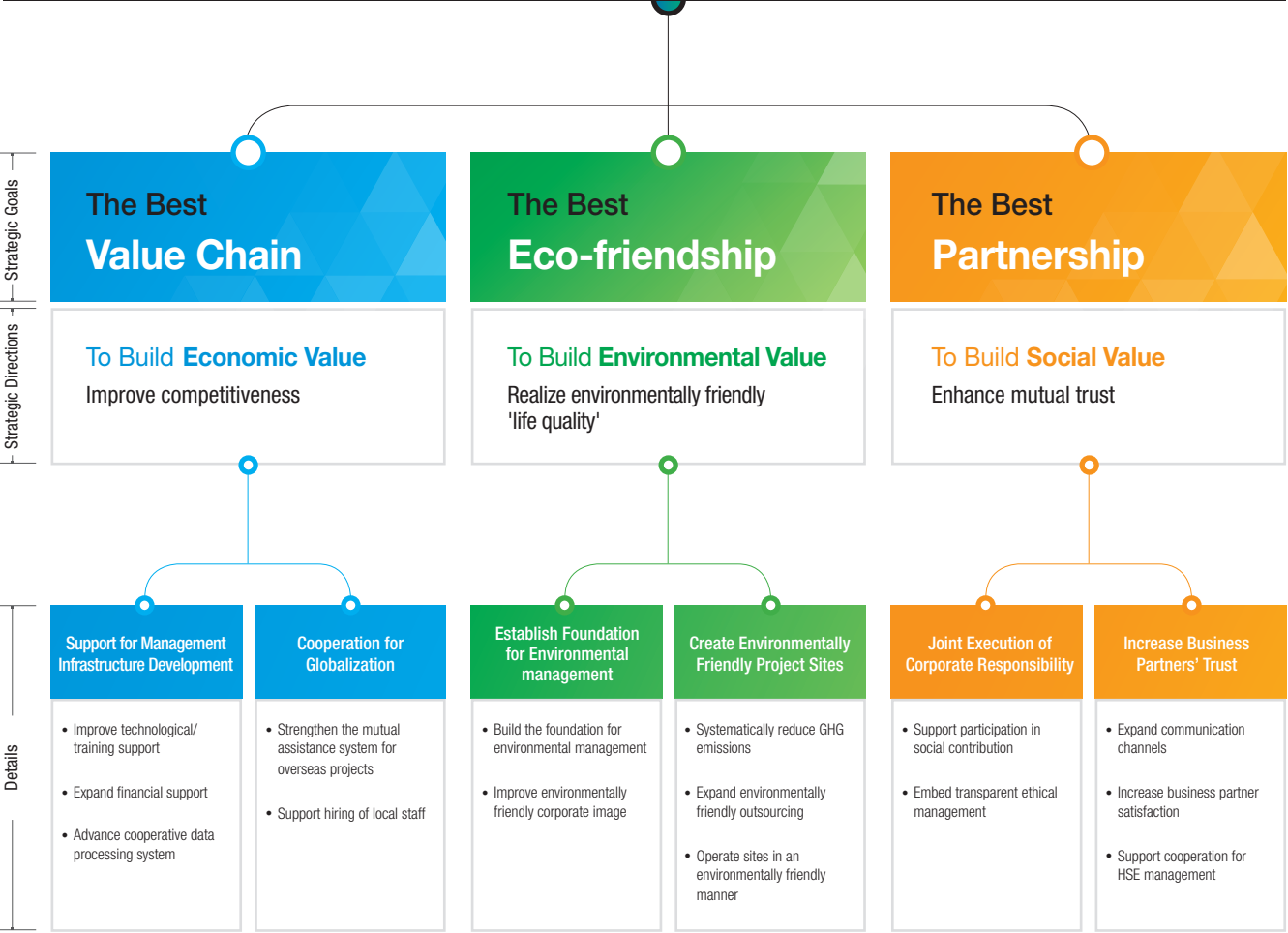
Goal	Details
Set standards and policies at par with the domestic level	Set evaluation, registration, and management standards of overseas companies
Continuously look for excellent overseas partner companies	Prepare a list of companies suited to carrying out overseas projects; automatically select pre-qualified candidates and list up bidders; monitor trends and general status of foreign companies
Systematize works related to managing overseas subcontracts	Manage a 'front log' of overseas companies located in the regions with high development potential; make visits to major regions for due diligence

Support for Partner Companies

Enhancing our partner companies' competitiveness and management stability is imperative to successful performance of Hyundai E&C's projects. We provide support to our business partners for education and technology development. In addition, we operate the Win-win Growth Fund to provide additional financial support, so as to ensure their management stability.

In 2012, we lent 40.4 billion KRW to support our partner companies' stable management and technology development and further 11.1 billion KRW to 14 partner companies via the Win-win Growth Fund. As a result of our efforts to expand cash payment (which would increase their liquidity), the proportion of cash payment recorded 51% while 100% was achieved when taking into account other means of cashable payment. All payments were closed within 14 days of the invoice date.

Sustainability Management Support System for Partner Companies



Educational Support



2012 Supply Business Partners CHAIN Training Day

- Operated three main curricula to increase dedication to quality, enhance quality control capability, and improve job performance competency
- 21 courses were in operation in 2012, completed by 4,703 people

Technological Support



2012 Win-win Growth Technology Competition

- Hosted the Technology Competition for Win-win Cooperation and presented awards (13 partner companies were given prize money)
- Jointly applied for patents, in case of new technologies that have been co-developed with partner companies (7 cases)
- Supported partner companies' patent application (2 cases)
- Technological documents of partner companies have been safely held in escrow (2 cases)

Win-win Cooperation

Communication with Partner Companies

At Hyundai E&C, we are strengthening joint cooperation with partner companies through open communication. We regularly arrange dialogues through the Council of Partner Companies and operate the Win-win Growth Support Center within the 'Hi-Partner' system as a means to enable a constant communication channel. The Council of Partner Companies is operated in eight subcommittees, which pursue various activities such as collecting and reviewing partner companies' grievances and suggestions.

Hi-Partner Win-win Growth Support Center



Communication Method	Purpose and Main Contents
Joint Cooperation Committee	- Held on a monthly basis to secure fairness and transparency in managing partner companies - Register and/or cancel registration of a partner company; reward and/or impose a sanction; select excellent partner companies; evaluate bidders and deliberate extremely low bidding price
Win-win Growth Seminar	- Held four Win-win Growth Seminars by type of construction work, targeted at all partner companies in 2012
Satisfaction Survey of Partner Companies	- Ascertain business partners' requests in a timely manner - Develop plans to respond to business partners' requests in a timely manner
Win-win Growth Support Center	- Collect enquiries and suggestions; request for response to quarterly satisfaction surveys

Partner Company Satisfaction

Through satisfaction surveys of partner companies, Hyundai E&C actively responds to their needs and requests and seeks for win-win management.

Survey target	Partner companies with which at least one transaction is held during the survey period
Survey period	Every quarter
Survey method	Satisfaction Survey' page within the Win-win Growth Center
Survey contents	Level of satisfaction regarding Hyundai E&C's management and operation of partner companies, any reason behind dissatisfaction, questions and concerns, suggestions for improvement, etc.
Survey items	Selection stage → Selection of partner companies and contracting Construction stage → Construction, change of design, settlement of transactions, and payment General management → Hyundai E&C's employees, communication, and follow-up Business ethics

Excellent Partner Companies' Visit to the Overseas Sites

Representatives from excellent partner companies selected in 2011 visited the overseas sites in three Middle East countries in April 2012 and sought measures for win-win cooperation together. During a visit to our overseas sites in UAE (UNPP, IGD5, KAPO2), Kuwait (KOC1), and Qatar (QONE, HART), the representatives freely discussed with our overseas project directors about the experience and know-how of entering overseas markets.



Site Visit to the UAE Nuclear Plant



Site Visit to the UAE Habshan Gas Plant

Social Contribution

Based on our slogan, "We Build Tomorrow," we are providing support for the underprivileged and vulnerable members of society and contributing to local community revitalization as part of our social contribution strategy. Since 2011, we have expanded the scope of our philanthropic activities from domestic to overseas areas, establishing social infrastructures that are in line with our business activities.

Social Contribution Strategy

Hyundai E&C's Strategy for Social Contribution | Hyundai E&C's social contribution activities are led by the Community Service Corps established in 2009, in three major areas of 'Sharing Love,' 'Sharing Hope,' and 'Sharing Culture.' We are running a mileage program to encourage and manage the employees' volunteer activities and expanding local philanthropic activities in countries in which our overseas projects are being held. In 2012, Hyundai E&C's activities and support were only subject to the underprivileged class of society, such as the elderly, youth, and multicultural families. We did not provide support to any political activity.

Hyundai E&C's Social Contribution Strategy

Organization	Hyundai E&C Community Service Corps		
Three major areas of activity	Sharing Love Support for social welfare	Sharing Hope Support for education & scholarship	Sharing Culture Support for culture & arts
Key activities	Improve residential environment of the underprivileged and vulnerable members of society	Provide scholarships and educational support for children and youth	Help to protect and maintain cultural assets

Hyundai Motor Group's Strategy for Social Contribution | As a part of the Hyundai Motor Group, Hyundai E&C share's in the Group's strategy for social contribution and is actively participating in the Group's social contribution activities.

Hyundai Motor Group's Social Contribution Strategy

The 4 Moves	Improving mobility and ease of transportation for the disabled	Spreading a safe traffic culture	Encouraging volunteerism and charity across the Group	Environmental social contribution
Key Activities	Social Enterprises	Global Social Contribution	Cultural Corporate Social Responsibility	Corporate Social Responsibility Campaigns
Hyundai E&C's Participation	NOV 2012 Delivered holiday-season charitable donations for the needy	JUN 2012 Delivered donations for Gift Car Season 4 (Children's Foundation)	JAN 2012 – JUN 2013 Dispatched 8 th -11 th Class of Happy Move Global Youth Volunteer Group	SEP 2012 Delivered disaster relief funds for typhoon victims

Record of Hyundai E&C's Social Contribution Activities



2012

Hyundai E&C's Social Contribution Activities **SNAPSHOT**

1 Collecting Coins of Love

Hyundai E&C's 2,300 employees had voluntarily collected coins (the ending digits from their salaries, whichever value is lower than one thousand KRW) in the last nine months to gather a 206 million KRW. All proceeds went to help water-scarce communities in Kenya, Africa, as well as multicultural families in Korea (to assist their financial independence).

☞ Collecting Coins of Love



3 Natural Treasure Keeper

As an effort to protect our invaluable natural treasures, Hyundai E&C has signed a 'MOU for conservation of national parks and mountain ranges of the Korean Peninsula' with the Ministry of Environment and the Korea National Park Service. We donated a total of 600 million KRW to support the construction of a volunteer center, which is a base for all volunteers of Mt. Jiri and Mr. Bukhan. We plan to expand efforts to preserve our beautiful land and further support the training to enhance these volunteers' professional capabilities.

☞ Supporting the Construction of the Mt. Jiri Volunteer Center



Hyundai E&C Global Volunteers in Kazakhstan



2 Cultural Property Keeper

We strive to improve quality of life by preserving the world's key cultural and natural treasures for a long time. Our efforts to do so include supporting the restoration of Geumcheongyo of Changdeokgung, the construction of a volunteer center for conservation of national parks and mountain ranges of the Korean Peninsula, and the establishment of a multicultural center, in all of which Hyundai E&C's civil engineering and construction capabilities have been utilized to its maximum.

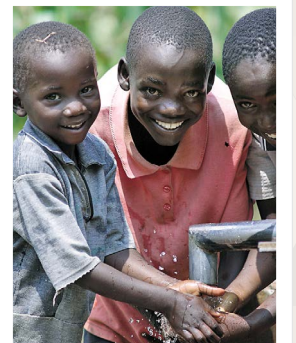
☞ Restoring the Geumcheon Bridge of Changdeokgung



Hyundai E&C Global Volunteers in Kazakhstan

Local Community Development at Overseas Sites

As Korea's leading global engineering and construction company, Hyundai E&C's social contribution activities extend around the world. From building a middle school for the community in Muong Duong, Vietnam, building a vocational training center for day-workers in San Isidro, the Philippines with voluntary contributions from our employees and building an education center for the youths in two areas of Vietnam are just a few of the activities we have undertaken. Hyundai E&C also works to enhance health and sanitation and has provided health training through a public service campaign in Columbia. We work with various NGOs to implement joint projects to benefit community welfare and education in poverty-stricken areas of countries such as Vietnam, Kenya, Bangladesh, Mozambique, and Indonesia and will continue to work to lead social contribution efforts around the world.



Supporting Development of the Local Communities Near Overseas Sites

4 Educational Support for Foreign Children and Talented Young Individuals

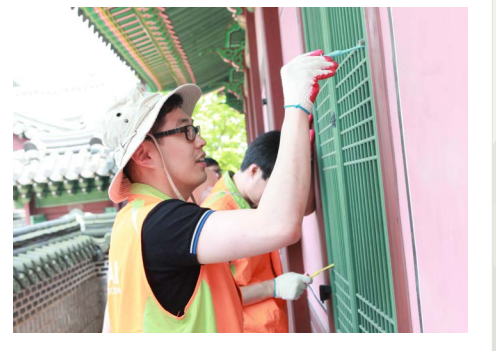
In 2011, we commenced the establishment of an educational welfare center for children and youth in impoverished areas of Kazakhstan, in partnership with Korea International Cooperation Agency (KOICA) and Korea Food for the Hungry International. Furthermore, we dispatched a team of employee volunteers and the 'Hillstate University Student Volunteer Corps' who carried out various activities such as helping with the center construction, training and education, and medical aid.

In 2012, we provided an opportunity to gain on-site work experience to five civil engineering students of Amada Science and Technology University, Ethiopia, who received on-the-job training at the construction site of Lusail Expressway in Qatar.

☞ On-site Vocational Training for Ethiopian University Students



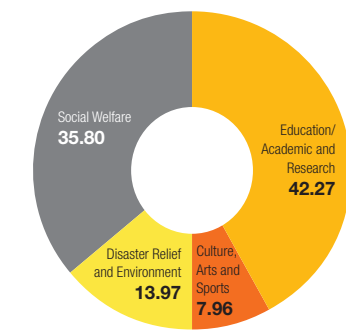
Lunchboxes for Underprivileged Children



Changdeokgung Preservation Volunteer Work

No. of sessions	2,563	times
No. of participating employees	14,060	persons
No. of volunteer hours	39,135	hours
Social contribution mileage accrued	42,059	points

● Breakdown of Donations (Unit: %)



Our Achievements

Volunteer Mileage | At Hyundai E&C, we are running a volunteer mileage program to raise awareness on social contribution. For social welfare activities jointly held with local communities, one mileage is provided per hour; for environmental clean-up activities taken place around the construction sites, one mileage is provided per session.

Sharing Love | Our 'Sharing Love' activities are mainly focused on improving residential environment, in line with the construction industry. For Korean Thanksgiving (known as Chuseok) in 2012, we provided repair and maintenance to three low-income households in Jongno-gu and Sungmo Day Care Center in Ansung. We also improved residential environment of senior single-person households in Eunpyeong-gu and Samsung-dong and supported construction of the Foreign Worker Community Center.

Outside of Korea, we started with construction of a community center in San Isidro, Philippines, in September 2011, and further carried out 23 overseas social welfare activities. At the San Isidro Community Center, we expect that the new facilities such as a job training center for day laborers, a medical center, and a day care for children's education will greatly contribute to improving the local residents' standard of living.

Sharing Hope | From 2009, we have been visiting the households of underfed children during every summer/winter vacation to deliver 'Lunchboxes of Hope' to them. Our 'Sharing Hope' activity does not simply stop at handing over food; we are also trying to support these children's education and emotional security. In addition, we are operating a special program known as 'Green Trees, Wings of Hope,' aimed at supporting children who have been left orphans from construction disasters. Through this program, we provide scholarships to those in need and our employees directly participate as mentors and tutors.

In August 2012, we commenced an overseas volunteer corps for the first time in Korea's construction industry, building an education and welfare center in Karaganda, Kazakhstan, and dispatched a cultural volunteer team to the region. Additionally, in Columbia, we are carrying out sports and scholarship activities, which are a part of our unique educational support program for creating a better future for local communities.

Sharing Culture | Our 'Sharing Culture' activities are mainly focused on supporting repair and maintenance of cultural assets. Since we signed the agreement for 'One Keeper for Every Cultural Asset' with the Culture Heritage Administrations in 2005, we supported the restoration of Geumcheongyo (a bridge within Changdeokgung, a UNESCO World Heritage Site) in 2011, which was completed in April 2012. Recently, we have expanded the scope of such support to Gyeongbokgung.



● Volunteer Group for Fixing Homes



● Selection of Hillstate Volunteer Corps



● Visit to Home for Disabled



● Sharing Lunchboxes of Hope

At Hyundai E&C, we strive to maximize customer satisfaction, which forms the very basis of our business activities.

Quality Innovation

Customer satisfaction starts with quality. In order to provide the world's highest quality goods and services, Hyundai E&C has adopted a methodical quality control (QC) system and is making continuous improvement in quality innovation and QC training.

QC Organization and Activities | In order to ensure the highest possible quality, Hyundai E&C operates the Quality Planning Team and Quality Innovation team to strengthen quality capacity and pursue continued improvement. In 2013, to better understand and proactively respond to the needs of clients and customers, we are conducting quality evaluation of 68 sites and quality audits of 12 sites. To ensure our quality standards are shared throughout our supply chain, we have established the Quality Chain Program which allows us to strengthen communication with business partners. Through this program, we provide materials and equipment partner companies and construction partner companies with specialized quality training and conduct Quality Workshops to create a standing channel for communication. We also support online quality training for all technical staff in order to strengthen our company-wide dedication to quality.

Expanding Customer Communication

At Hyundai E&C, we value open communication with our customers. By running a variety of communication channels, we are striving to align our value with that of customers.

Operational Status of Customer Communication Channels



Raising Brand Competitiveness with Quality

Hyundai E&C introduced the framework quality evaluation system to its apartment buildings. As a result, we were able to improve the overall quality of Hillstate (Hyundai E&C's apartment building brand) and see cost reduction from incurring fewer defects.

Essentially, the framework quality evaluation system involves checking the status of formwork and reinforcing bar arrangement before depositing concrete as well as ensuring a sufficient thickness of concrete cover (the distance between reinforcing bars and concrete) through non-destructive inspection upon depositing concrete. By doing so, we were able to score and standardize the quality of framework that used to be difficult to quantify using the existing construction inspection method, thereby enabling an effective control of on-site framework quality for apartment buildings.

In 2012, we held a framework quality inspection workshop for Hyundai E&C's suppliers and subcontractors whose works were related to framework construction of apartment buildings. During the workshop, we shared information regarding the inspection of framework quality and evaluation results and exchanged ideas on key areas of improvement and problem solving.

On-line Communication Channels | We are running a customer center on Hyundai E&C's corporate website (www.hdec.co.kr) to provide key information and, at the same time, operating an one-to-one online support for fast and convenient handling of grievances. On top of the corporate website, we are also operating a website dedicated to our main housing brand, Hillstate (www.hillstate.co.kr), and its residential customers. Both existing and potential customers of Hillstate can obtain information on reconstruction plans, sale, after service (A/S) and also receive professional consulting on the website or the helpline. In 2012, we received 2,369 customer opinions via the website and 86,129 customer opinions via the customer center.

In order to increase the website utilization and user satisfaction, Hyundai E&C's website are provided in three languages – Korean, English, and Arabic – and is also available for access on mobile phones; both PC and mobile websites undergo regular updates. In 2013, we plan to upgrade our website to enable easier access to information for users with disability.

Off-line Communication Channels | We have off-line communication channels – the helpline, mail, and a direct visit to our office – open for customers with difficulty accessing our on-line communication channels. Particularly, we operate one office in Seoul and six regional offices as well as a move-in support center at each Hillstate complex for residential customers to conveniently reach out to us.

Customer Privacy

At Hyundai E&C, we have established a Privacy Protection Committee and appointed a CPO (Chief Privacy Officer) for improved protection of customers' personal information. Centered on the Privacy Protection Committee, we will continue to improve our customer privacy protection system and strengthen a credible relationship with our customers.

Key Activities	Contents
Operation of the Privacy Protection Committee	The CPO and administrators are responsible for integrated management of customer privacy, employee information, and support areas Manage and appoint key personnel for each area
Greater Disclosure of Information on the Corporate Website	Inspect how customer privacy is being handled by agencies; tighten the management of social security numbers; establish a response manual in case of any personal information leak
Reinforcement of the Privacy Protection System for the Apartment Sales & Marketing	Reinforce the articles related to privacy protection on apartment sales contracts handled by agencies; establish a guideline on how to properly handle apartment sales contracts

Smartphone Application: Greater Convenience for Customer Communication

Hillstate residents can use the Hillstate Smartphone Application to check real-time energy consumption (including usage data of electricity, gas, and water within apartment buildings) and remotely control lighting, gas, and heating. Furthermore, one can browse the level of electricity consumption in a given period and compare the figure with an average energy consumption of neighbors (of similarly sized apartment buildings). Overall, Hillstate Smartphone Application works as a great application that encourages the residents to save energy and supports their eco-lifestyle.

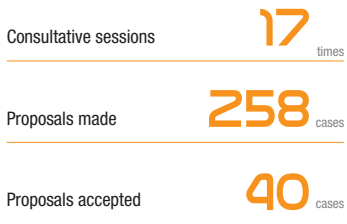
Hyundai E&C will continue to improve not only its construction capabilities but also the state-of-the-art system that accommodates every need of the residential customers.

Hillstate Smartphone Application won the Communication Award in Germany's iF Awards, one of the top 3 global design awards, in December 2012.



Mobile Hillstate

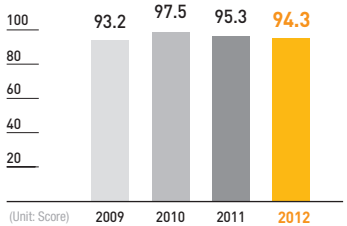
Activities of the 5th Hillstate Styler in 2012



Official Announcement of the Building Works Division's Commitment to CS



Customer Satisfaction Survey Result



Customer Satisfaction Activities

At Hyundai E&C, we strive to improve customer satisfaction through various activities carried out by our Construction Brand Strategy Team and the Customer Service (CS) Center.

Hillstate Styler | Established in 2008, 'Hillstate Styler' is an evaluation group mainly composed of housewives, whose job is to provide comments and opinions on the features and services of Hillstate from customers' perspective. Now in the 5th season (as of 2012), 'Hillstate Styler' made 258 proposals of various nature over the course of 17 sessions, 40 of which were actually accepted to improve the overall quality of Hillstate apartment buildings. Such active participation from our customers is being directly led to greater customer satisfaction and loyalty.



Kick-off Ceremony of the 5th Hillstate Styler

Improving CS | In order to further enhance our customer-centered service focus, the Construction Business Division has shared Hyundai Group's core value – 'Customers as Priority' – and, as an effort to truly integrate this value throughout the organization, the Division organized a CS resolution rally and a CS workshop.

Compliance with Marketing & Communication Regulations | Hyundai E&C complies with regulations on marketing and communication to gain customers' trust by delivering accurate, right information to them. We are strictly against any means of inappropriate marketing so as to prevent from losing their trust. In 2012, we have not had a single case of violation of marketing-related regulations.

Customer Satisfaction Survey | At Hyundai E&C, we have our very own customer satisfaction survey method specifically tailored to finding out our customers' needs and collecting their opinions. Hyundai E&C's customer satisfaction survey is composed of 10 areas, including the company's level of commitment to accommodate customers' demand, a degree of satisfaction with quality, and continuous efforts for improvement.

During the site quality evaluation in 2012, we changed the method of customer survey to better reflect the needs of the client by adding direct surveys by the Site Assessment Team during Site Quality Assessment in addition to distributing questionnaires to customers on site. Based on the results, we plan to continue periodic evaluation of the survey result and monitor any changes customer satisfaction at each division and throughout domestic and overseas sites, striving to improve the overall quality of our products and services.

APPENDIX

To Build Economic Value

Financial Performance

At Hyundai E&C, we are building a solid business foundation through diversified portfolio and improved financial structure, which have been made possible by expanding internationally and entering new markets. In 2012, we saw sales of 10.4 trillion KRW, operating income of 415.6 billion KRW, and net income of 347 billion KRW. Our current ratio, debt ratio, and net worth ratio – all of which indicate an organization’s financial stability – all improved over the last three years.

(Condensed) Separate Statements of Income				(Unit: million KRW)
Description	2010	2011	2012	
Sales	10,044,756	10,104,552	10,433,442	
Cost of sales	8,994,302	9,242,199	9,604,835	
Gross profit	1,050,454	862,353	828,607	
Operating income	582,482	496,979	415,634	
Income before income tax expense	589,648	611,573	450,604	
Net income	434,186	503,313	347,019	

(Condensed) Separate Statements of Financial Position				(Unit: million KRW)
Description	2010	2011	2012	
Current assets	6,614,101	6,952,511	7,404,995	
Non-current assets	3,667,342	3,731,156	3,650,190	
Total assets	10,281,443	10,683,667	11,055,185	
Current liabilities	4,919,173	4,697,796	4,786,586	
Non-current liabilities	1,288,580	1,668,114	1,752,414	
Total liabilities	6,207,754	6,365,910	6,539,000	
Capital stock	557,273	557,273	557,273	
Other contributed capital	828,181	828,181	828,181	
Components of other capital	310,220	149,114	96,528	
Retained earnings	2,378,016	2,783,189	3,034,203	
Total equity	4,073,690	4,317,757	4,516,185	

Financial Stability (Based on Separate Data)				(Unit: %)
Description	2010	2011	2012	
Current ratio	134.4	147.9	154.7	
Debt ratio	152.4	147.4	144.8	
Net worth ratio	39.6	40.4	40.8	

Credit Rating

Having the ability to quickly respond to changes in the housing market with its enhanced business portfolio and a stable profit model due to diversified work types, Hyundai E&C has maintained the AA- credit rating in 2012. Based on such excellent credit rating, we can issue bonds and commercial papers at reduced interest rate, which allows us to reduce financial expenses and establish stable grounds for financial activities. As a result, we are enhancing the domestic and overseas financial conditions, improving our competitiveness for winning more contracts, and strengthening external credibility, ultimately increasing the company value.

R&D Investment

Hyundai E&C is actively structuring the R&D organization and investing in the R&D area. Equipped with cutting-edge facilities, we are carrying out various researches and experiments in the structural testing laboratory, wind tunnel testing laboratory, acoustical laboratory, artificial climate chamber, and underground test tunnel. These are Hyundai E&C's very foundation for obtaining the world's best technologies throughout all business divisions, improving new growth drivers, and securing competitiveness for the future.

To Build Environmental Value

Reinforcement of Guidelines on Environmentally Friendly Vehicle Operation

In order to reduce GHG emissions from the transport stage, we developed a 'guideline on operation of work vehicles' in 2010. The guideline is about driving work vehicles in an environmentally friendly manner and includes the 'eco-drive guideline'.

Guidelines on Vehicle Operation

Type	Action point	Driving guideline
Traffic information	Familiarize oneself with traffic information	Determine the optimal route before driving
	Minimize engine pre-heating	10 seconds is enough for engine pre-heating; do not exceed 30 seconds
	Start the vehicle smoothly	Start the vehicle at a speed of 20km (1500rpm) per hour after 5 seconds from starting the engine
	Apply the principle of inertia to driving	Use engine brake on a downhill; accelerate right before an uphill to apply the principle of inertia; predict the streetlight and stop with inertia
	Drive at a constant speed	Do not accelerate nor stop suddenly and drive at a constant speed; assure a safe distance
Driving habits	Observe the optimal fuel economy	Observe a speed of 60-80km within city and 90-100km on highways
	Minimize idling	Stop the engine if parking for more than 5 seconds; switch to neutral when waiting for the streetlight
	Reduce loads	Empty the trunk and reduce unnecessary loads; fill only half of the fuel tank
Vehicle maintenance	Check the tire pressure	Periodically check the tire pressure on a monthly basis
	Refrain from use of air conditioner	Refrain from use of air conditioner as much as possible; operate at low level
	Periodically check auto consumables	Keep to the exchange period of consumables; check and maintain the vehicle at least once a month

Categorization of Materials Subject to Environmentally Friendly Procurement

Type	Description	Type	Description
HEGS-1	Products with the Eco-Label	HEGS-5	Products with an environmental mark issued by a foreign organization
HEGS-2	Products with the GR (Good Recycled) Mark	HEGS-6	Products from eco-friendly production processes
HEGS-3	Products that have been rated as 1st grade by the Energy Efficiency Standards & Labeling Program	HEGS-7	GMS certified products
HEGS-4	Products with the Energy Saving Label	HEGS-8	Carbon Footprint Label certified products

※ HEGS: Hyundai Environmental Goods Standard

GHG Emissions

Hyundai E&C listed the emission sources and measured GHG emissions in accordance with the Intergovernmental Panel on Climate Change (IPCC), the WRI · WBSCD Greenhouse Gas (GHG) Protocol (the world's most widely used accounting tool for GHG emissions), the EU-ETS M&R Guidelines (which provides the degree of accuracy for each of the uncertainty factors by scale (of the site) and activity), and ISO 14064. The measurement scope was categorized to Scope 1, 2, 3, and Optional, following the WRI · WBSCD GHG Protocol. In addition, these figures were finalized by making reference to the national GHG & Energy Target Management System.

Energy Consumption

(Unit: TJ)

Description	2010	2011	2012
Diesel	449.15	270.92	88.08
Gasoline	26.27	25.65	24.56
Kerosene	39.87	41.12	23.93
LNG	64.01	36.39	173.30
LPG	11.35	5.25	5.56
District heating	0.24	0.21	0.87
Electric power	851.78	903.43	771.20
Lump coal (brown coal)	30.92	13.95	7.19
Ignition coal (wood coal)	-	-	0.70
Total energy consumption	1,473.59	1,296.91	1,095.39

GHG Emissions

(Unit: t-CO₂e)

Scope	2010	2011	2012	2018 Target
Scope 1	35,719	27,973	17,053	351,087 (reduce 30% below the BAU)
Scope 2	45,328	46,979	38,824	
Scope 3	358,704	363,698	340,843	
Total	439,751	438,650	396,720	

※ Greenhouse gas emission amount: Greenhouse gas emission amount changed due to the change in energy usage amount. Estimating the amount through the unit of Won and sales amount of each industrial headquarter and scope based on certified data

Water Consumption and Wastewater Discharge

(Unit: ton)

Description	2010	2011	2012
Water consumption	1,528,000	1,294,000	893,000
Wastewater discharge	1,236,606	2,556,654	1,289,531

Material Usage

Description	Unit	2010	2011	2012
Reinforcing bar	ton	398,853	299,726	248,627
Steel	ton	-	4,831	45,000
Ready-mixed concrete	m³	3,918,068	3,529,397	2,293,475
Cement	ton	47,368	120,679	134,137
Sand	m³	1,168,223	750,056	1,082,373
Asphalt concrete	ton	612,364	757,131	532,161
L02	L	506,146	1,842,634	1,690,936
Coal in medium-size lumps	Kg	1,521,167	5,619,606	1,397,647

Corrective Orders and Fines Imposed with Regard to Environmental Laws and Regulations

As reinforced environmental laws and regulations and an increase in civil complaints are leading to a higher number of administrative dispositions, we are establishing an environmental management system at sites through preliminary environmental support and education, developing preventive and early response strategies, and complying with environmental laws and regulations trough site evaluations. As for the five corrective orders issued in 2012, we immediately took necessary actions.

To Build Social Value

The Ideal Employee

Hyundai E&C believes that talented individuals are an organization's greatest asset. The concept of Hyundai E&C's ideal employee, 'Innovative Challenger,' describes an individual who creates new values by overcoming a challenge to the new, a challenge to the impossible, and a challenge to becoming the best. Our employees are growing to become individuals who create greater synergy and new values with a challenging spirit, creativity, and an open mind.

Current Status of Employees		(Unit: no. of employees)
Permanent employees		4,431
Male employees		4,174
Female employees		257
Contracted employees		860
Total employees		5,291

※ As of MAY 31, 2013

Compliance with the Global Human Rights and Diversity Standards

As a global construction company, Hyundai E&C publicly endorses global standards on human rights and diversity, such as the United States' Universal Declaration of Human Rights, the ILO Conventions, the OECD Guidelines for Multinational Enterprises, the Global Sullivan Principles, and the UN Framework and Guiding Principles on Business and Human Rights and abide by the Labor Standards Act. Hyundai E&C strictly prohibits child labor and forced labor

Gender Equality | At Hyundai E&C, we ensure that male and female employees are treated fairly and provide various supports for a female employee to be assured of a non-discriminative workplace.

We have created a corporate culture where female employees who have been on a parental leave can comfortably return to work and stay as "working mothers." As a result, over 80% of employees return to work after taking parental leave, while 100% of them stay at work for over 12 months. Retaining female employees with excellent capabilities has led us to save expenses that may otherwise be spent on new hires and training as well as to keep their existing experiences and knowledge, which add to greater corporate value. In the future, Hyundai E&C will continue to promote female employment, prohibit gender discrimination during recruitment, and enhance systems to support female employees to have greater opportunities to be at the center of the business operation.

Current Status of Parental Leave				(Unit: %)
Description	2010	2011	2012	
Proportion of employees on parental leave	2.63	4.89		9.56
Return-to-work rate after parental leave	83.33	38.46		82.4

*The return-to-work rate in 2011 is comparably lower because some of the employees whose parental leave started in 2011 have not returned to work at the time of compiling data for this report. 100% of the employees subject to 'return-to-work' at the end of their parental leave returned to work in 2011.

Professional Development

Based on its job training system, Hyundai E&C is running a variety of systematic programs for training employees by their position, group, and duty as well as EP & CM education. In addition, we are utilizing the e-HRD (Human Resource Development) system to establish an advanced talent development program and cultivating professionals.

Retirement Savings Plan

Hyundai E&C is operating a retirement savings plan for employees who will one day retire. We provide two types of a retirement savings plan: defined benefit retirement plan and defined contribution retirement plan. Employees can choose to receive their retirement savings either at once or as a pension plan. In the future, Hyundai E&C will continue to increase savings deposit and enhance employees' pensionable right.

Selecting Priority Safety Management Targets for Certain Periods

We at Hyundai E&C select specific types of accidents that are particularly recurrent at certain periods of a year and run a number of campaigns and training sessions to prevent any accident.

Fire	Collapse	Falls	Extreme weather	Equipment malfunction & falls
December - January	February - March	April - June	July - August	September - November

Compliance with Laws

Hyundai E&C strictly abides by domestic and overseas laws throughout the project management. If any legal violation occurs, we thoroughly examine the background of such violation, share the examination result, and make every effort to prevent the same violation from recurring in the future.

In 2012, we were imposed a penalty of 22,012 million KRW in relation to allegations regarding collusion amongst the companies to win bids for the 1st Phase Turn-key Construction of the Korean Four Major Rivers Restoration Project. We at Hyundai E&C plan to take measures to prevent recurrence of a similar situation and comply with principles of free market, transparently communicating with stakeholders.

Third Party Assurance Report

To the readers of the 2013 Hyundai Engineering & Construction Sustainability Report

We have performed to provide independent assurance services over selected aspects of Hyundai Engineering & Construction Company's Sustainability Report 2013 (the "Report"). The management of Hyundai Engineering & Construction Company is responsible for preparing the Report. Our responsibility is to carry out a limited level of assurance engagement on the information presented in the Report and to provide our conclusion.

We conducted our assurance engagement in accordance with ISAE 3000 ("International Standard on Assurance Engagements 3000- Assurance Engagements other than Audits and Review of Historical Finance Information"), issued by the International Auditing and Assurance Standards Board (IAASB), and AA1000AS ("AA1000 Assurance Standard"). The extent for a 'limited level' of assurance is less than that of a 'reasonable' assurance engagement and therefore a lower level of assurance is provided for the Report. An engagement is limited primarily to inquiries of company personnel and review procedures applied to the data Hyundai Engineering & Construction Company provided. The scope of our work was restricted to 2012 performance only. Information relating to the earlier periods has not been subject to our assurance.

Our work included the following activities.

- Interviews with the personnel responsible for aggregation and reporting of the subject data.
- An evaluation of the design, existence and operation of the systems and methods used to collect and process the subject data.
- Reviews on the subject data through inquiries and analytical procedures.
- Visit to the head office and one local unit for a limited testing of the subject data aggregation and preparation.
- Verify the subject data that they were correctly reported from appropriate and reasonably balanced sources.

In conclusion, nothing has come to our attention that cause us to believe that the subject data referred to above are not fairly stated, in all material respects, in accordance with the reporting principles of Hyundai Engineering & Construction Company.

- Hyundai Engineering & Construction Company applied a reporting practice in accordance with the GRI (Global Reporting Initiative) G3.1 reporting principles and Construction and Real Estate Sector Supplements to engage stakeholders on material aspects related to sustainability management performance.

- Hyundai Engineering & Construction Company has applied detailed procedures to identify, collect, compile, and validate the data for 2012.

- Data for 2012 is consistent with the data accumulated as a result of these procedures and appropriately reflected the Report. In addition, through the results we have obtained from material review, we concluded that the information presented in the Report appropriately reflects the performance of the Hyundai Motor Company's sustainability management and the willingness to further develop.

JUN 14, 2013

Deloitte. Deloitte Anjin LLC

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Managing Partner Lee Jae-Sool

Greenhouse Gas Verification Statement

Introduction DNV Certification, Ltd. ("DNV") was commissioned by HYUNDAI Engineering & Construction Co., Ltd. ("HYUNDAI Engineering & Construction") to verify the HYUNDAI Engineering & Construction's Greenhouse Gas Inventory Report for the calendar year 2012 ("the report") based upon a limited level of assurance. HYUNDAI Engineering & Construction is responsible for the preparation of the GHG emissions data on the basis set out within the WRI/WBCSD GHG protocol: 2004 and the principles set out in ISO 14064-1:2006. Our responsibility in performing this work is to the management of HYUNDAI Engineering & Construction only and in accordance with terms of reference agreed with them. DNV expressly disclaims any liability or responsibility for any decisions, whether investment or otherwise, based upon this assurance statement.

Scope of Assurance The emissions data covered by our examination comprise direct emissions (Scope 1 emissions), energy indirect emissions (Scope 2 emissions) and other indirect emissions (Scope 3 emissions).

- Reporting period under verification: Calendar Year 2012
- Organizational boundary for reporting: HYUNDAI Engineering & Construction Co., Ltd.

Organizational Boundaries	Address / Remark	Verification Activity
Buildings	Headquarter (Address: Hyundai Bldg. 140-2, Kye-dong, Jongno-gu, Seoul, Korea) and 1 building	Desk review, site visit, data verification
Domestic construction sites	204 sites in Dept. of Plant, Power Plant, Civil, Building	Desk review, site visit, data verification

Verification Approach The verification has been conducted by DNV from 13rd May through 29th May 2013 and performed in accordance with the verification principles and tasks outlined in ISO 14064-3. We planned and performed our work so as to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a limited verification opinion concerning the completeness of the emission inventory as well as the reported emission figures in ton CO₂ equivalent. As part of the verification process:

- We have reviewed and verified the HYUNDAI Engineering & Construction's Greenhouse gas Management System
- We have reviewed the GHG Inventory Report
- We have reviewed and verified the process to generate, aggregate and report the emissions data

Conclusions As a result of the work described above, in our opinion nothing has come to our attention that would cause us to believe that the GHG emissions data set out in HYUNDAI Engineering & Construction's report are not fairly stated. The GHG emissions of HYUNDAI Engineering & Construction for the year 2012 were confirmed as below:

Greenhouse Gas Emissions of HYUNDAI Engineering & Construction Co., Ltd. from Yr 2012				
(Unit: tCO ₂ -e)				
Organizational Boundaries	Direct Emissions (Scope 1)	Indirect Emissions (Scope 2)	Other Indirect Emissions (Scope 3)	Total Emissions
Hyundai Engineering & Construction Co., Ltd.	16,342	36,134	327,639	380,115

※ In order to report the GHG emissions as an integer, the rounded number on the statement might be different from the number on the system with ± 1 tCO₂.
※ Total emissions = Scope 1 + Scope 2 + Scope 3

May 29, 2013

Kim Tae-Ho
Lead Verifier

Ahn In-Kyoon
Country Manager
DNV Certification, Ltd.

This Assurance Statement is valid as of the date of the issuance (May 29, 2013). Please note that this Assurance statement would be revised if any material discrepancy which may impact on the Greenhouse Gas Emissions of HYUNDAI Engineering & Construction Co., Ltd. is subsequently brought to our attention. In the event of ambiguity or contradiction in this statement between English version and Korean version, Korean shall be given precedent.

GRI Index

● Completely Reported ● Partially Reported ○ Not Reported

Index	Indicators	ISO 26000	Page	Level of Reporting	Remarks
Strategy and Analysis					
1. 1	Message from CEO	6.2	3	●	
1. 2	Description of opportunities and challenges	6.2	3	●	
Organizational Profile					
2. 1	Name of the organization	-	14	●	
2. 2	Primary brands, products, and/or services	-	14-15	●	
2. 3	Operational structure of the organization	6.2	14-15	●	
2. 4	Location of organization's headquarters	-	Cover	●	
2. 5	Names of countries with major operations	-	STORY 1	●	
2. 6	Nature of ownership and legal form	-	20-21	●	
2. 7	Markets served	-	STORY 1, 14-15	●	
2. 8	Scale of the reporting organization	-	14-15	●	
2. 9	Significant changes during the reporting period regarding size, structure, or ownership	-	-	●	
2. 10	Awards received	-	Cover	●	
Report Parameters					
3. 1	Reporting period	-	About This Report	●	
3. 2	Date of most recent previous report	-	About This Report	●	
3. 3	Reporting cycle	-	About This Report	●	Annual
3. 4	Contact point for questions regarding the report or its contents	-	Cover	●	
3. 5	Process for defining report content	-	26	●	
3. 6	Boundary of the report	-	About This Report	●	
3. 7	State any specific limitations on the scope or boundary of the report	-	About This Report	●	
3. 8	Basis for reporting that can significantly affect comparability from period to period and/or between organizations	-	About This Report	●	
3. 9	Data measurement techniques and the bases of calculations	-	About This Report	●	
3. 10	Re-statements of information provided in earlier reports	-	-	●	Not applicable
3. 11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	-	About This Report	●	
3. 12	GRI Content Index	-	82-85	●	
3. 13	Policy and current practice with regard to seeking external assurance for the report	7.5.3	About This Report	●	
Governance, Commitments, and Engagement					
4. 1	Governance structure of the organization	6.2	20-21	●	
4. 2	Indicate whether the Chair of the highest governance body is also an executive officer		20	●	
4. 3	Board composition		20	●	
4. 4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body		19	●	
4. 5	Linkage between compensation for members of the highest governance body, senior managers, and executives		21	●	
4. 6	Processes in place for the highest governance body to ensure conflicts of interest are avoided		20	●	
4. 7	Process for determining the qualifications, and expertise of the members of the highest governance body in the economic, environmental and social fields		20	●	
4. 8	Statements of mission or values, codes of conduct, and principles		16-18, 22	●	
4. 9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance		21	●	
4. 10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance		21	●	
4. 11	Explanation of whether and how the precautionary approach or principle is addressed by the organization		23-25	●	
4. 12	Externally developed principles or other initiatives to which the organization subscribes or endorses		STORY 3, 42	●	

● Completely Reported ● Partially Reported ○ Not Reported

Index	Indicators	ISO 26000	Page	Level of Reporting	Remarks
4. 13	Memberships in associations (such as industry associations) and / or national / international advocacy organizations	6.2	Cover	●	
4. 14	List of stakeholder groups engaged by the organization		19	●	
4. 15	Basis for identification and selection of stakeholders with whom to engage		19	●	
4. 16	Approaches to stakeholder engagement		19	●	
4. 17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns		26	●	
Economic Performance Indexes					
DMA	Disclosure on Management Approach		29-37		
EC1	Direct economic value generated and distributed	6.8, 6.8.3, 6.8.7, 6.8.9	19, 67, 70	●	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	6.5.5	39, 42-43	●	
EC3	Coverage of the organization's defined benefit plan obligations	6.4.4, 6.8	78	●	
EC4	Significant financial assistance received from Government	-	-	●	
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	6.4.4, 6.8	57	●	
EC6	Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation	6.6.6, 6.8, 6.8.5, 6.8.7	STORY 1, 36-37	●	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	6.8, 6.8.5, 6.8.7	STORY 1	●	
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	67-70	●	
EC9	Understanding and describing significant indirect economic impacts, including the extent of 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	19, 70	●	
Environmental Performance Indicators					
DMA	Disclosure on Management Approach		27, 39, 40		
EN1	Materials used by weight or volume	6.5, 6.5.4	44, 48, 77	●	
EN2	Percentage of materials used that are recycled input materials		44, 48, 77	●	
EN3	Direct energy consumption by primary energy source		42, 48, 77	●	
EN4	Indirect energy consumption by primary source		42, 48, 77	●	
CRE1	Building Energy Intensity		83	●	Headquarters -0.023TJ/person
EN5	Energy saved due to conservation and efficiency improvements		42, 77	●	
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives		42, 77	●	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved		43	●	
EN8	Total water withdrawal by source		44, 77	●	
EN9	Water sources significantly affected by withdrawal of water		-	●	Not applicable
EN10	Percentage and total volume of water recycled and reused	6.5, 6.5.6	44, 77	●	
CRE2	Building water intensity		-	○	N/A*
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		45	●	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas		45	●	
EN13	Habitats protected or restored		45	●	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity		45	●	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk		45	●	
EN16	Total direct and indirect greenhouse gas emissions by weight		42,77	●	
EN17	Other relevant indirect greenhouse gas emissions by weight		42,77	●	
CRE3	Greenhouse gas emissions intensity from buildings		83	●	Headquarters -0.78tCO ₂ e/person
CRE4	Greenhouse gas emissions intensity from new construction and redevelopment		-	○	

GRI Index

● Completely Reported ● Partially Reported ○ Not Reported

Index	Indicators	ISO 26000	Page	Level of Reporting	Remarks
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	6.5, 6.5.3	42, 43	●	
EN19	Emissions of ozone-depleting substances by weight		-	○	Not applicable
EN20	NOx, SOx, and other significant air emissions by type and weight		-	○	Not applicable
EN21	Total water discharge by quality and destination		44	●	
EN22	Total weight of waste by type and disposal method	6.5, 6.5.3	47, 49	●	
CRE5	Land and other assets remediated and in need of remediation for the existing or intended land use according to applicable legal designations		-	○	Not applicable
EN23	Total number and volume of significant spills		-	●	Not applicable
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally		-	●	Not applicable
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	6.5, 6.5.4, 6.5.6	-	●	Not applicable
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	50-51	●	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	6.5, 6.5.4, 6.7.5	-	○	Not applicable
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	6.5	77	●	
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	46	●	
EN30	Total environmental protection expenditures and investments by type	6.5	45	●	

Labor Practices and Decent Work Performance Indicators

DMA	Disclosure on Management Approach		27, 55-56		
LA1	Total workforce by employment type, employment contract, and region	6.4, 6.4.3	STORY 1, 14, 56, 78	●	
LA2	Total number and rate of employee turnover		61	●	
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	59, 78	●	
LA4	Percentage of employees covered by collective bargaining agreements	6.4, 6.4.3, 6.4.4, 6.4.5, 6.3.10	60	●	
LA5	Minimum notice period(s) regarding significant operational changes	6.4, 6.4.3, 6.4.4, 6.4.5	60	●	
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees	6.4, 6.4.6	60	●	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities		63	●	
CRE6	Percentage of the organization operating in verified compliance with an internationally recognized health and safety management system.		62-63	●	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	6.4, 6.4.6, 6.8, 6.8.3, 6.8.4, 6.8.8	STORY 1, 63, 69	●	
LA9	Health and safety topics covered in formal agreements with trade unions	6.4, 6.4.6	60, 62-63	●	
LA10	Average hours of training per year per employee by employee category	6.4, 6.4.7	58	●	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	6.4, 6.4.7, 6.8.5	59	●	
LA12	Percentage of employees receiving regular performance and career development reviews	6.4, 6.4.7	57	●	
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	6.3.7, 6.3.10, 6.4, 6.4.3	20, 56, 78	●	
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	57	●	
LA15	Return to work and retention rates after parental leave, by gender	-	59, 78	●	

Human Rights Performance Indicators

DMA	Disclosure on Management Approach		27, 55-56		
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening	6.3, 6.3.3, 6.3.5, 6.6.6	22, 64-65	●	
HR2	Percentage of significant suppliers and contractors that have undergone human rights screening	6.3, 6.3.3, 6.3.5, 6.4.3, 6.6.6	22, 64-65	●	
HR3	Employee training on policies and procedures concerning aspects of human rights	6.3, 6.3.5	22	●	

● Completely Reported ● Partially Reported ○ Not Reported

Index	Indicators	ISO 26000	Page	Level of Reporting	Remarks
HR4	Total number of incidents of discrimination and corrective actions taken	6.3, 6.3.6, 6.3.7, 6.3.10, 6.4.3	-	●	
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	6.3, 6.3.3, 6.3.4, 6.3.5, 6.3.8, 6.3.10, 6.4.3, 6.4.5	60	●	
HR6	Abolition of child labor	6.3, 6.3.3, 6.3.4, 6.3.5, 6.3.7, 6.3.10	STORY 3, 57	●	
HR7	Elimination of all forms of forced or compulsory labor	6.3, 6.3.3, 6.3.4, 6.3.5, 6.3.7, 6.3.10	STORY 3, 57	●	
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	6.3, 6.3.5, 6.4.3, 6.6.6	22	○	N/A*
HR9	Total number of incidents of violations involving rights of indigenous people 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 grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms	-	-	●	

Society Performance Indicators

DMA	Disclosure on Management Approach		27, 55-56		
S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities	6.3.9, 6.8, 6.8.5, 6.8.7, 6.6.7	STORY 1, 67	●	
S02	Percentage and total number of business units analyzed for risks related to corruption		22	●	
S03	Percentage of employees trained in organization's anticorruption policies and procedures	6.6, 6.6.3	22-23	●	
S04	Actions taken in response to incidents of corruption		-	●	
S05	Public policy positions and participation in public policy development and lobbying		-	●	
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	6.6, 6.6.4, 6.8.3	-	●	
S07	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes	6.6, 6.6.5, 6.6.7	23	●	
S08	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	6.6, 6.6.7, 6.8.7	79	●	
S09	Operations with significant potential or actual negative impacts on local communities	-	67-70	●	
CRE7	Number of persons voluntarily and involuntarily displaced and/or resettled by development, broken down by project	-	-	○	
S010	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	-	67-70	●	

Product Responsibility Performance Indicators

DMA	Disclosure on Management Approach		33-34, 71		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	6.3.9, 6.6.6, 6.7, 6.7.4, 6.7.5	71, 73	●	
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		-	●	
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements		-	●	
CRE8	Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment	6.7, 6.7.3, 6.7.4, 6.7.5, 6.7.6, 6.7.9	11, 49	●	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by result type		-	●	Not applicable
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	71, 73	●	
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	71, 73	●	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship		-	●	Not applicable
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	6.7, 6.7.7	-	●	Not applicable
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	6.7, 6.7.6	-	●	Not applicable

*Not available



Statement GRI Application Level Check

GRI hereby states that **Hyundai Engineering & Construction** has presented its report “2013 Hyundai Engineering & Construction Sustainability Report” to GRI’s Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 5 July 2013

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The “+” has been added to this Application Level because Hyundai Engineering & Construction has submitted (part of) this report for external assurance. GRI accepts the reporter’s own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world’s most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 26 June 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

Major Awards and Accolades

2013

Award	Description	Host/Provider
2012 Construction Cooperation Advancement Awards	Minister’s Accommodation for Contribution	Construction Economy
2013 Money Today Overseas Construction Awards	Minister’s Award, Grand Prize	Money Today
2013 Money Today Korea Residential Service Awards	Minister’s Award, Overall Grand Prize (Private Sector category)	Money Today
Sustainability Yearbook	Gold Medal (Construction Sector)	RobecoSAM, KPMG
2011/12 LACP Vision Awards (Annual Report Evaluation)	Industry Award (Business Service category)	LACP
Singapore Building and Construction Authority Awards	Construction Excellence Award One Shenton Way - Mixed Development Buildings, Grand Prize Pasir Ris Condominium - Residential Buildings, Grand Prize Asia Square Tower 1 - Commercial & Mixed Development Buildings, Award of Excellence	Singapore Building and Construction Authority Awards

2012

Award	Description	Host/Provider
Corporate Register Reporting Awards (CRPA, UK)	1st Runner Up (Integrated Report Category)	Corporate Register
Green Ranking	Overall 3rd place, Grand Prize	Joongang Daily
2012 Money Today Overseas Construction Awards	MLTM Minister’s Award, Grand Prize (Civil Engineering category)	Money Today
2012 Money Today Korea Residential Service Awards	MLTM Minister’s Award, Grand Prize (Private Sector category)	Money Today
6th Annual Asia Economy Apartment Brand Awards	Grand Prize (High-class category)	Asia Economy
2012 In Housing Construction Power Brand Awards	Grand Prize, Best Apartment Complex	Financial News
2012 Hankyung Business Well-being Apartment Awards	Grand Prize (Environmental Friendliness category)	Hankyung Business
2012 First-half Hankyung Residential Culture Awards	Grand Prize (Apartment category)	Hankyung
16th MaeKyung Good Apartment for Living Awards	Prize of Excellence (General Apartment of Large Contractors category)	MaeKyung
2012 Korea JoongAng Daily JoinsLand Eco-friendly Construction Industry Awards	MLTM Minister’s Award	Joongang Daily, Joins Land
2012 Money Today Korea Luxury Housing Awards	Best of Best	Money Today
7th Asia Construction Awards	MLTM Minister’s Award (Social Contribution category)	Asia Economy
4th Aju Economy Construction Awards 2012	Grand Prize (SOC category)	Aju Economy
2012 Asia Today Green Construction Awards	Chairman’s Award (Plant category)	Asia Today
2012 Green Housing Awards	Grand Prize (Green Energy Category)	Hankook Daily
3rd Korea Green Construction Awards	Grand Prize (Plant category)	Seoul Newspaper
2012 Construction Economy Advertisement Awards	Grand Prize (Corporate PR category)	Construction Economy
8th Korea Civil Engineering & Construction Technology Awards	Best of Best (Office Building Construction category)	MaeKyung
2012 eDaily Construction Industry Awards	Grand Prize	eDaily
Korea’s Representative Apartment Awards	MLTM Minister’s Prize, Grand Prize (Good Design Category)	Hankook Economy TV
2012 First-half Hankyung Residential Culture Awards	Grand Prize (Apartment category)	Hankyung
2012 Herald Economy Green Residence Awards	Grand Prize (Construction Category)	Herald Economy
2012 Corporation with Socially Responsible Management for Shared Growth	Construction	Chosun Weekly

Membership

Association Memberships

International Tunneling and Underground Space Association	The Korea Railway Association
Construction Association of Korea	Korea Ports & Harbours Association
Korea Electric Association	International Contractors Association of Korea
Building Smart Association	Korea Construction IT Association
Korea Plant Industries Association	Korea BIM Association
Korea Road and Traffic Association	The Korean Housing Association
Korea Remodeling Association	Korea Institute of Plant Engineering & Construction

※ Partial list; 109 business/academic association memberships in total

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Contact Us

The 2013 Hyundai Engineering & Construction Sustainability Report is also available on our website (<http://www.hdec.kr>). Should you want more information or have any enquiries, please do not hesitate to contact us via the contact information below. We appreciate your feedback.

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