

Stakeholder Communication

Hyundai Steel believes in the value of achieving a win-win collaboration through active communication with shareholders, customers, suppliers, partners, employees, and local communities. We are always listening to stakeholder voice in order to achieve sustainable growth and development shared with our stakeholders.

Hyundai Steel will contribute to realize a collaborative society in which people can sympathize with each other.

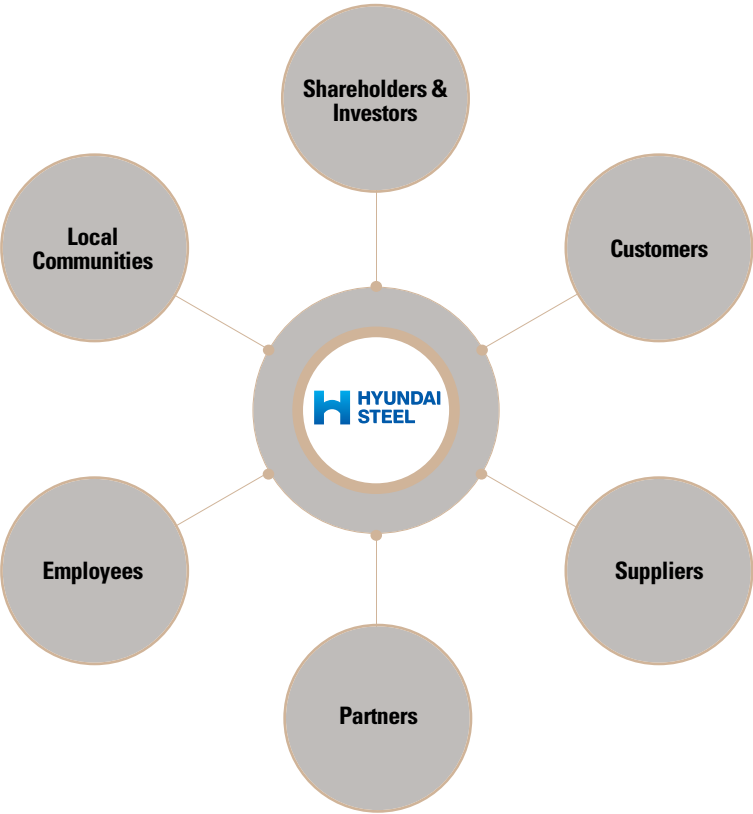


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Stakeholder Status

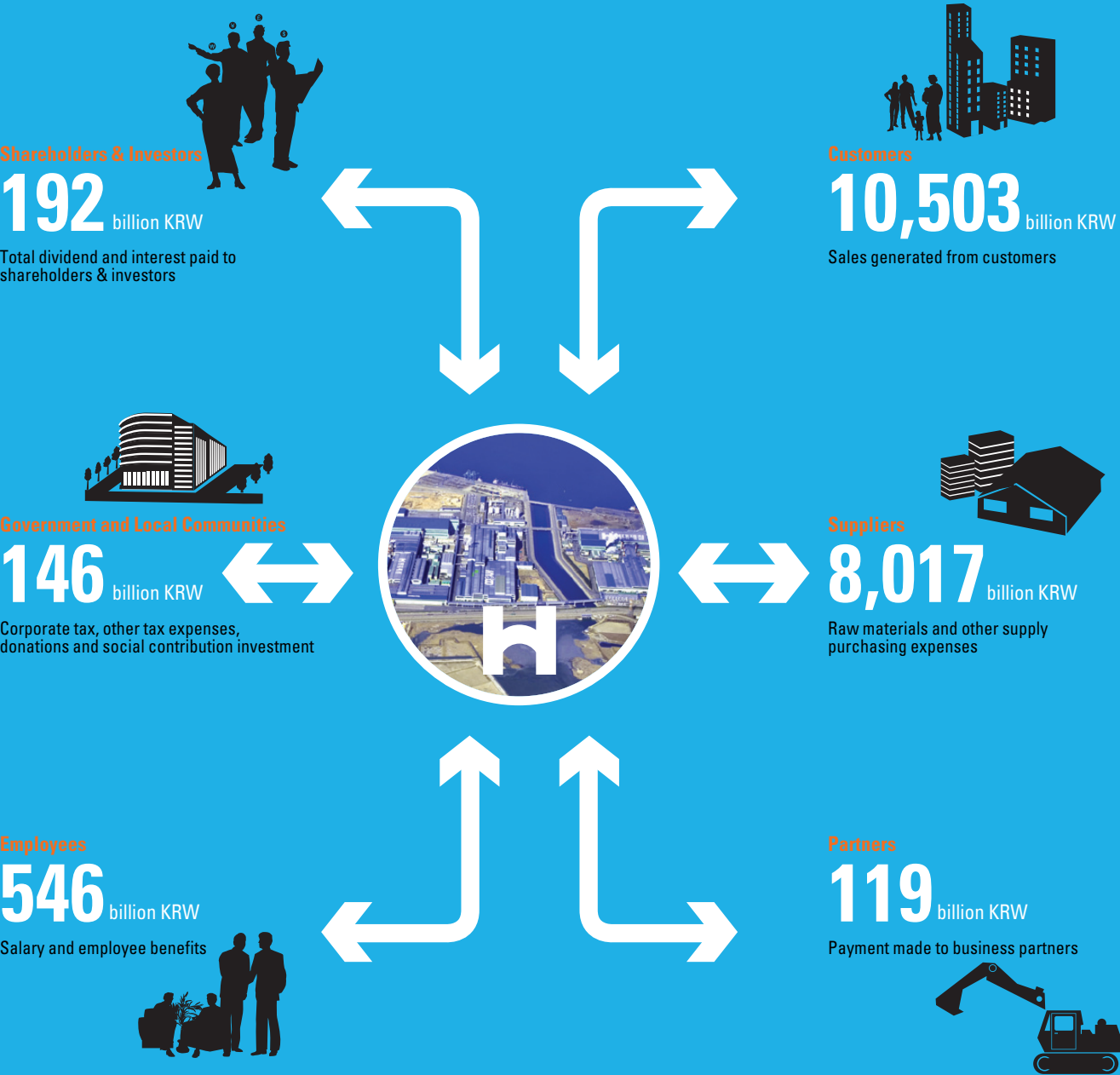
Hyundai Steel is striving to build competitiveness through collaboration with stakeholders in order to achieve sustainable growth. In order to realize this vision, we envision building a relationship of trust with a common belief in the importance of close communication with our stakeholders.

Our stakeholders include entities that are directly related to our economic value generation and distribution process as well as local communities that are affected by our operations. Using compatibility of interest and influence level as a guideline, we have classified our stakeholders in six groups including shareholders and investors, customers, suppliers, partners, employees, and local communities. We are making an effort to establish good communication with each one of them.



Economic Value Generated and Distributed to Our Stakeholders

Hyundai Steel is growing with our stakeholders. We pursue a balance between growth and distribution while creating value for shareholders and investors, customers, suppliers, partners, employees, the government and local communities.



Interview

Since the publication of the first sustainability report last year, many people have told us that they have become more acquainted with Hyundai Steel. The first sustainability report shows encouragement and accolade from our stakeholders but it also provides an opportunity to reflect upon our actions by listening to the voices of our stakeholders. Hyundai Steel is doing its best to repay the faith and interest shown in our company's sustainable management for the past year.



Excellent Matching Grant Program that accentuates Hyundai Steel's unique corporate culture

This year volunteers from Habitat for Humanity are full of vigor and enthusiasm about helping people realize their dream of home ownership. As a volunteer organization founded jointly by Hyundai Steel and Habitat, <HAPPY YES> with 100 college students has launched its volunteer initiative by repairing dilapidated houses. Employees at Hyundai Steel actively donate a portion of their monthly wage to create a sharing fund where the company matches the combined amount donated by employees through a matching grant program. The matching grant program supports volunteer projects by <HAPPY YES>. These projects are very popular among college students and due to limited availability, only one out of ten college students are admitted to participate in these volunteer projects. Selected volunteers from <HAPPY YES> and Hyundai Steel employees are expected to perform community services such as repairing houses, implementing housing construction and related fund raising campaigns in Dangjin area for next one year. The scope of similar programs and activities will be gradually extended to other cities such as Incheon and Pohang. Hyundai Steel's spectacular Matching Grant Program left a deep impression on me. I also felt Hyundai Steel's reserved strength in swiftly building a consensus between the company and employees to mobilize resources for social causes. I firmly believe that this kind of reserved strength will continue to grow into bigger 'Active Love'.

◀ **Chang-shik Lee** National Director of Habitat for Humanity Korea



A partner with unstoppable challenging spirit and full of heart beating passion for change

As a company in charge of operating electrical equipments in Hyundai Steel, Marco is proud to be a partner of Hyundai Steel which emphasizes reliable, onsite and transparent management. We have built a close communication system with Hyundai Steel and we particularly have thorough discussions with relevant departments of Hyundai Steel when we start a new task. Marco's high technical expertise enables Hyundai Steel to provide basic training to partner companies in areas of safety and technology. Along with Hyundai Steel, Macro is utilizing all resources in developing and spreading eco-friendly technology with the goal of securing competitiveness in this area and creating substantial values. Such competitiveness in environmental friendly technology based on eco-system is paving an innovative path at the construction site of Incheon Free Economic Zone. The application of Marco's eco-friendly technology can be seen from cargo handling system at Incheon harbor. This cargo handling system is equipped with waste recycling and complete water and air pollution control functions. Technology constantly floats in a vast blue ocean of opportunity. I feel secured having such a trustworthy partner like Hyundai Steel through mutual cooperation based on changes and challenges.

▲ **Yoon-dong Hwang** President of Marco



Exciting workplace that makes me dream: "Upgraded Myself"

Working for more than 30 years in manufacturing steel products, I have been always strict with myself by not tolerating even a small margin of error. Too much complacency and overconfidence in one's technical skill would eventually lead to failures. Realizing a simple fact that the stagnated water will eventually rot over time, I was never lazy in developing myself. Hyundai Steel is a perfect company in supporting technicians like me who constantly strive to better themselves. Regular training programs and workshops provided by the company and other individual needs-based programs are essential elements in upgrading employees' skills. Improved work places that consider the smallest details of employee conveniences and various employee benefits make the work environment fun and exciting. I am very proud of Hyundai Steel. I and my co-workers are dreaming of better life at Hyundai Steel which has grown into a major global company through the potential energy of the Korean people.

◀ **Kyung-ik Jang** Supervisory Mechanic of Medium Section Steelmaking Dept. at Pohang Works

Faithful IR activities that win investors trust

Hyundai Steel transformed crisis into opportunity. Despite hardships during the IMF economic crisis, the company aggressively implemented bold investment strategies and showed constant growth. I especially would like to point out a successful management achievement that eliminated redundant product portfolios through structural change, new product development and new market creation. Furthermore, regular performance announcements, NDRs (non-deal road-shows), conferences and site visits further strengthened the relationship of trust with investors. I request that Hyundai Steel continues to carry out management practices that reflect the interests of its shareholders. Investors and stakeholders primary interests lie in growth vision. However with the completion of the new blast furnace, built on eco-friendly technology, their interests will shift to transparent and sustainable management. With the growth of Hyundai Steel as a major global company, the size of the market dramatically expanded. Consequently, the level of social responsibility should also increase in proportion to the growth of the company. A sensible growth strategy that looks not only forward but also backward should be adopted to guarantee sustainable growth.

▶ **Yoon-shik Shin** Department Manager of Meritz Securities Co., Ltd. Research Center



Just like group of trees make a forest!

We have been friend of Hyundai Steel for 15 years providing crane equipment. Both companies have corporate culture that put people at the center. Such corporate culture provided the basic foundation to foster a partnership based on trust. It is this kind of trust that made the friendship between both companies last for more than 15 years. A true friend respects basic etiquette and needs of other friend. Our partnership is based on transparent transaction and fair trade. I strongly believe that both companies' corporate culture carried out by passionate employees produced the highest quality products and enhanced corporate competitiveness. Our company's competitiveness is globally recognized and we are preparing ourselves for next global challenge. We also like to give our thanks to Hyundai Steel for being a good friend during this period of development. I like several virtues that trees generate. Trees selflessly share various benefits with others but they never boast or ask for rewards for services rendered. Along with other trees, they quietly and harmoniously form a forest. I am confident that trees of Hyundai Steel and Youngga Industry will form a forest with full of green and fresh leaves.

▶ **Ik-dong Kim** Chairman of Youngga Industry Co., Ltd.



Trust on cooking a delicious rice dish from good rice

I often liken rice to steel. Rice is an important daily staple and steel is an essential product that constitutes our industry. Our company fabricates and distributes Hyundai Steel's steel products. Just like we need good rice in order to cook a tasty rice dish, I can say that Hyundai Steel and our company go hand in hand to provide the highest quality and technology standards. Even though Hyundai Steel and our company are legally independent companies, I would like to think that two companies can be integrated in unity in all aspects. We exist because Hyundai Steel exists. Both companies are common in the sense that they both value QCD (Quality, Cost, Delivery) as basic management tenets. Also, both are similar in the sense that they both provide 'a sense of sturdiness' to others. Steel has a sturdy image that symbolizes sturdiness and enduring durability that is not easily influenced by external factors. I can assure you that Hyundai Steel is full of energetic people with that charming image that steel generates. Sturdy people are working together to create splendid visions for future. You can expect us to come up with a great vision by working together with partners with solid fundamental values.

◀ **Seung-ok Choi** President of Kibo Steel Co., Ltd.



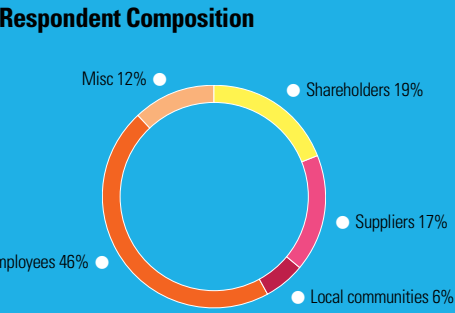
Voice of

Stakeholders

Stakeholder Survey

Hyundai Steel conducted a stakeholder survey in order to identify issues of high materiality to stakeholders and reflected them in this year’s report.

Survey Overview	
Survey Composition	<ul style="list-style-type: none">Recognition test: Recognition of Hyundai Steel’ s sustainability and trend analysisSatisfaction: sustainability report thoroughness & improvementMateriality: sustainability report items selection
Survey Recipients	<ul style="list-style-type: none">110 stakeholders- shareholders :30, suppliers: 30, employees: 40, local communities: 10
Response Rate	<ul style="list-style-type: none">54% (59 responded)
Survey Methods	<ul style="list-style-type: none">Mail-in survey



Survey Result

The respondents were favorable of Hyundai Steel’s capacity on sustainability management and level of satisfaction on overall quality of the 2007 sustainability report, and the visual presentation of the report was high as well. On areas of high materiality, stakeholders were interested in growth strategy and vision, important management activities, customer satisfaction, fairness in the supplier selection process, work and life balance, and social contribution investment. Hyundai Steel reflected the survey result in this year’s report.

Stakeholders



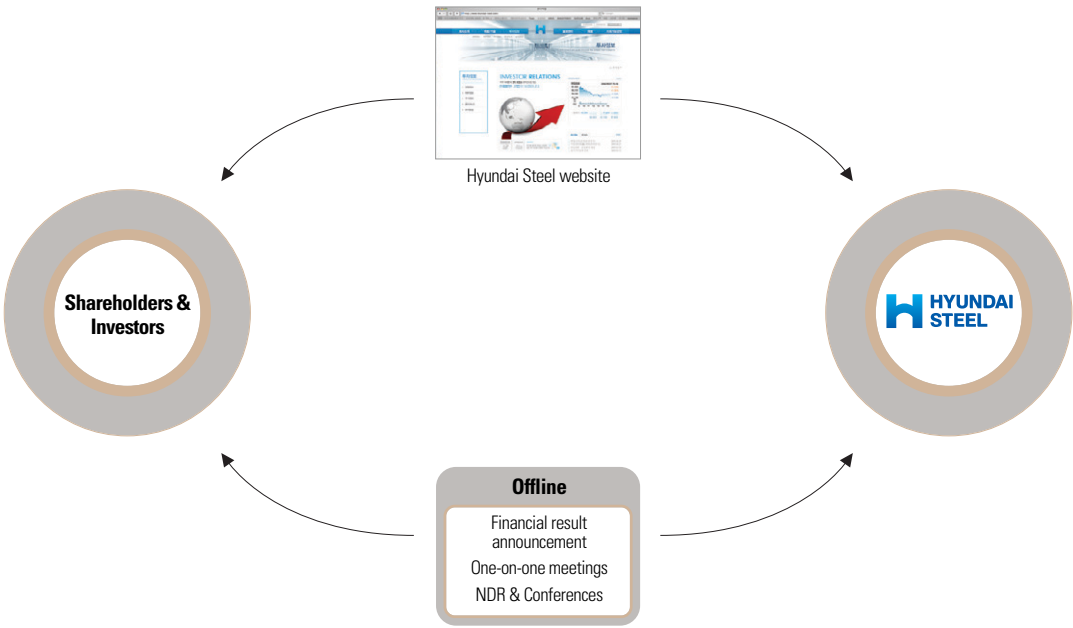
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Shareholders & Investors

Hyundai Steel has a dedicated Investor Relations team which is in charge of communicating management activities and achievements with shareholders and investors in a transparent manner. The IR team activities include quarterly financial result announcements, non-deal road shows and conferences in Korea and overseas. The IR team also actively responded to request for one-on-one meetings with investors. IR information and management data can be found at the IR page at the Hyundai Steel website.

- Korean site: www.hyundai-steel.com
- English site: www.hyundai-steel.com

Shareholders Communication Channels



IR Activity Result		
	No. of Events	Schedule and Main Contents
Financial Result Announcement	4	Quarterly financial result announcement
NDR in Korea	6	IR events
NDR Oversea	8	Europe, Asia/Middle Eat/North America IR
Etc.	7	Conferences (4 times), Dangjin plant tour (3 times)
※ Total events in 2008: 25		

Number of Shares Issued		
Ordinary Shares	Shares issued	84,897,919
	Treasury shares	1,357,760
	Outstanding shares	83,540,159
Preference Shares	Preference share issued	416,556

Stock Price and Market Cap

The year end Hyundai Steel stock price is 37,600 KRW and market cap is 3,192.2 billion KRW.

Credit Rating (as of Jan. 2009)

Hyundai Steel’s credit rating for Corporate bonds (AAA-D): AA-, Commercial paper (A1-D) : A1 which is top tier rating for domestic corporations.

※ Hyundai Steel received an identical rating from three crediting rating firms (Korea Ratings, Korea Information Service, National Information & Credit Evaluation)

※ For more information on Hyundai Steel’s credit rating for the past three years, see the Annual Report, II-9 Na.

The Competitive Strength of Hyundai Steel

Hyundai Steel is dominating the domestic long products market with a 40% market share, and thus the financial result is structurally dependent on the domestic and overseas construction industry market status. Yet, a consistent effort was made to produce products that meet overseas market specifications, expand overseas marketing channels, and produce larger and more sophisticated products. As a result, Hyundai Steel has succeeded in achieving a more stable business performance base, as well as a gradual improvement in profitability. In 2010, the company’s investment in the Integrated Steel Mill will be completed, making Hyundai Steel the second company to have a blast furnace-based operation in Korea and allowing a balanced production of long products and flat steels.



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Customers

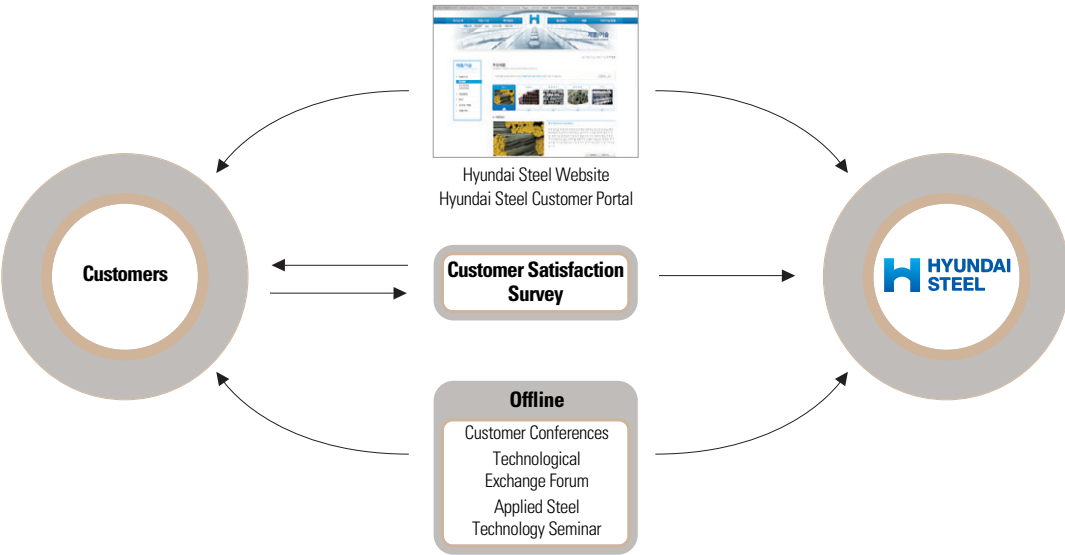
Customer-first Management

In order to provide the best products and services to our customers, achieve customer satisfaction and make progress together, our sales division, as well as our production and technology teams are collaborating together. Hyundai Steel also keeps open communication channels for customers and continuously monitors the level of their satisfaction each year to reflect the result in our sales operation. Customer satisfaction is one of Hyundai Steel’s highest priorities and we are abiding related laws, regulations, and internal procedures. During the reporting period, there was no incident of violation of customer-related laws or regulations.

Sales Distribution by Customer Types							
Product	Customer	Distributors		Direct to Companies		Government	
	2007	2008	2007	2008	2007	2008	
Section Steels		76.7%	54.8%	22.7%	43.0%	0.6%	2.2%
Reinforcing Bars		62.2%	45.0%	35.7%	41.9%	2.1%	13.1%
Hot-rolled Products		25.2%	16.0%	74.8%	84.0%	-	-
STS		88.7%	92.4%	11.3%	7.6%	-	-

※ Proportion of direct sales to companies and the government have increased compared to 2007.

Customer Communication Channels



Customer Communication

In order to achieve higher customer satisfaction with the best quality products and services, Hyundai Steel listens to customer demands and opinions and reflect them in our sales and production activities.

Customer Conference	In January, we invited representatives of 90 customer companies to hold a new year’s meeting. In June, a conference was held with employees in charge of purchasing at 31 steel consuming companies. Another conference with 38 employees in charge of purchasing at shipbuilding companies was held in November.
Distributor Conference	Representatives from 8 hot rolled coil vendors, 40 section steel vendors and 33 reinforcing bar vendors participated in a conference and exchanged their opinion with Hyundai Steel representatives.
Overseas Buyer Conference	48 overseas buyers who purchase wide flange beams (H-beams) were invited for a conference where information exchange was made on issues including steel technology trend.
Key Client Regular Conference	Hyundai Steel is holding bi-monthly conferences with customers who buy products that fall into five product categories, including reinforcing bars, section steels, hot-rolled products, STS (stainless steel) and heavy industry materials. Monthly client conferences are hosted for our key client companies.

Customer Satisfaction Survey

Hyundai Steel regularly conducts customer satisfaction surveys through external consulting firms. Survey results are used to improve our management processes and guide the development of our productivity enhancement strategies. In 2008, we sent surveys to more than 336 client companies and 273 companies responded. The questionnaire for this mail-in survey was designed to measure our customer satisfaction level in 11 areas, including product quality, supply volume, speed of response to orders, and claim processing. The survey result indicated improved customer satisfaction in quality, price and contract conditions, in addition to claims processing.

Customer Convenience Improvement Measures	
Hyundai Steel Customer Portal (hr.hyundai-steel.com/cs/sm/index.jsp)	<ul style="list-style-type: none">Provides real-time information on Hyundai Steel’s products, to customers, including production plans and the status of its inventories.Provide steel industry news, and technology trendsOrdering and Tracking Shipping Status Made Easier: Our customers can find all documents needed for ordering products from online, and are notified via text messaging, when their orders have been shipped.Online VOC (Voice of Customers): Customer communication channel for receiving customer feedback and complaints.
Product Information Disclosure	<ul style="list-style-type: none">Provides information about the products with product labels and inspection certificates.Provide certificate screening service in order to determine whether inspection certificates has been forged or tampered.Inspection certificates are also available for viewing and downloading at Hyundai Steel’s customer portal allowing customers to check product specification and quality.

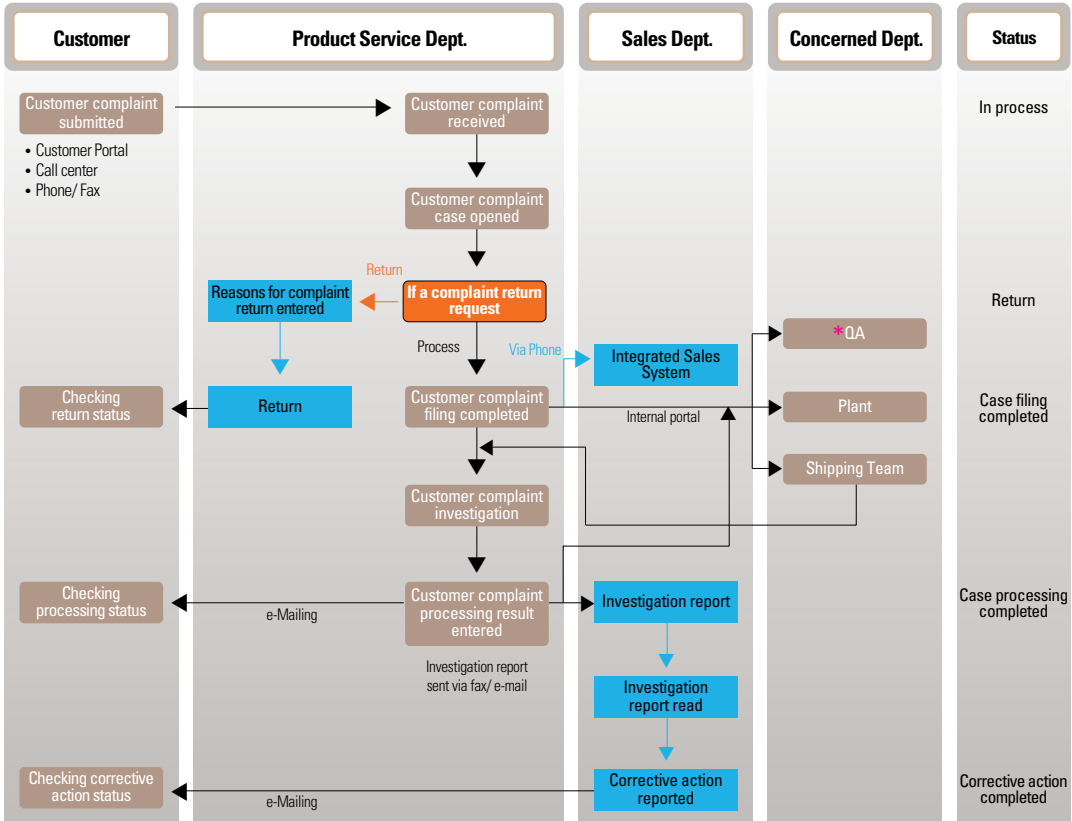
※ There has been no incident of the violation of any product and service information disclosure or labeling-related laws and regulations.



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Customer Satisfaction Communication System



* QA: Quality Assurance

Customer Response Improvement Education

Hyundai Steel has conducted competency building education for improved customer satisfaction and has conducted a survey on the quality of telephone responses of staffs in the sales division.

Competency Building Education for Improved Customer Satisfaction	<ul style="list-style-type: none">Objective: Improving customer response skills and the general capacity building of the sales staffsTarget Participants: Sales staffs (186 participated out of 212 staffs)Period: 2 daysSubjects: understanding ethical management and its purpose, changing environments in the age of customer satisfaction, customer types and response strategies
Survey on the Quality of Telephone Response of Staffs in the Sales Division	<ul style="list-style-type: none">Target Participants: All sales staffsSurvey Period:<ul style="list-style-type: none">- 1st , 2nd phase: Jun. Sep. 2007- 3rd, 4th phase: Jan. Jun. 2008Survey method: conducted by external research firmSurvey result: professionalism in customer response improved after each survey

Hyundai Steel provide accurate information to our customers and we strive to be rigorously comply with all laws, regulations and internally-established procedures related to advertising, promotion, sponsorship and marketing communication. There has been no incident of rule-breaking at Hyundai Steel, in this area, nor any fine or sanction imposed as a result of a violation.

Technology Development and Diffusion

To respond more effectively to technology-related demand by existing customers and create new demands, a Technical Sales Support Team was established. Technology exchange forums and Applied Steel Technology Seminars take place regularly in order to promote development and diffusion of technologies.

	Target Participants	No. of Sessions	No. of Participants
Technology Exchange Forum	Architecture firms, construction contractors and clients, steel structure manufacturers, etc.	50	1,000
Applied Steel Technology Seminar	Construction engineers and others	1	200

Hyundai Steel provides technical publications and manuals to the client companies as well as general educational institutions. We are also participating in joint research projects with the Korean Society of Steel Construction and the Korea Institute of Construction Technology.

- Unified Design Standard for Steel Structure
- Construction Standard Welding Instruction for Steel Structure
- Improving Fireproof Performance of Asymmetric Wide Flange Beams (H-beams)

Financial Support for Customers

Hyundai Steel provides payment guarantee fees for customers of good standing. To allow the customers secure desired amount of products, we are increasing financial support for customers.

	2006	2007	2008
Amount	5,480	7,220	8,983

(unit: million KRW)

Protection of Customer Data and Privacy

Hyundai Steel is operating a comprehensive information security system with designated security managers to protect our customer data. During the reporting period, we have not received any personal data-related customer complaints related to data losses or leaks.





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Suppliers

Fair and Transparent Procurement

Hyundai Steel is striving to build a stable long-term relationship with its suppliers by implementing an ethical procurement system. The integrated procurement system and steel scrap purchasing system has also been established to allow convenient transactions with suppliers. Information on procurement policies and processes are also disclosed to ensure fair and transparent transactions. A dedicated ethics committee for the procurement division has also been established for the same purpose.

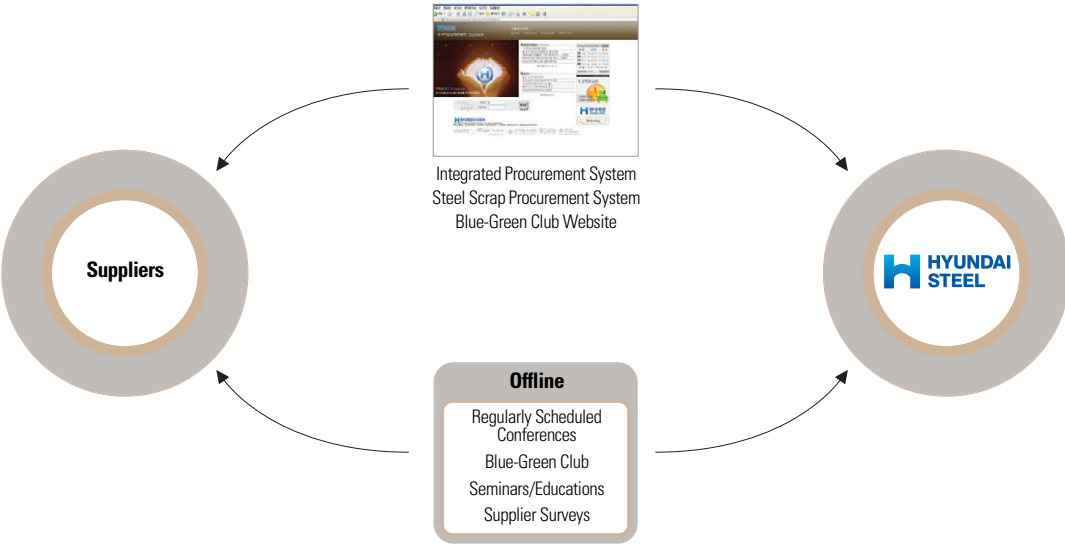
2008 Primary and Secondary Raw Materials Procurement Status

In 2008, Hyundai Steel purchased 8,017 billion KRW worth of primary and secondary raw materials. Steel scrap procurement costs were 5,902 billion KRW, which accounted for 76.3% of the total procurement costs.

	Steel Scrap	H-coil	Secondary Raw Materials	Miscellaneous	Total
Procurement Cost	5,902	1,039	520	555	8,017
Ratio	73.6%	13.0%	6.5%	6.9%	100.0%

※ Slabs procurement cost is included in H-coils cost, manufacturing supplies including oil and fuel are included in Miscellaneous.

Suppliers Communication Channels



Regularly Scheduled Conference with Suppliers

Hyundai Steel has hosted conferences and seminars with steel scrap suppliers to listen to supplier opinions and concerns. The events also served as an opportunity to discuss issues relevant to the steel industry. In 2008, Hyundai Steel hosted a total of 37 supplier conferences.

	2006	2007	2008
Incheon	12	19	11
Pohang	8	6	14
Dangjin	7	9	12
Total	27	34	37

The Blue-Green Club (<http://e-progress.hyundai-steel.com/ebbluegreen/login.asp>)

Hyundai Steel created the Blue-Green Club, a group of suppliers of secondary raw-materials, manufacturing supplies, maintenance and repair services, facilities, and construction companies which have demonstrated excellence in their business relations with Hyundai Steel. In 2008, two regularly scheduled conferences were held with fifty three members of the Blue-Green Club. A new year's meeting and two seminars were held as well with the Blue-Green Club Members and other suppliers in order to provide networking opportunities and promote collaboration.

Procurement System

Hyundai Steel established an integrated procurement system (eprocure.hyundai-steel.com) and a steel scrap purchasing system (is.hyundai-steel.com) which provides procurement related information in real time in order to help suppliers make decisions. In addition, Hyundai Steel fully discloses its ethical procurement policies and provides channels for supplier concerns, as a part of its effort to promote fair and transparent trade between Hyundai Steel and its suppliers.

- Bidding and Procurement Information Provision: Procurement-related information is provided to suppliers in real time for added convenience for suppliers.
- Online VOC Channel: Suppliers can submit feedback and complaints using our online portal.

Financial Support for Suppliers

Hyundai Steel provides financial support for suppliers in the forms of account receivable loans and network loans. We have partnered with eight banks to provide more convenient and efficient loans to suppliers. The balance of outstanding account receivable loans issued to suppliers, as of end of December 2008, stood at 846.1 billion KRW, an increase of 52.7% over the 554 billion KRW in year-end 2007.

Cooperation with Suppliers

Hyundai Steel provides incentives, awards, and supplier educational support in order to strengthen its partnership with suppliers. We provide cash rewards as an incentive to suppliers that contribute to the stable supply of necessary materials. We also have a reward system in place for outstanding suppliers, as well as suppliers who contribute to strengthening the competitiveness of Hyundai Steel through various achievements including developing new technologies and localization of imported technologies.





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Partners

Win-Win Cooperation

Hyundai Steel strives to improve productivity and grow in conjunction with partner companies who provide various support services including production and maintenance of plants, and shipping of products by fostering a win-win relationship.

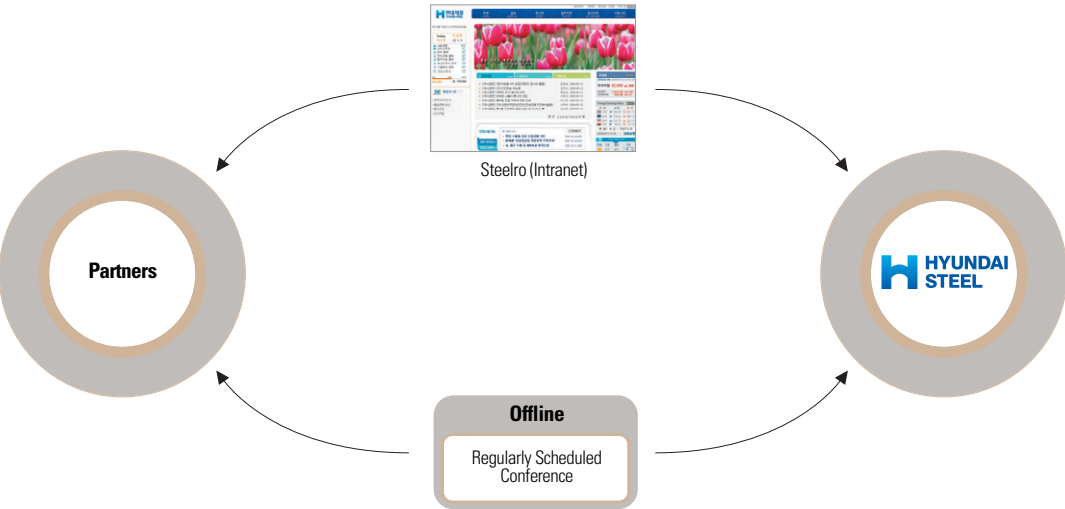
Partner Company Status

As of Dec. 2008, Hyundai Steel had signed contracts with a total of 56 partner companies and outsourced work necessary for the operation of the three works. The partner companies are contributing to improving the competitiveness of Hyundai steel by providing efficient services with expertise in their field of work.

(as of Dec. 2008)

	No. of Companies	No. of Employees	Work Areas
Incheon Works	21	1,049	Undertaking and shipping of products, Treatment of unfinished products, Security, Cleaning, Operation of crane facility, Pretreatment of steel scrap, Slag reuse and disposal, Various support duties
Pohang Works	18	998	
Dangjin Works	17	725	
Total	56	2,772	

● Partner Company Communication Channels



Regularly Scheduled Conferences with Partners

Hyundai Steel has hosted regularly scheduled conferences with partner companies to listen to partner’s opinions and concerns. The events also served as an opportunity to discuss issues relevant to the steel industry. In 2008, Hyundai Steel hosted a total of 7 partner company conferences.

(unit: events)

	2006	2007	2008
Incheon	2	2	1
Pohang	4	4	2
Dangjin	4	4	4
Total	10	10	7

Partner Company Reward Programs

Hyundai Steel completes performance assessments of all partner companies twice a year, and use the assessment results as the basis for selecting one company for the annual ‘Best Partner’ award, in addition to two companies for the ‘Excellent Partner’ award. As of 2008, the rewards were given at the end of year, however the date for the award ceremony has been changed to Hyundai Steel’s foundation day starting in 2009.

Assessment Areas	Safety Management	Operation Capacity	Labor Management
Assessment Criteria	Accident rate	Operation capacity	Turnover rate
	Safety management activities record	Cost reduction achievements	Retirement grant deposits rate
		Environmental management achievements	Labor management
		Useful suggestions	Salary payment rate





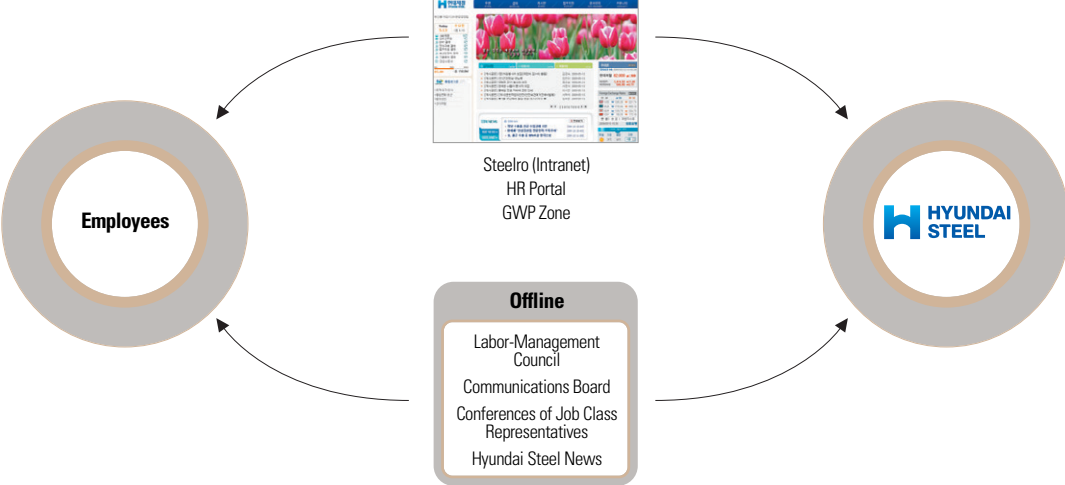
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Employees

Human Dignity Management

Respect for human dignity is an important management philosophy at Hyundai Steel, and we are providing personal development opportunities to help employees realize their full potential. We have established recruitment, development and evaluation programs necessary to recruit, develop and retain talented employees, who are compatible with Hyundai Steel’s core values and corporate culture.

Employee Communication Channels



Communications Board

Starting in 2007, Hyundai Steel has been operating a communications board as a communication channels among employees of all levels for identifying ideas for further development of the company and to provide necessary changes. The board consists of 18 representative members from the three works and all divisions. So far, implementation of an online company history museum and a corporate image renewal has been suggested, resulting in the company website being renewed. Starting 2008, the General Electric town meeting-style practice was implemented for improved communication. Topics including ‘improving operation efficiency through better networking among different business units’, and ‘cost reduction methods’ were selected as discussion topics in the town meetings. Many improvement ideas were suggested as a result.

Conferences of Job Class Representatives

For each division, a conference of job class representatives is held to allow employees at different job classes to share their opinions and facilitate communication between employees at all levels of the corporate ladder.



Hyundai Steel News

The ‘Hyundai Steel News’ is published weekly to as an in-company newspaper that provides various company news, stories about employees, health issues, hobbies and legal issues. Sustainable management issues are also included in its coverage to promote common understanding of the need for sustainable management.

Employee Statistics

As of December 2008, Hyundai Steel employs 6,756 workers, with an average of 13.08 years of continuous service and an average annual salary of 60.9 million KRW. Employees of Hyundai Steel are classified into six job categories: executives, administration & support, marketing & sales, research & development, production and other.

(unit: persons)

	Executives	Administration & Support	Marketing & Sales	Research & Development	Production	Others	Total
Number of Employees	70	1,282	270	167	4,296	671	6,756

Job Creation

With continued new investment made each year, Hyundai Steel is actively creating jobs and contributing revitalization of regional economies. In 2008, the new job creation rate at Hyundai Steel stood at 10%, with an especially high job creation contribution rate of 27% recorded at the Dangjin works due to the construction of the Integrated Steel Mill and hiring of new workers for its operation in the region.

Human Resource Management Policy

Respect for Human Rights and Nondiscrimination

Human resource management policies at Hyundai Steel are guided by respect for human dignity, a core element of its management philosophy. We respect and promote diversity among our employees and do not discriminate against nationality, race, gender, religion or age when hiring and making promotion decisions or evaluating job performance. This nondiscriminatory policy is thoroughly abided by in all areas of personnel affairs at Hyundai Steel. According to this policy, basic salaries for male and female employees are same for each job grade.

Prohibition of Child Labor and Forced Labor

In accordance with the Labor Standards Act of Korea, Hyundai Steel does not hire any under aged employees and all applicants are checked using official government documents during the hiring process. All employees at Hyundai Steel are hired only by individual choice, and forced labor is strictly prohibited in all areas of operation.

Employee Human Rights Protection

- **Human Rights Education:** As a preventive measure against human rights violations in the workplace, we require all of our employees to undergo sexual harassment prevention education. Education in office etiquette and ‘Great Workplace’ activities are also part of our efforts to promote human rights at Hyundai Steel.
- **Human Rights Protection System:** Hyundai Steel provides counseling opportunities, via an HR portal and cyber auditor’s office, for employees who wish to report grievances, discrimination, human rights violations or sexual harassment. The counseling process is kept strictly confidential.

Human Resource Management System

Hyundai Steel’s human resource management system is designed to provide an equal opportunity to all employees and provide fair and adequate rewards to each employee according to the individual performance and contributions.

Recruitment

We are making great effort to recruit talented employees with a firm belief that people are the core of Hyundai Steel’s competitiveness. Entry-level employees are recruited via a regularly scheduled recruitment process which takes place twice a year. Experienced workers are recruited throughout the year. The recruitment process begins with online submissions of applications, and then the screening of applications, followed by interviews. Hyundai Steel gives an equal opportunity and does not discriminate against applicants based on gender, age, nationality and racial background.

Evaluation

Employee evaluation system at Hyundai Steel consists of two parts, competency evaluation and performance evaluation. The system was created through a process in which all employees participated in order to ensure fairness and credibility. For competency evaluation, relevant events and actions of individual employees were considered as indicators. For performance evaluation, key success factors suggested by each team, in which the individual employees belong, are used as criteria. Evaluation results are disclosed to each individual employee in order to provide a guideline for performance improvements and personal developments. In order to provide chance for each employee to express their opinion on their evaluation, Hyundai Steel implemented a formal objection procedure.

- Competency evaluation with emphasis on personal development: Evaluation criteria consists of items that are closely-related to job performance
- Team-level collective performance evaluation results are reflected in the evaluation of individual employees: Promoting teamwork by linking team-level performance with individual performance
- Systematization of the evaluation process: Removal of subjective bias and securing objectivity of evaluation

Remuneration

All employees at Hyundai Steel are supported by a fair remuneration system which is based on their evaluation on professional capacity and achievements. Thus, capable employees who contribute to their team performance are rewarded accordingly, supported by competency evaluation results based on personal development and performance evaluation results based on team performances.

Promotion

General Promotion Path and Required Years of Service before Promotion



Special Promotion Path

Employees, who make a special contribution to the development of the company and hold an excellent performance record, can be promoted without fulfilling the minimum required work years for promotion.



Stakeholders

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GWP (Great Workplace)

Hyundai Steel is continuing its ‘Great Workplace (GWP)’ campaign as a company-wide initiative. GWP is defined as a place where employee-management trust exists, and employees are proud of the company they are working for and their job, and a place where they have fun while working. Hyundai Steel has organized a company-wide GWP implementation organization and we are making GWP a part of our corporate culture.

Implementation Organization



GWP Implementation	
GWP Zone	Publicize GWP activities, Share best practices, Operate an opinion board to collect employee opinions.
GWP Publicity	Publicize exemplary division-level and team-level GWP activities via the internal newspaper, the Hyundai Steel News.
GWP Workshop	Quarterly workshop held for education, case studies, and group discussions for the GWP task force, GWP Champions, and GWP Agents.
GWP Survey	Annual survey conducted in September and follow-up actions taken in order to manage employee satisfaction indicators.
GWP Awards	Awards given to outstanding GWP implementation groups (divisions and teams)

2008 GWP Activities

In 2008, various efforts were made to implement GWP activities at the next level, beyond creating a pleasant work atmosphere with one-time events, but improve work practices with a better way of work, promoting active discussions in meetings and decision-making processes, and promote a culture of learning.



Labor-Management Communication based on Trust

Labor Union Status

Hyundai Steel guarantees freedom of association and does not discriminate against member of labor unions for their legitimate activities. As of December 2008, the number of employees covered by collective bargaining agreements stood at 4,316, corresponding to 64.6% of the 6,686 total employees (excluding executives).

Labor-Management Communication

In accordance with the conditions of the collective bargaining agreement, Hyundai Steel notifies the labor union of all significant changes in its operations, maintaining smooth communication between employees and company management bodies.

- **Article 27, Paragraph 1:** The labor union should be given six-months advance notice of all upcoming plant expansion projects.
- **Article 27, Paragraph 2:** The labor union should be notified in advance of any introduction of new equipment.
- **Article 28:** When downsizing is unavoidable, the management should give the labor union advance notice of at least 90 days.

Labor-management Council

Hyundai Steel’s management regularly convenes with labor representatives, from each of the company’s three works, to discuss issues of common interest and deliberate on mutually-beneficial solutions to any problems they may be having. The Labor-Management Council consists of equal numbers from labor and management, and is made up of around 20 members by each works.

Employee Safety and Health

Making the workplace safe and protecting the health of our employees is the highest priority of Hyundai Steel. Therefore, each works has its own Occupational Safety and Health Committee, an in-house Clinic, and a Health Management Office to ensure the safety and health of its employees.

Occupational Safety and Health Committees

Each of Hyundai Steel’s three works has its own Occupational Safety and Health Committee which consists of around 20 members with an equal proportion of labor and company management representatives. These committees meet on a quarterly basis to discuss measures to enhance the safety and health of the employees. The Occupational Safety and Health Committees review the annual safety and health management plan, and monitor progress on the improvement of facilities and the equipment related to employee health and safety, safety education and accident prevention activities.

In-house Clinics and Health Management Offices

Hyundai Steel established an in-house clinic and a health care center for each plant in order to provide diagnostics services and follow-up care. In-house clinics provide emergency treatment and follow-up care for musculoskeletal diseases. The clinic also offers support and advice to our employees on how to maintain good health and undertake a variety of preventive measures.



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Education and Training

Human resource development efforts at Hyundai Steel are guided by three objectives including promoting common embracement of Hyundai Steel’s corporate culture by all employees, fostering next-generation leaders for the company, and creating a human resource development system for cultivating employees who can deliver excellent performances. Education and training are offered in four categories to realize the three objectives.

Three Focus Areas in Human Resource Development

Culture

Establish a corporate culture that contributes to fostering ideal Hyundai Steel employees

- Shape the corporate identity of Hyundai Steel by embracing a challenging spirit, creativity, professionalism and harmony.
- Revitalize the company organizations by providing education and training that emphasizes change and innovation.

People

We train and foster talented workers as next-generation leaders for the steel industry by taking the following measures.

- Expanding the talent pool to meet the increasing human resource demands in the growth of business organizations and scales.
- Select and recruit talented young employees with core competency and focus on nurturing them through phased training programs.

System

Establish a human resource development structure with a focus on fostering employees who can deliver results in collaboration with others.

- Realize Hyundai Steel’s vision by establishing a human resource development system for capacity-building which also meets employee demands.
- Help employees strengthen their expertise by providing robust career development programs.

Education Programs		
Category	Education Focus	Education Programs
Core Competencies	Strengthen basic competency commonly required in all areas of work.	Core value education, Activating organization dynamics, Post-promotion training for newly promoted employees, Basic education for newly recruited non-entry level workers, Basic education for newly employed entry level workers, Summer training for newly employed entry level workers
Leadership Competencies	Strengthen leadership skills necessary for delivery of better result required at different job ranks.	Top executive training course, Post-promotion training program for performance improvement, Leadership program, Post-recruitment training for performance improvement of entry-level workers.
Expert Competencies	Acquire expertise needed to carry out duties for each job function Strengthen personal development and fulfill special education need identified by the top management	IT training for executives, Job training at out of company institutions, Mandatory education for each job function, On-line MBA program, Common job skills education, Basic training for job functions, Advanced training for job functions, Masters degree program
Personal Development/ Special Education	Strengthen personal development and fulfill special education needs identified by the top management	Domestic seminars, Online education (foreign language, job function), In-company/outside of company foreign language training, Cross-cultural experience program for employees, Special lectures on culture



Experiential Activities

Hyundai Steel supports employee hobby and club activities. We also offer a range of experiential learning programs open to the family members of our employees as a way of increasing employee satisfaction.

Club Activities

In an effort to support and encourage quality leisure activities among employees and help them re-energize themselves, Hyundai Steel offers allowances for club activities and provide the supplies they need. There are currently a total of sixty seven employee clubs at Hyundai Steel including volunteer activities, sports and hobby activities such as football, tennis and photography.

Experiential Learning Programs

At Hyundai Steel, a bimonthly experiential event is held for employees and their family members, which involves participating in various activities that may contribute to an eco-friendly lifestyle such as Kimchi-making, organic snacks and farm-stays. These experiences are shared in the company Magazine, <The Green Alchemist> under the title of ‘Green Stories from Employee Experiences.’



Parents Day

In May, which is the month of the family, Hyundai Steel hosted a parents day event with employees and their parents. A total of 1,700 parents participated in events held in Incheon, Pohang and Dangjin where employees and the company expressed their gratitude to their parents and entertained them with various programs.



Incheon Parents Day Event

Pohang Parents Day Event

Dangjin Parents Day Event



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Employee Benefits

Hyundai Steel is always making efforts to improve the employee’s quality of life, support stability of living, leisure activities and convenience by providing various employee benefits.

Contributing to Financially Stable Life	
Employee Welfare Fund	The employee welfare fund provides low interest-rate financing for employees buying a house or security deposits for their rental housing.
Dormitory-style Housing for Single Employees	To assist employees who are assigned to regional offices or works outside the Seoul metropolitan area, we offer dormitory-style housing (at Dangjin, Pohang works).
Education Stipends for Employee Children	Hyundai Steel covers the cost of secondary and higher education for the children of employees by paying the full amount of their tuition fees.
Employee Retirement Support	To guarantee a stable and secure post-retirement life for our employees, a personal pension fund retirement plan is in place.
Holiday Gifts	Hyundai Steel provides employees gifts on New Year’s Day and Thanksgiving Day.
Paid Leaves and Allowances for Special Events	As a company who strives to share employee joy and grief and promote a sense of unity and belongingness, Hyundai Steel offers employees paid leaves of absence and allowances for important personal and family events.

Leisure Activity Support	
Five-day Workweek	The workweek at Hyundai Steel is five days-long, providing employees enough time to rest and refresh on weekends.
Fitness Allowance	All employees receive vacation allowances for summer holiday leaves.
Condominiums and Resort Hotels Rental Support	Hyundai Steel provides quality vacation lodging to its employees through its membership contracts with various resort accommodations in nationwide locations, including the Hyundai Sorak Condo Hotel, Hyundai Seongwoo Resort Condo, Hyundai Resort Hotel in Jeju and the Gyeongju Hanhwa Resort Condo.
Summer Camps and Retreats	Every summer, Hyundai Steel sets up camping and lodging facilities in popular vacation destinations for use by employees and their families.

Transportation Service for Employee Convenience	
Company Commute Bus Service	To make commutes more convenient for our employees, we provide a company commuter bus service in the Seoul, Incheon, Dangjin and Pohang areas.
Special Holiday Bus	Hyundai Steel employees can conveniently travel to their hometown using the special holiday bus offered on traditional holidays.

Health and Medical Care	
Health Check-up Service	To prevent disease among employees and help them to maintain good health, we offer a comprehensive and in-depth health check-up service, a lot more meticulous than the simpler routine health check-ups.
Reimbursement of Medical Expenses	When employees and their family members receive medical treatment for illness, injuries, or childbirth-related care that are covered by the national medical insurance, Hyundai Steel pays any remaining balance in their medical bills not covered by the national medical insurance.
In-house Clinics	We provide free medical services to employees and their families at our in-house clinics free of charge.

Miscellaneous
A wide variety of employee benefits are provided including free lunches, special awards and free travel opportunities for employees who provide the company with long-term service, operating in-house Laundry, barbershops, and support for sports activities are also offered.

※ In addition to the listed benefits, Hyundai Steel also provides 50% of the cost of the national pension, national health insurance, job security insurance, and on-duty personal injury insurance.



Stakeholders

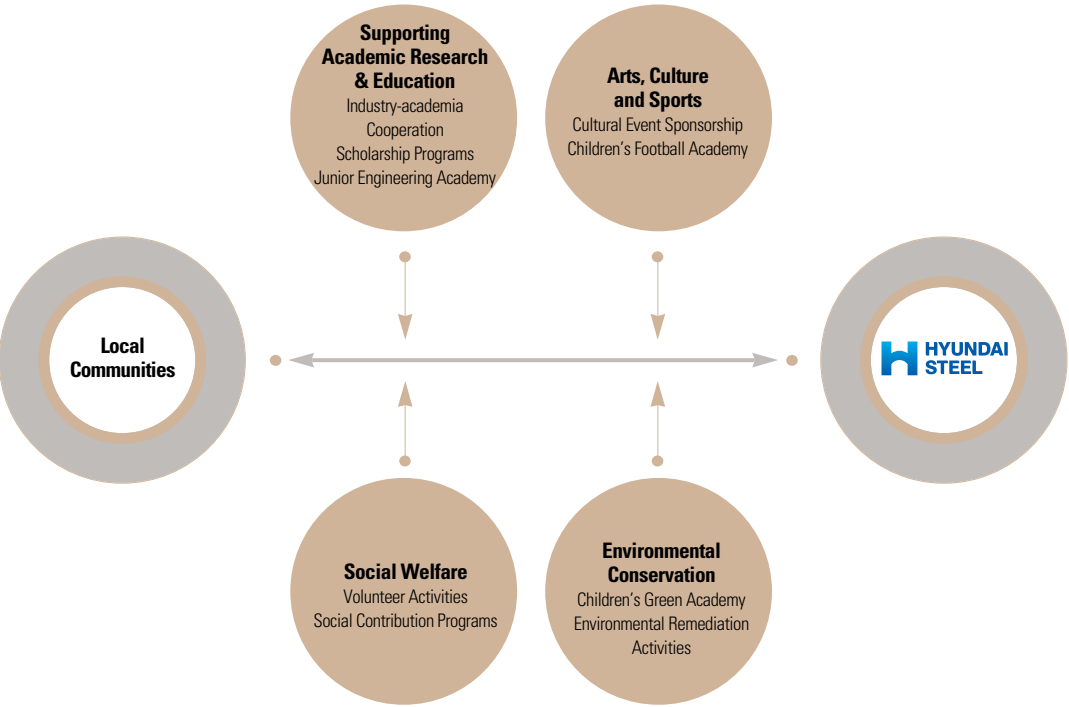
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Local Communities

Hyundai Steel puts its local communities first and foremost. As a corporate citizen fulfilling its social responsibility to local communities, Hyundai Steel follows issues in local communities with keen interest and maintains sustained communication with them.

Hyundai Steel strives to communicate with the local communities through its social contribution efforts in key areas such as supporting academic research & education, arts, culture, sports, social welfare assistance and environmental conservation.

Local Communities Communication Channels



Supporting Academic Research & Education

Industry-Academia Cooperation

Utilizing its industry-academia cooperation networks, Hyundai Steel engages in initiatives to expand educational infrastructure in local communities and train human resources more in line with the requirements of corporations. Participating universities are Shinsung College (Department of Steelmaking), Inha Technical College (Department of Mechanical Engineering / Department of Metal Materials) and Dongyang Technical College (Department of Mechanical Engineering / Department of Electric Systems). Hyundai Steel concluded an agreement with these colleges in 2006, and has provided a total of 240 million KRW for a year in scholarships and in other financial aids. Hyundai Steel gives priority to candidates trained through its industry-academia cooperation programs when hiring new employees. Hyundai Steel's employees are extensively involved in the actual teaching process, as visiting faculty to help students acquire hand-on knowledge required in the industry.

Scholarship Programs for Training Onsite Researchers Focusing on Social Enterprise

Since 2007 Hyundai Steel and Sungkonghoe University have operated scholarship programs to train students who will be the future leaders in social enterprise so that disability people, elderly people, women and other socially disadvantaged people can have access to stable job opportunities. In 2008, 13 trainees were dispatched to Japan and India, 12 trainees were dispatched to Jeolla area, and a seminar for case study and diffusion of social enterprise was held.

Junior Engineering Academy

As part of an effort to provide assistance to local education, Hyundai Steel has been offering early initiations into engineering classes through the Junior Engineering Academy program in elementary schools of the Dangjin area since 2005. Students are taught by Hyundai Steel employees trained at the Korean National Academy of Engineering. In 2008, a total of 292 4th~6th graders from three elementary schools attended the courses (6 terms). A variety of exciting experiments are performed to acquaint the students with the basics of next generation cutting-edge science, such as making voltaic battery-powered boats and experimenting with magnetic levitation propulsion trains.



Arts, Culture and Sports
Culture and Arts

Korean Music Night

In 1993, Hyundai Steel became the sole corporate sponsor of the ‘Korean Music Night’, an annual traditional Korean music event created by the Saeul Foundation of Culture and supported by Incheon city. The sponsorship has helped this event to grow into one of the most recognizable local cultural events in Incheon. Local residents and residents of care institutions for disability people were invited with Hyundai Steel’s volunteer corps members so that this wonderful celebration of traditional Korean music also becomes a platform for communication with the community.

Fishing Rite of Anseom

The ‘Fishing Rite of Anseom’ is an annual local ceremony hosted at Anseom Port, located near Hyundai Steel’s Dangjin Works, in February, every year. In an effort to promote this 450 year old rite and secure its status as a regional cultural festival, Hyundai Steel provides financial support and encourages its employees to support the cause as well.

Chungcheongnam-do Sports Day

Hyundai Steel provides a variety of assistances in organizing the Chungcheongnam-do Sports Day which is held to promote unity and progress among the residents of Chungcheongnam-do. By providing financial resources and volunteer services, Hyundai Steel is building harmonious communication channels with the local communities.

Sports

Hyundai Steel’s women’s football team and men’s archery team were created more than a decade ago, to support the development of these less popular sports and to make substantial contributions to broadening the audience for them.

‘Red Angels’, Hyundai Steel’s Women’s Football Team
(www.redangels.co.kr)

Founded in December 1993, the Red Angels, Hyundai Steel’s women’s football team has made major contributions to the development of Korean women’s football. The company is providing all necessary support to the team, including a natural grass football stadium, so that the athletes can concentrate on improving their performance. In 2007, they clinched the title in both the Yeowanggi and Tongildaegi tournaments and in 2008 they continued to shine by winning the National Athletes’ Competition and securing the second prize in the Tongildaegi tournaments, consolidating their reputation as Korea’s top women’s football team.



Hyundai Steel’s Men’s Archery Team
(www.hsarchery.co.kr)

Hyundai Steel’s Men’s Archery Team was founded in February 1993. With some of the best known names in this sport category on its roster, the archery team has been raising the bar for the Korean art of archery.



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Children’s Football Academy

To help children have a more constructive and rewarding summer vacation, Hyundai Steel runs a football academy for elementary school students in Incheon, at the football stadium used by Hyundai Steel’s women’s football team the ‘Red Angels’. Hosted every summer since 2003, the Children’s Football Academy has enabled children to build their physical and mental strength and acquire proper football techniques and skills over the years. Instruction at the Children’s Football Academy is provided by Jong-gwan Ahn, manager of the Red Angels, and other qualified instructors.



Social Welfare

Supporting New Year’s Day and Chuseok (Korean Thanksgiving) preparation goods

Hyundai Steel provides preparation goods for New Year’s Day and Chuseok to some 4,300 low income households recommended by local provincial offices. Since 2007, Hyundai Steel’s employee volunteers share their love and compassion with others by visiting these households in person and delivering holiday gift sets and holiday greetings.

Helping Children Suffering from Leukemia

Hyundai Steel runs blood donation campaigns twice a year (March and October) to ease the blood supply shortage. The company donated 10,000 KRW for every person who participated in the campaign to create a fund to support one child suffering from leukemia until the child fully recovers. Furthermore, a total of 6,300,000 KRW was donated through New Life Children Supporting Center to cover medical expenses.

Inviting Disability Neighbors to Our Homes

Since 2005, Hyundai Steel employees have invited lone disability people living in local institutions to their homes to share the spirit of holiday seasons with those less fortunate in the community. In 2008, 58 disability people were invited to the homes of Hyundai Steel employees.

Scholarships for Middle and High School Students and Elementary School Lunch Support

Every year, Hyundai Steel offers 100 million KRW worth of scholarships to middle and high school students residing in Incheon, Pohang and Dangjin, recommended by the local administration and nonprofit organizations. The company regularly makes donations toward school lunches for the children of low income households attending six elementary schools in the Incheon area.

Supporting Medical Insurance Premiums for Low Income Households

In accordance with an agreement concluded in 2006 with the Incheon Office of the Community Chest and the Incheon Central Ward Office of the National Health Insurance Corporation, Hyundai Steel makes monthly contributions toward 11 low income households in Dong-gu of Incheon to cover their medical insurance payments.

Sisterhood Relationships with Rural Communities

Since 2007 Hyundai Steel’s Dangjin works launched ‘One Team-One Village Campaign’. Employees lend a helping hand with farm chores in nine villages in the area and help sell their produce. Remodeling and upgrading public facilities and offering computer learning courses are among the things volunteers do for their sister villages.

Farm Produce fair to Support Local Growers

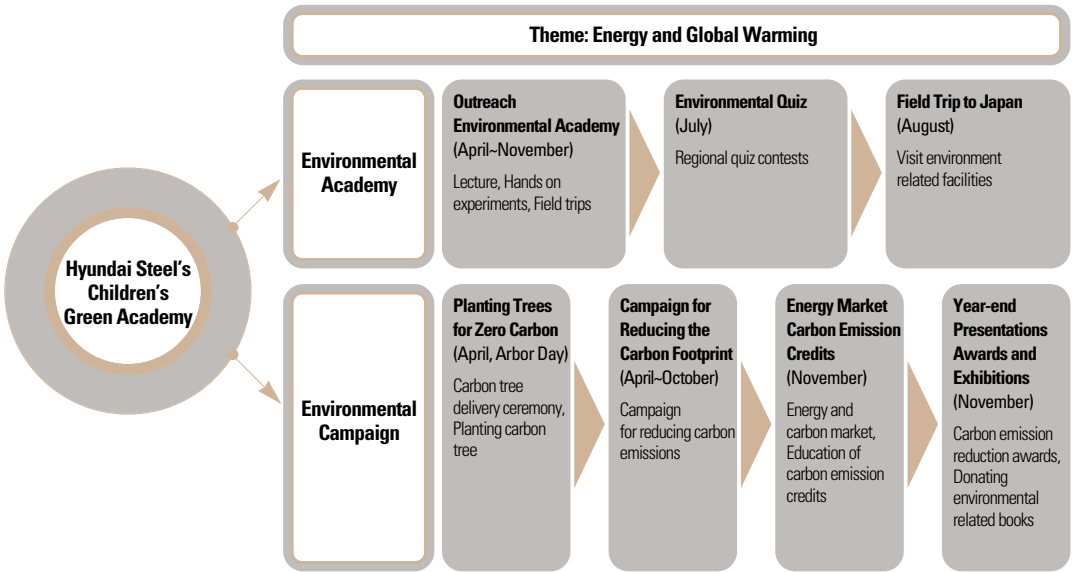
In collaboration with local Nonghyup in Incheon, Pohang and Dangjin, Hyundai Steel regularly hosts a farmer’s market on company grounds or sets up farm produce stands during company events like athletic festivals.

Environmental Conservation

Children’s Green Academy

Hyundai Steel provides environmental awareness education to 480 elementary school children from 12 elementary schools in Incheon, Pohang and Dangjin under a program named the ‘Children’s Green Academy’. Hyundai Steel has been operating the Children’s Green Academy for two years with the theme of ‘Food Environment’ and ‘Energy Environment’ initiated in 2007. The Academy also provides various hands-on- experiments related to ‘Energy and Global Warming’. Classes under this program meet once a month and consist of lectures on environmental topic along with experiments where children can get hands-on experiences. As a measure to evaluate the children’s learning performances, environmental quiz contests are hosted and winners get the chance to go on a environmental culture field trip to Japan. These classes were effective in elevating the levels of environment consciousness within society.

Major Activities for 2008



Environmental Remediation Activities

Hyundai Steel consistently implements environmental remediation activities around coastal area, stream, roads and mountains in the vicinity of the company installations. In 2008, 2,996 employees volunteered to take part in environmental clean-up, spending 13,584 total hours. This figure is a significant increase from the 2007’s figure, where 1,947 employees volunteered for a total hours of 7,769.



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Integrated Steel Mill

Completion of Resource Circulation Loop at Hyundai-Kia Motors Group

Through completion of the Integrated Steel Mill, Hyundai Steel will take a leap one step higher to the world leading steelmaker capable for the comprehensive iron and steel making processes and will demonstrate a new benchmark for eco-friendly Integrated Steel Mill project. When the project is completed, Hyundai Steel will become the first steel company in Korea provided with both electric arc furnace based production of steel from scrap, and blast furnace based on the production of steel from iron ore and coking coal. At the same time, the dual system also allows the Hyundai-Kia Motors Group to have a complete resource circulation business structure.

When the construction of the Integrated Steel Mill project in Dangjin, Chungcheongnam-do, is completed in 2011 and its production capacity will be expanded including 8 million tons of hot-rolled coil per year, the Hyundai-Kia Motors Group will establish a complete resource circulation loop as follows: production of hot-rolled coils (Hyundai Steel) ▶ production of cold-rolled steel sheets for automobiles (Hyundai Hysco) ▶ Automobile production and scrapping (Hyundai Motor & Kia Motors) ▶ Recycling steel scraps (Hyundai Steel).



Resource Circulation Loop at Hyundai-Kia Motors Group





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Project Overview

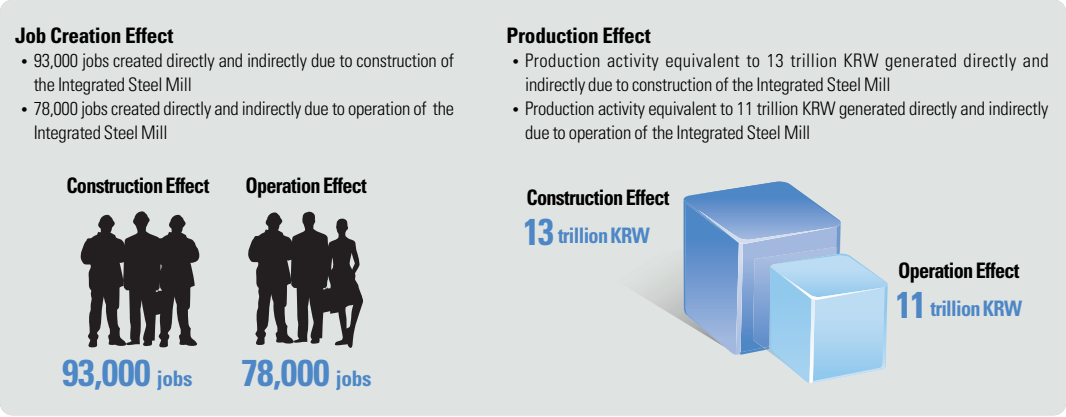
Scale of Project

Hyundai Steel’s Integrated Steel Mill is under construction in the Songsan Industrial Complex in Dangjin, Chungcheongnam-do, which has excellent logistical conditions owing to the development of transportation network including the West Coast Highway and other major roads near the plant and easy conditions of access to raw materials. When the construction of No.2 blast furnace is completed, it will have an overall production capacity of 8 million tons per year.

	Production Capacity	Commencement of Commercial Operation
Scale of Operation	Steelmaking Capacity : 8 million tons (max) Production Capacity : 8 million tons - hot-rolled coils : 6.5 million tons - heavy plate : 1.5 million tons	Blast furnace unit 1 - 2010 Blast furnace unit 2 - 2011

Socio-economic Effect Associated with Construction & Operation of Integrated Steel Mill

- Stable supply of steel products provided for steel-consuming industries
- Enhancing global competitiveness of Korean manufacturing industries including automobile, shipbuilding, machinery and consumer electric appliances
- Stabilize steel product supply in domestic market and allow steel-consuming industries to improve their price competitiveness
- Regional development effects by increasing investments in steel-related business in the northern part of chungcheongnam-do and Asan Harbor area



Integrated Steel Mill

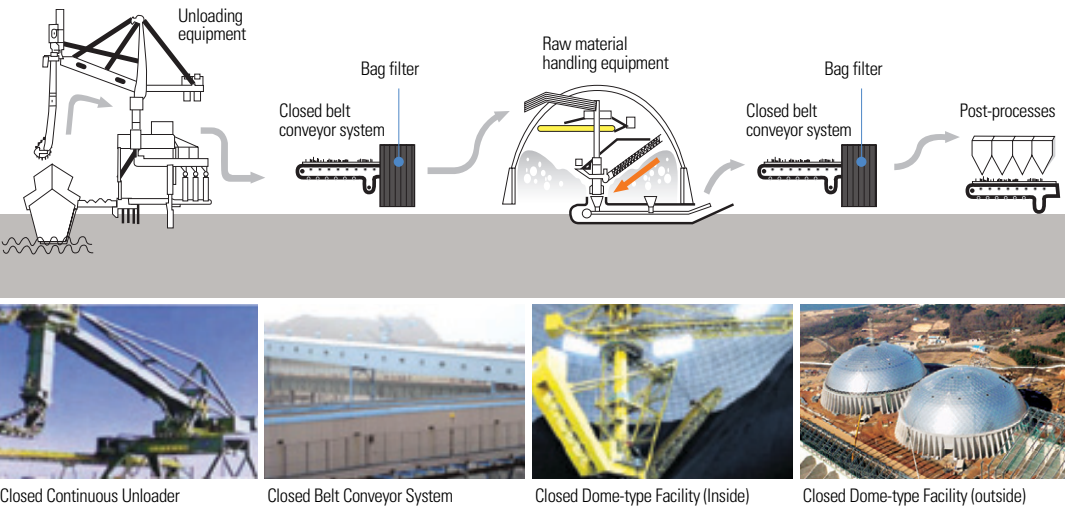
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Eco-friendly Facilities

World’s Most Eco-friendly Steel Mill

As a fundamental solution to the fugitive dust problem with the steel industry, Hyundai Steel has introduced a closed-roof material handling system, setting a new benchmark for the steel industry worldwide. Its construction is also consistent with Hyundai Steel’s management philosophy of pursuing resource recycling and establishing an eco-friendly steel business.

Eco-friendly Closed-roof Material Handling Facility



Regional Development Council

The 14-member council, chaired by the Deputy Mayor of Dangjin-gun, is made up of two officials from the local government, six resident representatives, three Hyundai Steel officials and two County Council members.

The council monitors the status of Hyundai Steel’s compliance with its environmental commitments through the Public/Private Sector/University Partnership Environmental Watch Group. It also oversees the environmental management status of existing plants and serves as a communication channel with local residents.





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Raw Materials Procurement

Raw Materials Supply Contracts

Since 1.7 tons of iron ore and 0.8 ton of coking coal is required to produce one ton of steel, procurement of 13.6 million tons of iron ore and 6.5 million tons of coking coal needs to be procured for operation of the Integrated Steel Mill for an annual capacity of 8 million tons. Hyundai Steel has signed contracts with major suppliers in order to ensure stable procurement of iron ore and coking coal required for operation of Integrated Steel Mill.

Contracts have already been signed with VALE of Brazil and Rio Tinto of Australia for supply of iron ore. An iron ore supply contract between BHP Billiton and Hyundai Steel is expected to be finalized in May 2009. For supply of coking coal, contracts were signed with BHP Billiton and Rio Tinto in August 2008. And having signed contract with EVCC of Canada in October 2007. We have already established a stable and long-term supply channel for the necessary raw materials enough for full operation.

Contract Status				
Supplier	Country	Iron	Coal	Contract Status
BHP Billiton	Australia	3,200	1,620	Iron ore: 2009. 5 (contract signed) Coal: 2008. 8 (contract signed)
Rio Tinto	Australia	5,050	1,020	Iron ore: 2008. 2 (contract signed) Coal: 2008. 8 (contract signed)
VALE(CVRD)	Brazil	4,500	-	Iron ore: 2007. 5 (contract signed)
EVCC	Canada	-	900	Coal: 2007. 10 (contract signed)

※ Hyundai Steel has secured 850 thousand tons of iron ore, and 2,960 thound tons of coal from other suppliers.



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Equipment and Technology Sourcing Plan

Equipment Procurement		
Equipment	Suppliers	Scope of Contract
Blast Furnace	Paul Wurth (Luxembourg)	Blast Furnace Engineering and supply of key equipment
Sintering Plant	Samsung Engineering (Korea)	Engineering and supply of equipment
Coking Plant	Uhde (Germany)	Turn-key engineering and supply of equipment
Steelmaking Plant	JP SPCO (Japan)	Production and supply of steelmaking equipment
Continuous Casting Plant	Siemens-VAI (Austria)	Engineering and supply of key equipment
Heavy Plate Roller	SMS-Demag (Germany)	Engineering and supply of key equipment
Hot Rolled Coils and Heavy Plates	Mitsubishi-Hitachi (Japan)	Engineering and supply of key equipment
Continuous Ship Unloader	ZPMC (China) (in technology collaboration with Sumitomo, Japan)	Supply of continuous ship unloader

Core Technology Procurement

‘The Hyundai Steel R&D Center’ was founded in March 2007 in order to develop next-generation material processing technology and support operation of the Integrated Steel Mill. The R&D Center is located in the area of Dangjin works, and it has a research lab, a steelmaking testing lab and a cold-rolling testing lab on 19,800m² site. More than 200 Hyundai Steel, Hyundai-Kia Motors and Hyundai Hysco researchers are engaged in collaborative research to develop new technologies. We plan to expand research team up to 400 researchers in the future. Hyundai Steel researchers are leading the development of production technologies to produce crude steel and hot coils for high-strength steel sheets. Hyundai Hysco researchers are in charge of developing the technologies to produce high-performance cold-rolled sheets for automobile applications. Hyundai-Kia Motors researchers are researching car body structures with high-stability. ‘Process-specific Research and Development System’ is established which maximizes synergy effect from product development phase. In order to support efficient production of Integrated Steel Mill, a laboratory-scale pilot system was established at the HSC R&D center which models actual production process, allowing researchers to simulate and research all process of steelmaking from raw materials to prototype production. The coking and sintering plants in the steelmaking testing lab are used to find the ideal mix of coke and iron ore before it is charged into a blast furnace. And with blast furnace charging simulation equipment, the experiment is ongoing to find optimal method to charge raw materials into blast furnace. For cold-rolling testing lab, after ingots with same steels components of product are produced, physical properties are evaluated necessary for different applications such as preproduction development, testing molding and welding using cold-rolling simulation device which models actual facility.

In the research lab, analysis and evaluation of products and prototype products is carried out using the ones produced from whole steel mill process and lab. Researchers make their endeavors to develop environmental technology to be the world best eco-friendly Integrated Steel Mill by minimizing pollutants emission.



Sintering Simulation Equipment



Vacuum Induction Melting Furnace



Welding Tester



Test Roller



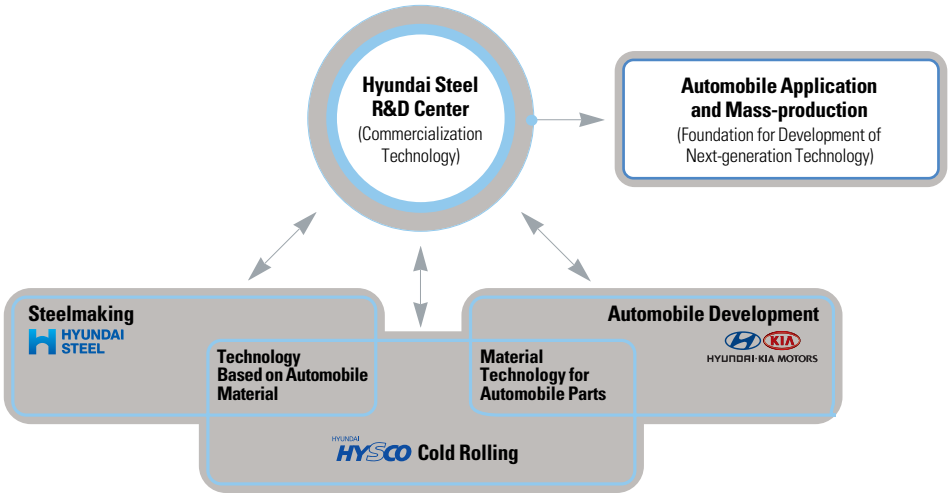
Collaborative Group Research and Development System

Hyundai Steel has devoted all its strength to R&D aiming for materials development of high quality automobiles and establishment of effective steel R&D system and reducing time for material development by improved R&D capacity in collaboration with Hyundai-Kia Motors Group.



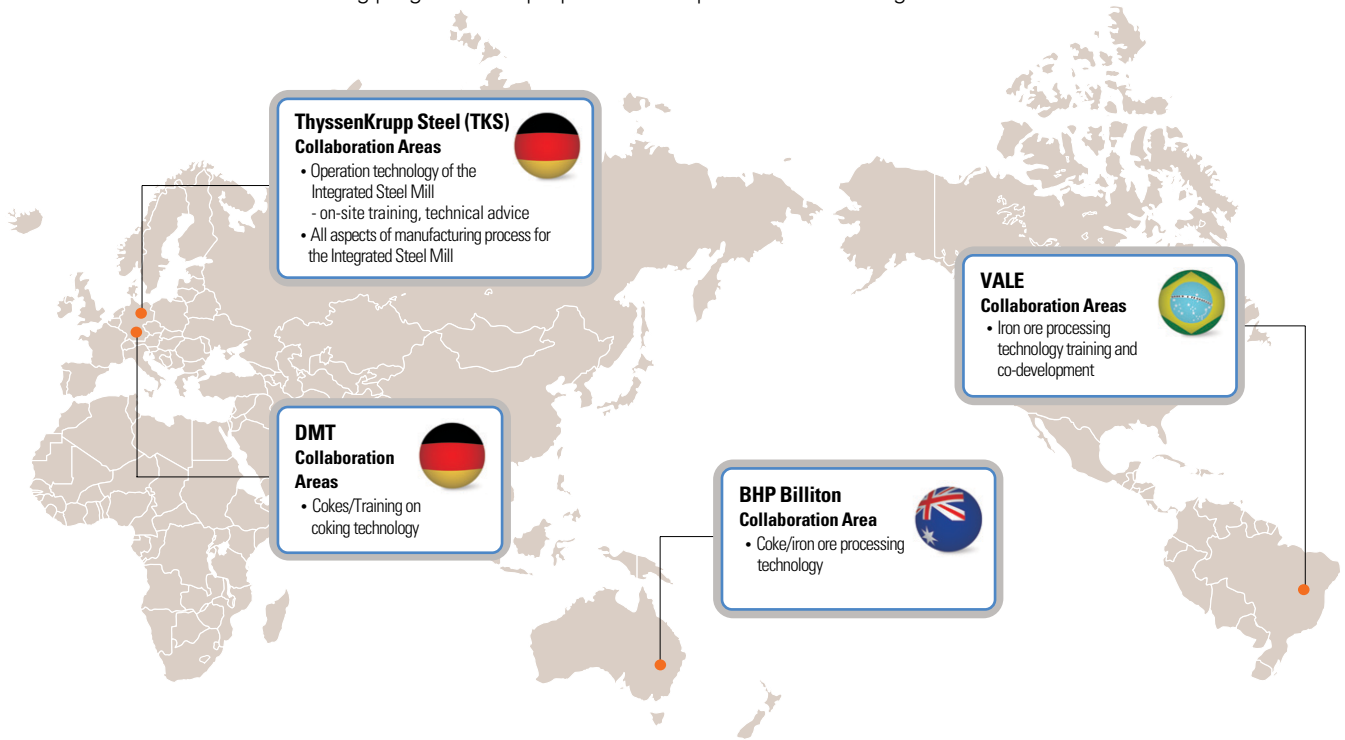
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Technology Collaboration

Hyundai Steel is engaged in a technical tie-up with renowned steel manufacturers as well as raw material processing companies in order to secure core technologies for the operation of the Integrated Steel Mill, production technologies, raw material processing technology etc. A number of employees are participating in training programs as a preparation for operation of the Integrated Steel Mill.

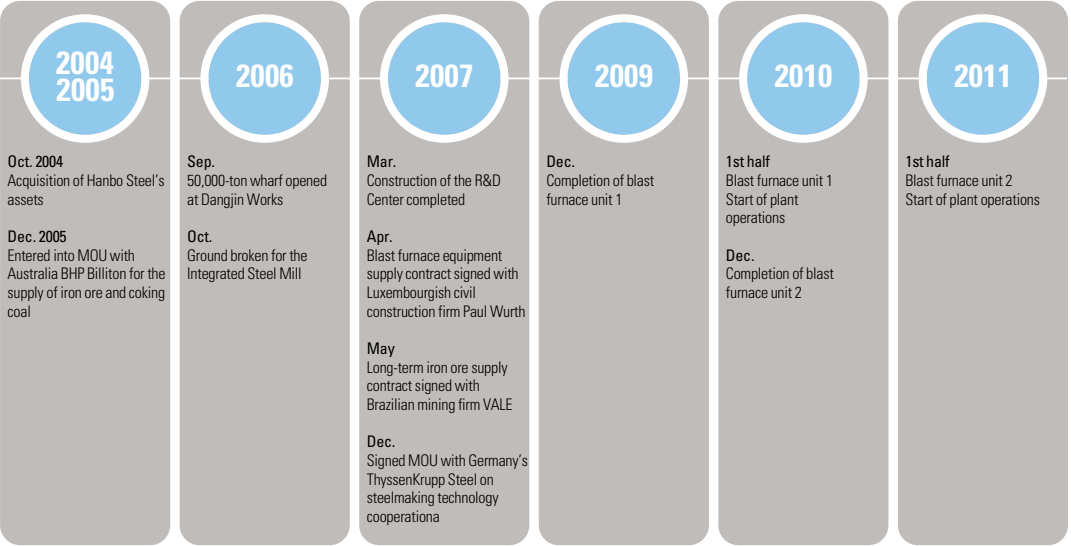


Construction Progress and Operation Plan



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Appendix

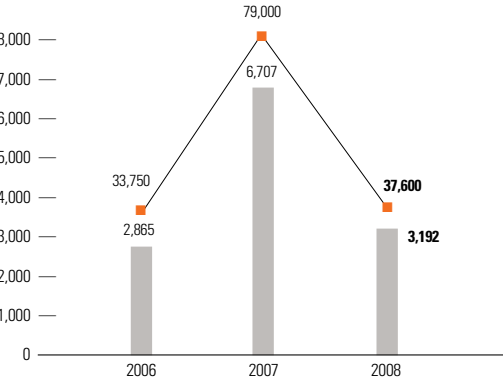
089	Sustainability Management Performance Indicator
098	Third Party’s Assurance Report
100	GRI Index

Financial Indicators

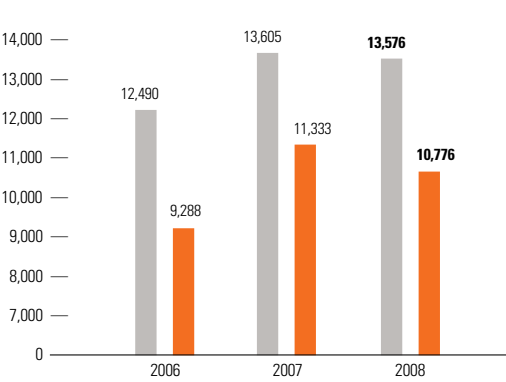
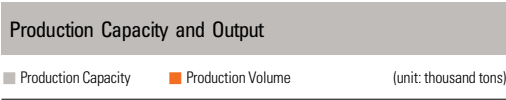
Sales Performances			
(unit: thousand tons, million KRW)			
	2006	2007	2008
Production Volume	9,288	11,333	10,776
Sales	5,481,241	7,382,842	10,502,957
Operating Profit	591,733	669,553	1,321,435
Income before Income Taxes	643,279	670,589	953,998
Net Income	473,543	519,776	822,540

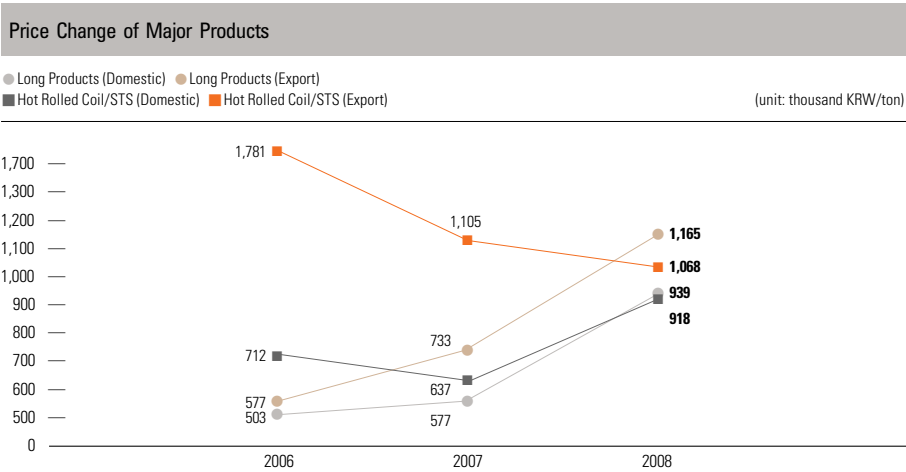
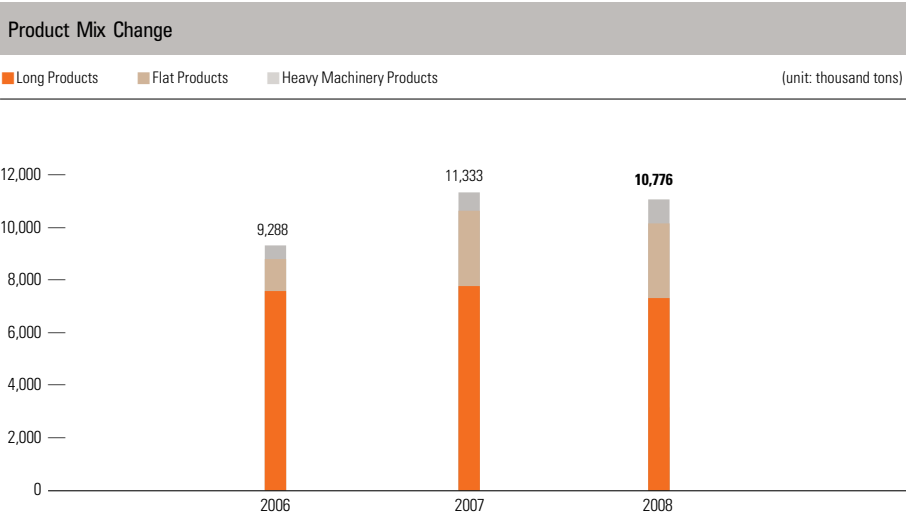
Financial Status			
(unit: million KRW)			
	2006	2007	2008
Total Assets	7,023,617	8,833,139	11,739,761
Current Assets	2,233,960	3,268,425	4,235,457
Non-Current Assets	4,789,657	5,564,714	7,504,303
Total Liabilities	3,523,717	4,784,142	6,910,480
Current Liabilities	1,917,125	2,297,601	2,745,746
Non-Current Liabilities	1,606,592	2,486,541	4,164,734
Stockholder’s Equity	3,499,900	4,048,997	4,829,280
Liability/Equity Ratio (%)	100.68	118.16	143.10

Key Business Performance Indicators			
Item	2006	2007	2008
Current Ratio	116.53%	142.25%	154.26%
Interest Coverage Rate	5.57 times	5.42 times	8.82 times
Operation Profit Margin	10.80%	9.07%	12.58%
Sales Growth	8.52%	34.69%	42.26%



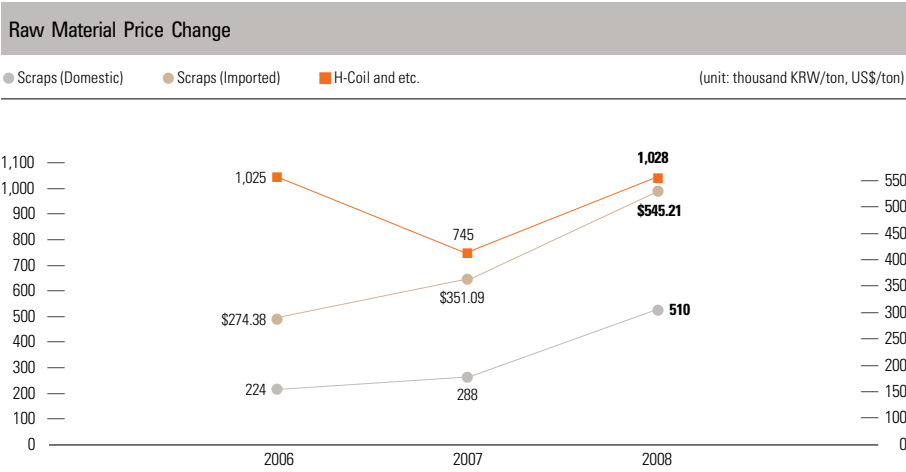
※ Stock price is recorded in year-end price.





※ Calculation Method: Total Average

※ Major cause of price change include unit price difference according to product types & sizes as well as difference between contract price and actual price at transaction.



※ Calculation Method: Moving Average (Incidental expenses included in import price)

※ Major cause of price change is price increase due to global increase in raw materials price, slabs purchase is included in 'H-Coil and etc.' category

Raw Material Purchased			
(unit: million KRW)			
	Item	Expense	Ratio
Raw Materials	Domestic Scarps	2,611,656	35.75%
	Imported Scarps	3,289,927	45.03%
	H-Coil and etc.	1,039,409	14.23%
	Others	364,817	4.99%
	Sub Total	7,305,809	100.00%
Stored Materials	Secondary Material and etc.	155,454	21.87%
	Sub-Material and etc.	131,638	18.52%
	Gas etc.	423,706	59.61%
	Sub Total	710,798	100.00%
Total		8,016,607	—

Research and Development Investment			
(unit: million KRW)			
	2006	2007	2008
Research and Development Cost	7,504	11,349	20,727
R&D Cost/Sales (%)	0.1%	0.1%	0.2%



Stakeholder Indicators

Employee Status							
(As of Dec. 31, 2008)							
	Administration & Support	Production	Others	Total	Average Years of Continuous Service	Total Annual Salary (In million KRW)	Average Annual Salary for person(In thousand KRW)
Male	1,798	4,294	343	6,435	13.25	398,498	61,927
Female	204	2	45	251	8.25	8,726	34,765
Total	2,002	4,296	388	6,686	13.08	407,224	60,907
※ Excluding 70 executive officers and retired employees							
※ Proportion of employees with disabilities : 4.4%							

Salary and Separation Rate			
(unit: billion KRW)			
	2006	2007	2008
Salary	313	356	407
Allowance for Severance Pay	42	51	48
Separation Rate	1.9%	2.6%	2.3%

Job Creation by Year			
	2006	2007	2008
Number of Employee	5,782	6,140	6,756
Rate of Job Creation	11%	6%	10%

Job Creation by Region					
(unit: persons)					
	Seoul	Incheon	Pohang	Dangjin	Total
2007	591	2,111	1,644	1,794	6,140
2008	567	2,247	1,656	2,286	6,756
Rate of Job Creation	- 4%	6%	1%	27%	10%

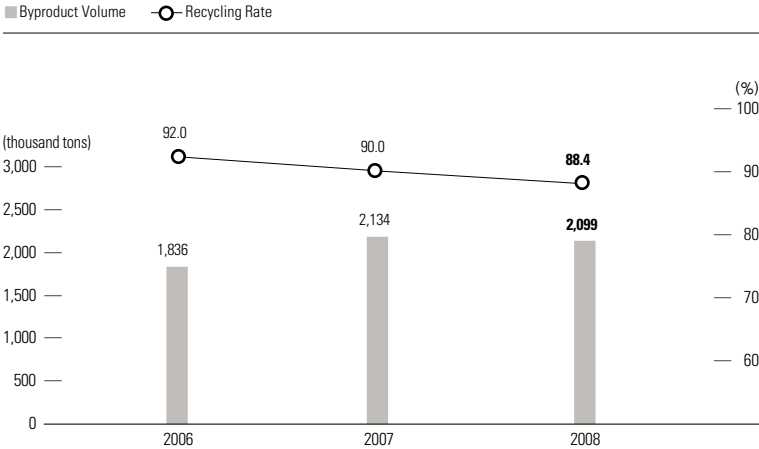
Education			
(unit: hours, persons)			
	2006	2007	2008
Total Education Hours	404,108	495,739	536,009
Total Number of Employees	5,782	6,140	6,756
Education Hours. per Person	70	81	79

Social Contribution Expenditure						
(Unit: million KRW)						
	2006		2007		2008	
		Donation		Donation		Donation
Social Welfare	2,318	2,171	2,614	2,438	3,339	2,928
Arts, Culture and Sports	3,657	867	3,326	641	990	631
Environmental Conservation	108	15	145	120	210	205
Academic Research and Education	149	142	1,134	1,053	950	911
Total	6,232	3,195	7,219	4,252	5,489	4,675

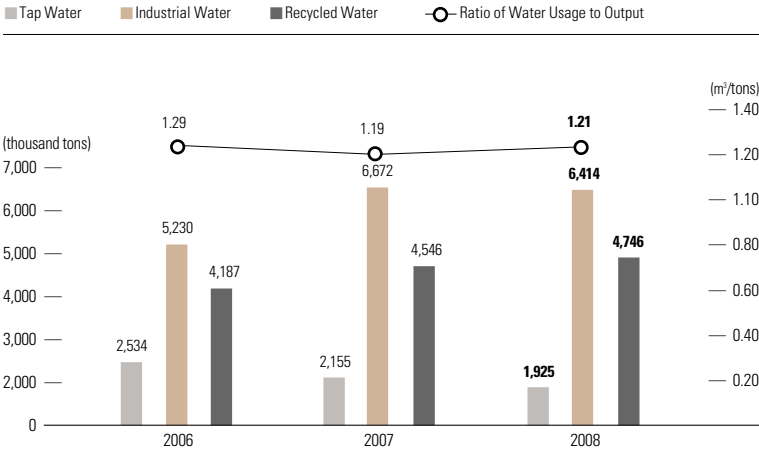
Payment for Accomplished			
(unit: hundred million KRW)			
	2006	2007	2008
Incheon Works	388	407	463
Pohang Works	357	375	406
Dangjin Works	228	292	322
Total	973	1,074	1,191

Environmental Indicators

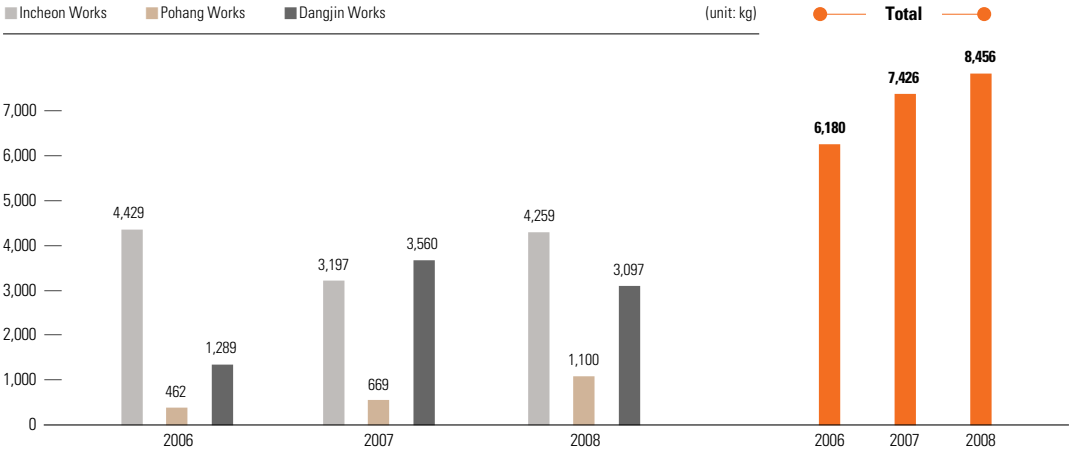
Byproduct Production and Recycling Rate



Water Usage



Discharge of Chemical Substances



Incheon Works

The Incheon works is located within an industrial area, and there are neither ecologically-sensitive spaces nor habitats for endangered species that are recognized by law or environmental treaty within its vicinity. The works’ tap water supply comes from the Poongnap Waterworks which is located at the mouth of the Han River. The Incheon works has a sewage treatment plant that re-treats the water discharged from the Gajwa Sewage Treatment Plant and supplies it back to the Incheon works. All cooling water is also treated and reused at the works. Some waste water including water used for cleaning stainless products are physically, chemically, and biologically treated and then sent to the Gajwa Sewage Treatment Plant before it is released to the west coast.

Incheon Works

		Unit	2006	2007	2008	Regulation Standard
Water Quality	Tap Water Supply	Thousand m³	1,624	1,242	997	
	Recycled Water Supply	Thousand m³	4,187	4,546	4,746	
	Waste Water Release	Thousand m³	156	156	111	
	SS	mg/ℓ	11.7	28.0	29.6	120
	COD	mg/ℓ	40.7	37.0	32.3	130
Air	Dust (Electric Furnace)	mg/m³	6.0	5.6	6.7	20
	SOx	ppm	—	4.7	0.8	500
	NOx	ppm	—	100.6	116.4	200
Dioxin (Electric Arc Furnace)		ng-TEQ/m³	0.12	0.06	0.05	1.0
Byproducts	Slag	Thousand tons	635	629	580	
	Dust		58	61	61	
	Waste Refractories		8	8	14	
	Sludge		10	12	9	
	Soil		46	64	58	
	Miscellaneous※		91	96	131	
Total			848	870	853	
Chemical Substance Discharge		kg	4,429	3,197	4,259	
Lot Size		m²	920,000			
Green Area		m²	55,739			

※ Miscellaneous: mill scale, waster oil, waste acids, discarded resin, waste paper, general waste, discarded construction materials, waste wood, wasted paint, waste foundry sand and etc.

Pohang Works

The Pohang works is located within the Pohang Steel Complex, and there are neither ecologically-sensitive spaces nor habitats for endangered species within its vicinity that are recognized by law or environmental treaty. Plant Unit 1 receives its water from Ahngae Dam located in the Gangdong-myeon in Gyeongju city and the Noltaeji Reservoir located in Gooryong-eup of Pohang city. Plant Unit 1 re-treats and reuses all waste-water generated within the plant and thus releases zero waste water. Plant Unit 2 also receives its water from the Ahngae Dam located in the Gangdong-myeon in Gyeongju city. Plant Unit 2 also reuses most of the wastewater generated within the plant. The waste water released from the plant is sent to the Pohang Sewage Treatment Plant before it is released at the mouth of Hyungsan River.

Pohang Works						
		Unit	2006	2007	2008	Regulation Standard
Water Quality	Tap Water Supply	Thousand m³	267	261	225	
	Recycled Water Supply	Thousand m³	2,500	2,832	2,748	
	Waste Water Release	Thousand m³	74	41	53	
	SS	mg/ℓ	3.0	3.2	2.1	120
	COD	mg/ℓ	9.0	5.9	6.6	130
Air	Dust (Electric Furnace)	mg/m³	1.9	2.4	1.6	20
	SOx	ppm	43.1	59.9	69.8	500
	NOx	ppm	126.1	107.6	92.1	200
Dioxin (Electric Furnace)		ng-TEQ/m³	0.09	0.14	0.04	1.0
Byproducts	Slag		348	368	327	
	Dust		50	51	46	
	Waste Refractories		12	12	11	
	Sludge	Thousand tons	2	2	2	
	Soil		21	12	25	
	Miscellaneous※		57	68	58	
	Total		490	513	469	
Chemical Substance Discharge		kg	462	669	1,100	
Lot Size		m²			660,000	
Green Area		m²			37,149	

※ Miscellaneous: mill scale, waster oil, waste acids, discarded resin, waste paper, general waste, discarded construction materials, waste wood, wasted paint, waste foundry sand and etc.

Dangjin Works

The Dangjin works is located within an industrial area, and there are neither ecologically-sensitive spaces nor habitats for endangered species within its vicinity that are recognized by law or environmental treaty. The works receives its water from Daechung Lake located in Cheongjeong-myeon, in Goesan-gun Chungcheongbuk-do. The Dangjin works re-treats most of its waste water for reuse. The released waste water is both physically and chemically treated before it is released in Asan Bay.

Dangjin Works						
		Unit	2006	2007	2008	Regulation Standard
Water Quality	Tap Water Supply	Thousand m³	643	652	703	
	Recycled Water Supply	Thousand m³	2,730	3,840	3,666	
	Waste Water Release	Thousand m³	489	686	603	
	SS	mg/ℓ	3.3	6.8	2.8	60
	COD	mg/ℓ	8.1	8.0	4.7	70
Air	Dust (Electric Furnace)	mg/m³	3.7	3.0	3.8	20
	SOx	ppm	22.1	49.3	70.3	500
	NOx	ppm	74.0	108.3	118.8	200
Dioxin (Electric Furnace)		ng-TEQ/m³	0.13	0.07	0.03	1.0
Byproducts	Slag		398	579	597	
	Dust		47	61	58	
	Waste Refractories		10	13	13	
	Sludge	Thousand tons	4	5	6	
	Soil		12	17	33	
	Miscellaneous※		27	76	70	
	Total		498	751	777	
Chemical Substance Discharge		kg	1,289	3,560	3,097	
Lot Size		m²			7,390,000 (Including C section)	
Green Area		m²			232,000 (A, B Section)	

※ Miscellaneous: mill scale, waster oil, waste acids, discarded resin, waste paper, general waste, discarded construction materials, waste wood, wasted paint, waste foundry sand and etc.

Third Party’s Assurance Report

To the Management of the HYUNDAI STEEL Sustainability Report 2008:

The Institute for Industrial Policy Studies (The Auditor) was engaged by HYUNDAI STEEL as a “third party assurance provider” to provide independent assurance of its “Sustainability Report 2008” (The Report). HYUNDAI STEEL is responsible for all information and claims contained in The Report including established sustainability management targets, performance management, data collection and report preparation etc. The following represents The Auditor’s assurance opinion.

Independence

- Apart from offering comments during the draft process, The Auditor was not involved in the preparation of any key part of The Report and carried out all assurance undertakings with independence and autonomy.
- The Auditor has no relationship with HYUNDAI STEEL regarding any of its for-profit operations and activities.
- As The Auditor was subject to no outside pressure or interference during the assurance process, this report represents an accurate reflection of The Auditor’s views.

Objective

Our Assurance engagement is aimed at the followings:

- To obtain an assurance that the statements and data cited in The Report are free of material misstatement or bias so that the information is reliable and adequate
- To assess the data collection systems used are robust
- To identify major sustainability management issues and review the organization’s reporting structure
- To present The Auditor’s views on improving reporting quality

Criteria

The Auditor assessed The Report against the following guidelines:

- The AA1000 Assurance Standard’s (AA1000 AS)* three core principles of Materiality, Completeness and Responsiveness
- The Global Reporting Initiative’s (GRI) G3 Sustainability Reporting Guidelines Version 3.0**
- The BEST Sustainability Reporting Guideline***

*AA1000 AS is an assurance standard for social and sustainable reporting developed by the UK-based Institute of Social and Ethical AccountAbility in November 1999. A nonprofit organization that promotes corporate social responsibility, business ethics and responsible business practices, AccountAbility aims to improve the quality of social and ethical accounting, auditing and reporting through the AA1000 AS.

**The Global Reporting Initiative’s (GRI) Sustainability Reporting Guideline was jointly convened by the Coalition for Environmentally Responsible Economies (CERES) and UNEP in 1997. The newly revised G3 version was launched in October 2006.

***The BEST Sustainability Reporting Guideline was jointly developed by the Ministry of Knowledge Economy (MKE), the Korea Chamber of Commerce and Industry (KCCI), and the Institute for Industrial Policy Studies (IPS) and provides for five levels of reporting rigor (Level 1 ~ 5).

Scope and Work Undertaken

The Auditor carried out the following activities in order to (1) review the extent to which The Report applies the principles of materiality, completeness, and responsiveness in its reported contents and (2) assess the application level of the GRI/BEST Sustainability Reporting Guidelines.

- A review of media reports related to HYUNDAI STEEL
- A review of information contained in The Report as well as the underlying data collection system (validation of internal sustainability-related organizations, systems, and activities)
- Data sampling and analysis of the stakeholder’s survey result
- A review of the original source of the information in The Report
- A review of the HYUNDAI STEEL’s response system for material issues
- A reconciliation of financial data stated in The Report against the HYUNDAI STEEL’s audited Financial Statements
- Interviews with managers and staff responsible for dimension-specific performance
- On-site review of the Headquarter operations

Limitations

Our scope of work was limited to a review of the accuracy and reliability of data and interviews with data providers, persons in charge of data collection and processing, as well as persons in charge of performance-related information, and do not include an on-site validation of the Steel Works.

Conclusions

Based on the above assurance process, The Auditor did not find The Report to contain any material misstatements or bias. All key assurance findings are included herein, and detailed observations and follow-up recommendations have been submitted to HYUNDAI STEEL management, in a separate report.

• Materiality: Does The Report cover economic, social and environmental issues of the greatest importance to HYUNDAI STEEL?

It is The Auditor’s view that The Report contains information of great importance to HYUNDAI STEEL. The company has identified issues of high potential impact from its business by reviewing its corporate management philosophies and policies. It has derived issues of high stakeholder interest by surveying stakeholders’ opinion and observing their comments. The following aspects were found particularly commendable.

The Report:

- Reflects last year’s assurance recommendations and outlines what issues are of key concern to its different stakeholders.
- Organizes issues not only by performance area but also by stakeholder, making it easier for respective stakeholders to find information that they are interested in.

It is The Auditor’s recommendation, however, that materiality assessment model be used in future to better derive specific issues of material concern for the company, with the findings to be presented in future reports. Also, we suggest that material issues be categorized by stakeholder, degree of importance, as well as order of priority so that they can be utilized in the company’s management strategies and sustainability management initiatives.

• Completeness: How reliable are the information and data stated in The Report, and are the underlying information and data collection system complete and sound?

The Auditor found the data presented in The Report to be reliable and free from material error. By establishing a “Social Responsibility Committee” with oversight over its social responsibility management programs, HYUNDAI STEEL has put in place an enterprise-wide system for pursuing sustainability management initiatives. It has installed an organization wholly in charge of systematically collecting CSR-related performance data. The following aspects were found particularly commendable.

HYUNDAI STEEL:

- Has put in place various organizations driving different performance areas and has designated managers and personnel responsible for performance data management.
- Has integrated data management across its key business operations in Incheon, Pohang, and Dangjin, and has provided data specific to each location.
- Has implemented various systems for internal control, research and development, customer management, information security, employee evaluation, integrated purchasing, environmental management, and energy conservation to support integrated management of data regarding its financials, innovation initiatives, customers, employees and management, business partners, and the environment.

The Auditor recommends, however, reinforcing quantitative data to better provide verifiable and comparable performance data. We also suggest stronger reporting on what the data measurement techniques and basis for calculations are, and how it is processed to enhance the accuracy and reliability of the reported information.

• Responsiveness: Does The Report address how the company has responded to stakeholder demands and concerns?

The Auditor confirmed efforts by HYUNDAI STEEL to respond to stakeholder views as it recognizes the importance of stakeholder communication as a key part of sustainability management. The following aspects were found particularly commendable.

HYUNDAI STEEL:

- Has developed communication channels such as stakeholder-specific roundtable talks, seminars, and a website to access stakeholder views on a regular base.
- Has carried out surveys on the company’s sustainability management among its key stakeholders including shareholders, suppliers, employees and management, as well as relevant individuals from the local community.

Going forward, The Auditor suggests further dividing its stakeholders into narrower groups based on the characteristics and management strategies of the company while providing more detailed reporting on specific comments produced by the stakeholders. We also recommend presenting the direction of the company’s response and targets regarding issues of major concern to its stakeholders.

Relative to the BEST Guideline, in view of the level of reporting rigor and intensity of information provided, The Auditor found The Report to fulfill 95.6% of the reporting requirements necessary to qualify for a Level 4 Report (from among Level 1 ~ 5).

Recommendations

As the second sustainability report by HYUNDAI STEEL, The Auditor found The Report commendable compared to its first report in the following respects. HYUNDAI STEEL (1) presented enterprise-wide management of sustainability performance by putting in place an organization in charge of sustainability initiatives; (2) implemented a data management system; (3) provided performance data; and (4) outlined key performance indicators for each respective performance area for easier understanding of the company’s performance in The Report.

For future reports, The Auditor recommends the following:

- Develop sustainability management targets and a roadmap
- Provide stronger reporting on comments and suggestions by stakeholders
- Present more concrete goals and response measures to stakeholder demands
- Utilize materiality assessment models and report on the findings

Based upon the above statement as well as other recommendations presented separately to management, The Auditor suggests that HYUNDAI STEEL work toward establishing a more systematic program for sustainability management and reporting and continue to follow up with ongoing improvements.

May 11, 2009

Yoon-Chul Lee

President, The Institute for Industrial Policy Studies



The Institute for Industrial Policy Studies (IPS)

Established in 1993, the Institute for Industrial Policy Studies has accumulated broad expertise in the area of sustainability management since 2002. ‘The Auditor’ is composed of six technical assurers and three advisors, who are professors at Korea’s top universities or practitioners with professional accreditation and extensive experience in sustainability management after majoring in business management, accounting, environmental science etc.

GRI Index

(● Reported, ½ Partially Reported, ○ Not Reported, ◇ N/A)

Company Overview					
GRI Index	Indicator No.	Description of Indicators	Reporting Status	Page No.	BEST Index
Strategy and Analysis	1.1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy	●	5, 7	A_1
	1.2	Description of key impacts, risks and opportunities	●	5, 7, 28	A_2
Organizational Profile	2.1	Name of the organization	●	Cover	A_3
	2.2	Primary brands, products and services	●	21, 30 - 31	A_4
	2.3	Operational structure of the organization, Including main divisions, operation companies, subsidiaries and joint ventures	●	21,86, Annual Report	A_5
	2.4	Location of organization's headquarters	●	21	A_7
	2.5	Number of countries where the organization operates and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	●	21	A_7
	2.6	Nature of ownership and legal form	●	18	A_8
	2.7	Markets served	●	21	A_9
	2.8	Scales of the reporting organization(including number of employees, net sales, total capitalization and quantity of products or services provided)	●	21, 26 - 27, 67	A_10
	2.9	Significant changes during the reporting period regarding size, structure, or ownership	●	Annual Report	B_8
	2.10	Awards received in the reporting period	●	9	C08
Reporting Parameters	3.1	Reporting period	●	3	B_3
	3.2	Date of most recent previous report (if any)	●	3	B_8
	3.3	Reporting cycle (annual, biennial, etc.)	●	3	B_6
	3.4	Contact point for questions regarding the report or its contents	●	3	B_9
	3.5	Process for defining report content	½	3, 55	B_4
	3.6	Boundary of the report	●	3	B_1
	3.7	State any specific limitations on the scope or boundary of the report	½	3	B_2
	3.8	Basis for reporting on joint ventures ,subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	◇		A_6
	3.9	Data measurement techniques and the bases of calculations	●	3	—
	3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	◇		—
	3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	◇	Not Applicable	B_5
	3.12	GRI Content Index Table identifying the location of the Standard Disclosures in the report	●	100 - 102	B_10
	3.13	Policy and current practice with regard to seeking external assurance for the report	●	3, 98 - 99	B_7
Governance, Commitments &Engagement	4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	●	14, 18 - 19	GR1
	4.2	Indicate whether the Chair of the highest governance body is also an executive officer	●	18	GR1, GR3
	4.3	For organizations that have a Unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	●	18	GR2
	4.4	Mechanisms for shareholders and employees to provide recommendations or directions to the highest governance body	●	14, 56, 66	GR12
	4.5	Linkage between compensation for members of the highest governance body for guiding the organization's performance	½	18	GR7
	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	●	Annual Report	GR13
	4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and the social topics	●	Annual Report	GR4
	4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental and social performance and the status of their implementation	½	14, 15, 17, 34, 44	—
	4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental and social performance, including relevant risks and opportunities	●	13	GR5
	4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance	½	19	GR6
	4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	●	12 - 16	GR11
	4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	●	13, 38, 41	GR10
	4.13	Memberships in associations and/or national/international advocacy organizations	●	13, 38	A_11
	4.14	List of stakeholder groups engaged by the organization	●	52	C_1, C_2
	4.15	Basis for identification and selection of stakeholders with whom to engage	●	52	C_1
	4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	●	56, 58, 62, 64, 66, 74	C_2
	4.17	Key topics and concerns that have been raised through stake holder engagement, and how the organization has responded to those key topics and concerns	●	55	C_3

Economic Performance Indicator

GRI Index	Indicator No.	Description of Indicators	Reporting Status	Page No.	BEST Index
	EC	Disclosure on Management Approach	●	24 - 25	
Economic Performance Indicators	EC1	Direct economic value generated and distributed (revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments)	●	53	EC1
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	●	36, 37	EC2
	EC3	Coverage of the organization's defined benefit plan obligations	●	73, 92	EC3
	EC4	Significant financial assistance received from government	●	Audit Report II, 11	EC5
Market Presence	EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	½	92	EM4
	EC6	Policy, practices, and proportion of senior management hired from the local community at significant location of operation	◇	Not Applicable	EC4
	EC7	Procedures for local hiring and proportion of senior management hired from the local community	◇	Not Applicable	EC4
Indirect Economic Impacts	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit	●	53, 74	EC6
	EC9	Significant indirect economic impacts	●	53	EC7

Labor Practices & Decent Work Performance Indicators

GRI Index	Indicator No.	Description of Indicators	Reporting Status	Page No.	BEST Index
	LA	Disclosure on Management Approach	●	70 - 73	
Employment	LA1	Total workforce by employment type, employment contract, and region	●	67, 92	EM1
	LA2	Total number and rate of employee turnover by age group, gender and region	●	67, 92	EM5
	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees	●	71, 73	EM20
Labor-Management Relations	LA4	Percentage of employees covered by collective bargaining agreements	●	70	EM12
	LA5	Minimum notice period (s) regarding significant operational changes	●	70	EM13
Occupational Health and Safety	LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	●	70	EM14
	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities	○		EM19
	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	●	70	EM18
	LA9	Health and safety topics covered in formal agreements with trade unions	●	70	EM15
Training and Education	LA10	Average hours of training per year per employee by employee category	●	93	EM27
	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	●	71	EM28
	LA12	Percentage of employees receiving regular performance and career development reviews	½	71	EM29
Diversity and Equal Opportunity	LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	½	92	EM2
	LA14	Ratio of basic salary of men to women by employee category	●	67, 92	EM3

Environment Performance Indicators

GRI Index	Indicator No.	Description of Indicators	Reporting Status	Page No.	BEST Index
	EN	Disclosure on Management Approach	●	34 - 41	
Materials	EN1	Materials used by weight or volume	●	37, 40, 41	EV10
	EN2	Percentage of materials used that are recycled input materials	●	40, 41, 94	EV11
Energy	EN3	Direct energy consumption by primary energy source	●	37	EV7
	EN4	Indirect energy consumption by primary energy source	●	37	EV8
	EN5	Energy saved due to conservation and efficiency improvements	●	37	EV5
	EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiative	●	37	EV5
	EN7	Initiatives to reduce indirect energy consumption and reductions achieved	●	37, 94	EV5, EV25
Water	EN8	Total water withdrawal by source	●	41, 94 - 97	EV9
	EN9	Water sources significantly affect by withdrawal of water	●	95 - 97	EV20
	EN10	Percentage and total volume of water recycled and reused	●	41, 94	EV18
Biodiversity	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	●	95 - 97	EV22
	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected area	●	95 - 97	EV22 EV26
	EN13	Habitats protected or restored	●	95 - 97	EV27
	EN14	Strategies, current actions, future plans for managing impacts on biodiversity	○		EV6, EV26
	EN15	Number of endangered species affected by operations	◇	Not Applicable	EV28
Emissions, Effluents, and Waste	EN16	Total direct and indirect greenhouse gas emissions by weight	●	37, 94 - 97	EV12
	EN17	Other relevant indirect greenhouse gas emissions by weight	●	37, 94 - 97	EV13
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	●	37, 38, 39	EV4

Appendix



Emissions, Effluents, and Waste	EN19	Emissions of ozone-depleting substances by weight	◇	Not Applicable	EV14
	EN20	Nox, SOx and other significant air emissions by type and weight	●	95 - 97	EV15
	EN21	Total water discharge by quality and destination	●	41, 95 - 97	EV17
	EN22	Total weight of waste by type and disposal method	●	41, 95 - 97	EV16
	EN23	Total number and volume of significant spills	◇	Not Applicable	EV21
	EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention, and percentage of transported waste shipped internationally	●	41	EV29
Products and Services	EN25	Identity, size, protection status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	●	95 - 97	EV19
	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	●	35, 39	EV23
Compliance	EN27	Percentage of products sold and their packaging materials that are reclaimed by category	●	40	EV24
	EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	●	41	EV31
Transport	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	○		EV30
Overall	EN30	Total environmental protection expenditures and investments by type	●	36	EV1

Human Rights Performance Indicators

GRI Index	Indicator No.	Description of Indicators	Reporting Status	Page No.	BEST Index
	HR	Disclosure on Management Approach	●	66 - 69	
Investment and Procurement Practice/Non-Discrimination	HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	○		PN2
	HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	○		PN3
	HR3	Status of employee training on policies and procedures concerning aspects of human rights	●	67	EM30
	HR4	Total number of incidents of discrimination and actions taken	●	67	EM7
Freedom of Association and Collective Bargaining	HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk	◇	Not Applicable	EM8
Child Labor	HR6	Operations identified as having significant risk for incidents of child labor	●	67	EM9
Forced and Compulsory Labor	HR7	Operations identified as having significant risk for incidents of forced or compulsory labor	●	67	EM10
Security Practices	HR8	Percentage of security personnel trained in the organization's policies and procedures concerning aspects of human rights	○		EM31
Indigenous Rights	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	◇	Not Applicable	C02

Society Performance Indicators

GRI Index	Indicator No.	Description of Indicators	Reporting Status	Page No.	BEST Index
	S0	Disclosure on Management Approach	●	74	
Community	S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities	●	74	C02
Corruption	S02	Percentage and total number of business units analyzed for risks related to corruption	●	15, 16	C05
	S03	Percentage of employees trained in organization's anti-corruption policies and procedures	●	16	C05
Public policy	S04	Actions taken in response to incidents of corruption	○		C05
	S05	Public policy positions and participation in public policy development and lobbying	●	12	C06
Anti-competitive Behavior	S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	●	12	C07
Compliance	S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	●	Annual Report	CS3
Indigenous	S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	●	Annual Report	C09

Product Responsibility Performance Indicators

GRI Index	Indicator No.	Description of Indicators	Reporting Status	Page No.	BEST Index
	PR	Disclosure on Management Approach	●	58	
Customer Health and Safety	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	○		CS4
	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes	●	58	CS11
Product and Service Labeling	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	●	59, 60	CS5
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	●	59	CS12
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	●	59, 60	C09
Marketing Communications	PR6	Programs for adherence to laws, standards, and voluntary codes related marketing communications, including advertising, promotion and sponsorship	◐	61	CS13
	PR7	Total number of incidents of non-compliance with regulations and voluntary codesconcerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	●	61	CS14
Customer Privacy	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	●	61	CS15
	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	◇	Not Applicable	CS12



Hyundai Steel supports the ten principles of UN Global Compact.

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses are asked to uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses are asked to support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

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