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# WE BUILD TOMORROW

**2014 SUSTAINABILITY REPORT**  
HYUNDAI ENGINEERING & CONSTRUCTION

# ABOUT THIS REPORT

## Intergrated Reporting

This report is Hyundai E&C's 5th sustainability report. Hyundai E&C has been publishing its annual sustainability report in an integrated format since 2011 to disclose the economic, environmental and social values it created for the stakeholders in a faithful and balanced way. Hyundai E&C contributed to the development of international standards by participating in the Integrated Reporting Pilot Program managed by the International Integrated Reporting Council (IIRC).

### INTEGRATED REPORTING FRAMEWORK



#### 1. Value Creation

- Hyundai E&C's value creation process
- Future outlook based on the analysis of megatrends
- Strategies on a new growth business and new market entrance

#### 2. Sustainable Growth

- Establishment of mid- to long-term strategies on sustainability management
- Activities and accomplishments in economic, environmental, and social sectors
- Catalogue of sustainability management targets of five areas and KPIs

#### 3. Integrated Value

- Connection between financial information and non-financial information
- Analysis on the efficiency of sustainability management activities
- Report of the sales increase and cost reduction cases due to sustainability management

## About This Report

**Reporting Period & Scope**\_\_\_\_This report covers Hyundai E&C's economic, environmental, and social activities and performances of the headquarters as well as domestic and overseas sites from January 1, 2013 to December 31, 2013. In addition, we partially included meaningful activities and performances until May 2014. For the quantitative performance, data of the recent 3 years are reported so that the yearly development can be analyzed.

**Reporting Standard**\_\_\_\_This report has been prepared based on the Global Reporting Initiative (GRI) G3.1 Guidelines and the Construction and Real Estate Sector Supplement. This report also reflects the ten principles of the UN Global Compact and the main agenda of ISO 26000. For the financial performance, Hyundai E&C reports consolidated data about itself and its subsidiaries based on the Korean International Financial Reporting Standards (K-IFRS).

**Assurance**\_\_\_\_In order to ensure the credibility of the Sustainability Report, an independent assurance and the GRI Application Level Check have been carried out. The results are available on pages 77 through 78 of this report.

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# ■ WE BUILD TOMORROW



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

## MANAGEMENT & STRATEGY

The world is the land of infinite possibilities and the stage  
where Hyundai E&C makes its dream come true.

Hyundai E&C realizes a sustainable future through the global value creation.

## ENVIRONMENT

Environmental issues due to the climate change and resource scarcity  
are crises to companies and at the same time, opportunities.

Hyundai E&C minimizes environmental impacts by maximizing the eco-efficiency.

## TECHNOLOGY

Technology is the future of Hyundai E&C  
and the innovative DNA that makes the impossible possible.

Hyundai E&C strives for the customer satisfaction by differentiating the technology capability.

## EMPLOYEE

Employees enable the innovation  
and are the driving forces of Hyundai E&C's business activities.

Hyundai E&C realizes employee values by cultivating innovative talents.

## SOCIETY

Suppliers are the most important companions and local communities are the base of business.

Hyundai E&C seeks to grow together with the society

by enhancing the capability of its entire value chain.



### 2014 COVER STORY

Hyundai E&C is making a construction history and paving the way  
for a sustainable future with our corporate spirit of creative daring.  
The 2014 cover represents the daring and progressive mind-set of each member  
of Hyundai E&C and our collective will to create a sustainable base for mankind.



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# Message from the CEO



"We would like to express our gratitude for your concern and support that propel us to fulfill our social responsibilities."

President & CEO | Jung Soo-Hyun  
HYUNDAI ENGINEERING & CONSTRUCTION



▮ We will continue to fulfill our role and responsibility as a global leading company in sustainability management. ▮

**Dear stakeholders,**

We would like to express our gratitude for your concern and support that propel us to fulfill our social responsibilities. Since our establishment in 1947, Hyundai E&C has strived to lead the national growth and enhance the quality of the people's lives as the first Korean construction company. In addition, we do our best to promote human welfare on the basis of the corporate culture, "Human is everything".

We have focused on sustainability management to actively respond to the ever-changing market of construction, and achieve a long-term growth while we leap forward to become the global integrated engineering company. This year, we established five areas of sustainability management to build a foundation for the shared growth of the company and the society: management & strategy, environment, technology, employee, and society.

**Hyundai E&C's sustainability managements are achieving valuable results.**

For the first time in the Korean construction industry, Hyundai E&C entered the global market in 1965. In November 2013, we opened up the door for a new era of the Korean construction market by achieving the overseas orders received of more than 100 billion USD (cumulative) and won the first place in the Construction Capability Evaluation for five consecutive years.

Furthermore, we have been included in the Dow Jones Sustainability Index (DJSI) for four consecutive years and received the first place as the world's sustainability leader in the construction sector in 2011 and 2013.

Particularly, we have been recognized as the business partner who established a successful model of win-win partnership between a large enterprise and SMEs by providing various programs and supporting systems that assist the suppliers to enter the global market. Moreover, we have focused on developing environment-friendly green technologies to acquire patents and new technology certifications and are actively applying them to our sites.

We will take these outstanding performances as a stepping stone to fulfill our role and responsibility as a global leading company in sustainability management. With a broader perspective, we will grow further together. Please look forward to Hyundai E&C's promising future which fosters a better tomorrow and a bigger happiness. I kindly ask our companions' and our stakeholders' love and interest.

Thank you.



# Corporate Philosophy & Vision

Hyundai E&C's creative foresight, active willpower, and strong initiative have been the driving force for the growth and the source of the competitiveness throughout its 67 years of history. Since the incorporation into Hyundai Motor Group in 2011, Hyundai E&C has shared and internalized the Group's management philosophy and core values to strengthen its capability to become a genuine global construction company.

## The Group's Management Philosophy

On the basis of the Group's management philosophy, "realizing the dream of mankind by creating a new future through ingenious thinking and continuously challenging new frontiers," Hyundai E&C is accomplishing a history of success and is leading the future.



### Unlimited Sense of Responsibility

- Strive for the business's continuous growth in order to take the responsibility for our employees and their families as well
- Seek the highest quality to unlimitedly take the responsibility for our customers' happiness and safety

### Realization of Possibilities

- Engrain a DNA of pursuing the unlimited growth and development
- Refuse to stay comfortable or complacent, yet have an entrepreneurial spirit to take the risk of failure and pioneer new business areas
- Realize even the smallest possibility into a reality and create a fundamental, added value

### Respect for Mankind

- Provide the best-quality products and services to as many people as possible and contribute to the development of human society's overall standard of living
- Proactively respond to environmental issues and participate in philanthropic activities to contribute to the world's local communities

## The Group's Core Values

Every member of the Group realizes the future vision by abiding by, with priority, the Group's five core values as a standard of their action and decision making. By sharing and internalizing the core values, we will promote a communal spirit and solidarity, and establish an advanced corporate culture that matches the reputation of the company.

In addition, we will step forward to become a creative, global construction company by implementing challenges and cooperation and by respecting customers and employees. With the open mind and global capability of every member, Hyundai E&C's greater tomorrow begins.



The Group's VISION

Together for a Better Future



Hyundai E&C's VISION

WE BUILD TOMORROW

## Hyundai E&C's MISSION

### As a global leading provider of high-value engineering solutions

Provide integrated construction services and diversify the type of overseas contracts  
Establish an optimized management infrastructure

### Convergence with future technologies

Ensure that individual technologies developed in separate work areas are integrated and utilized in new areas to create new growth drivers  
Fulfill the role as a catalyst of new growth business areas

### Through cross-business synergy

Prepare the basis for sustainable growth  
Enhance partnership with relevant industries to expand business areas

### Create the foundation for a better life

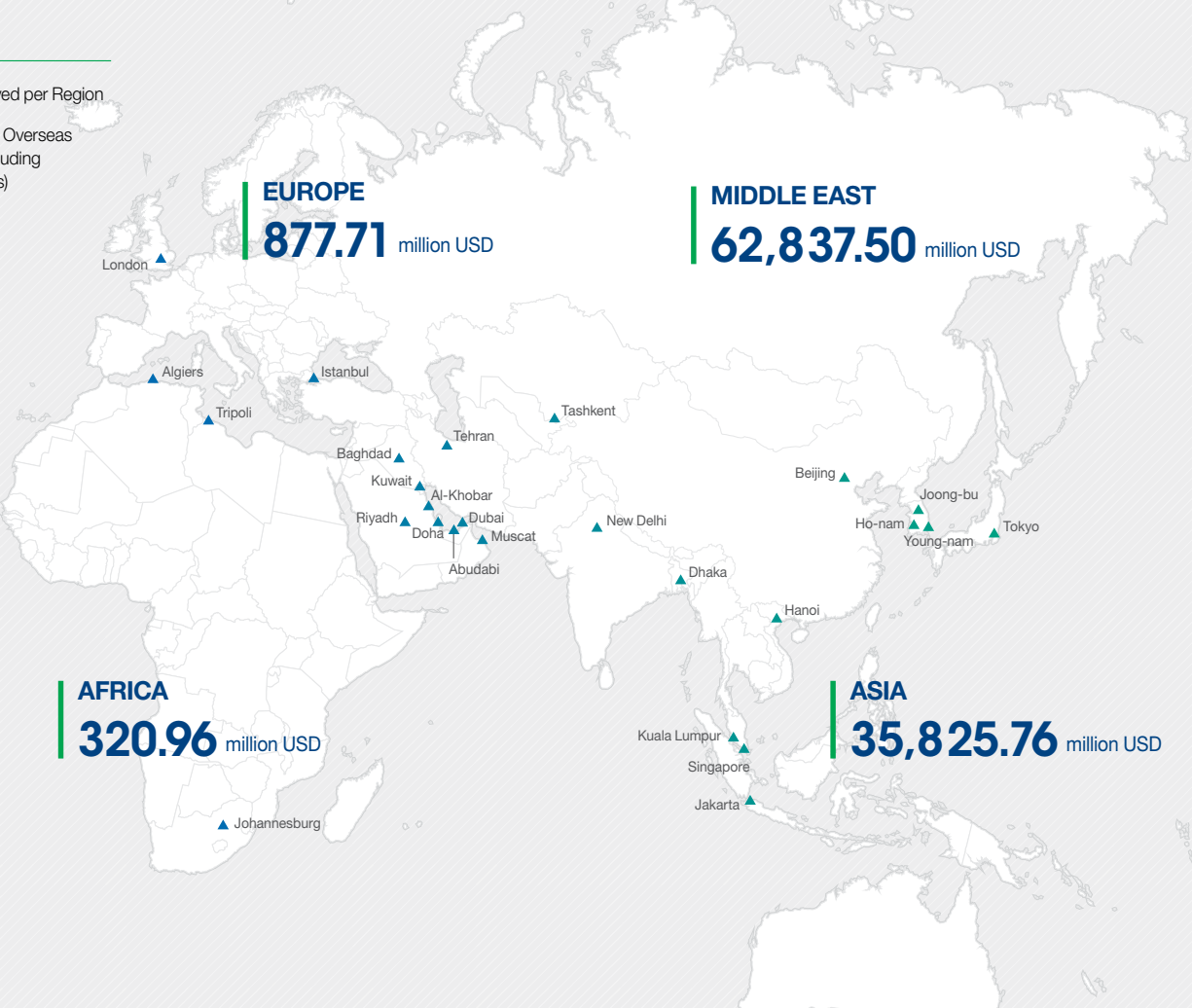
Value 'people' as a top priority and create a better foundation for life by having a shared mindset with customers  
Grow together with all stakeholders and contribute to the society

# Business at a Glance

## Company Overview & Business Portfolio

Backed by advanced technological capabilities and verified execution abilities, Hyundai E&C is creating a better tomorrow by accomplishing the shared growth with stakeholders all over the world. As of May 2014, a total of 5,492 employees are working at the headquarters, 3 domestic and 27 overseas branches, and 179 domestic and 73 overseas sites. By stably operating businesses in Southeast Asia, the Middle East, Latin America, the Commonwealth of Independent States (CIS), and Africa, Hyundai E&C is growing to become a global advanced company with larger potential and competitiveness.

- Orders Received per Region
- Domestic and Overseas Branches (including Liaison Offices)



### CIVIL WORKS



Hyundai E&C's Civil Works Division has helped the national economic development by pioneering global civil and environmental business markets based on its advanced technology and experience accumulated for 67 years. By operating projects including land development, ports, railways, roads, bridges, water resources, and the environment through green environment business organizations and the technology development in the pace of the environmental markets, Hyundai E&C provides a core infrastructure solution for various countries' economic development.

### BUILDING WORKS



With an indomitable will and creativity, the Building Works Division creates the future space where people and the environment can coexist by leading the market changes and shifting a new paradigm in the construction industry. Hyundai E&C will solidify its place as a Global Space Creator which leads the world's construction industry by further developing the fields of environment-friendly green buildings, high-rise buildings, and mixed development business with exceptional technological abilities that governments and clients around the world can trust.

### PLANT WORKS



Hyundai E&C's Plant Works Division is expanding further to new markets of higher value-added business through its outstanding business execution ability and technologies. On the basis of its rich construction experience in mega-scale petrochemical plants, steelworks & refineries, and nuclear power generation projects and high reputation, Hyundai E&C will strengthen its capability in the global plant engineering, procurement, and construction to lead the world's plant construction industry.

### POWER & ENERGY WORKS



The Power & Energy Works Division pioneers global markets of the electric power generation, desalination plants, facilities for power transmission and industrial electricity with its world-class, source engineering technology and competitiveness in performance. Hyundai E&C continues to enhance its position as a Total Power & Utility Provider that expands cutting-edge future businesses by securing the global business capability through the expansion to new markets, by enhancing capabilities of human resources, and by growing together with the Group.

## Major Financial Performance in 2013

Orders Received	21,717.3 billion KRW
Revenue	13,938.3 billion KRW
Operating Income	792.9 billion KRW
Net Profit	569.6 billion KRW
Credit Rating*	AA-

\* Credit rating from Korea Ratings Corporation, NICE Information Service, and Korea Investors Service



# HYUNDAI BIG PICTURE

Hyundai E&C's challenge to create a sustainable future  
for the society and the company

# E&C



The Beginning of the Change

## **BIG PICTURE 01 < Megatrend Outlook >**

Identifying the opportunity and risk factors based on the analysis of 2030 mid- to long-term trends

## **BIG PICTURE 02 < Challenges to Opportunities >**

Preparing countermeasures against changes of the future in advance by securing differentiated source technologies through the analysis of the four major megatrends in the construction industry

## **BIG PICTURE 03 < Hyundai E&C Creating Shared Value >**

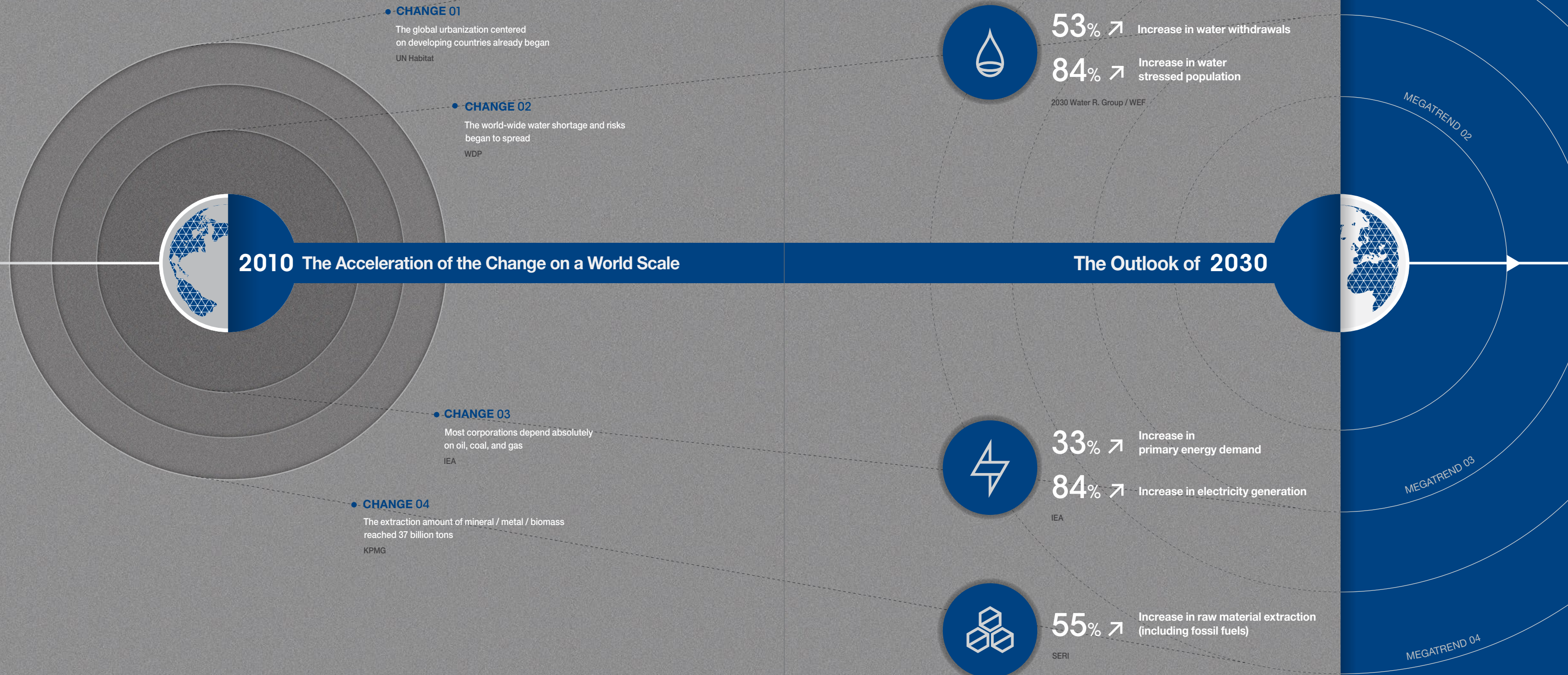
Growing together with the society by creating shared values through Hyundai E&C's sustainability management



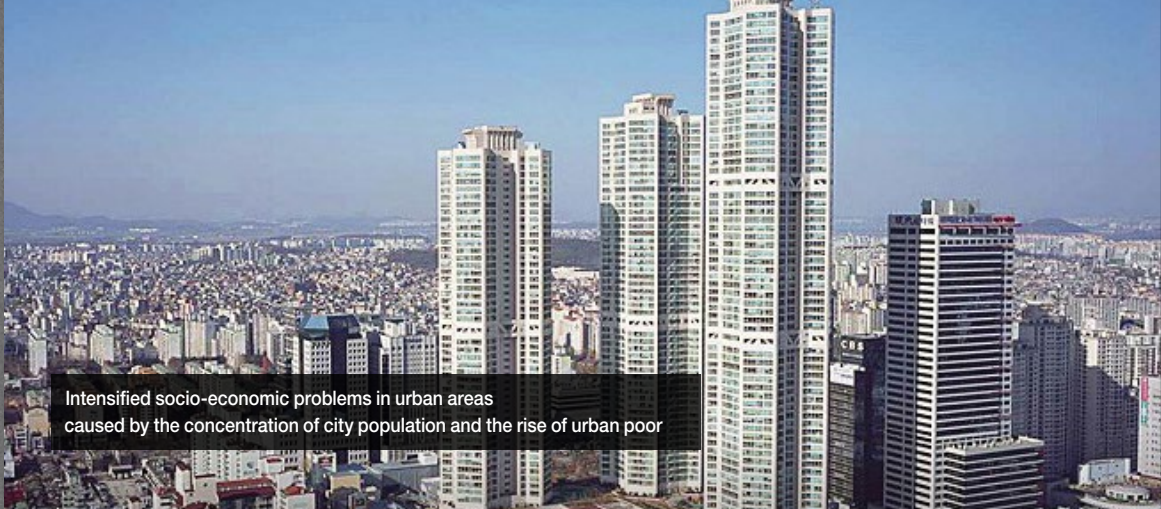
BIG  
PICTURE  
01

Megatrend Outlook

The world's sustainability is threatened by global climate changes, population growth, energy and water scarcity, and resource depletion. The rapid growth in world's population has led to the global urbanization when risks caused by shortages of water have increased drastically. The industrialization of developing countries has accelerated the exhaustion of energy and resources.







Intensified socio-economic problems in urban areas caused by the concentration of city population and the rise of urban poor



Outbreak of security threats on water supply between businesses and markets as the growth and expansion of the businesses are endangered

RISK FACTORS



Advent of severe crises on energy caused by sudden changes in energy policy, supply, and fuel prices



World-wide excessive competitions on securing resources including metal, biomass, agricultural products, and water



URBANIZATION

MEGATREND 01



WATER SCARCITY / POLLUTION

MEGATREND 02

INDUSTRY MEGATRENDS

Based on the analysis of the global megatrends, Hyundai E&C defined four major megatrends of the construction industry: urbanization, water scarcity/pollution, energy/fuel, and resource scarcity. By analyzing the future of each megatrend, Hyundai E&C strives to identify risks and opportunities and integrate them into the business.



ENERGY / FUEL

MEGATREND 03



MATERIAL RESOURCE SCARCITY

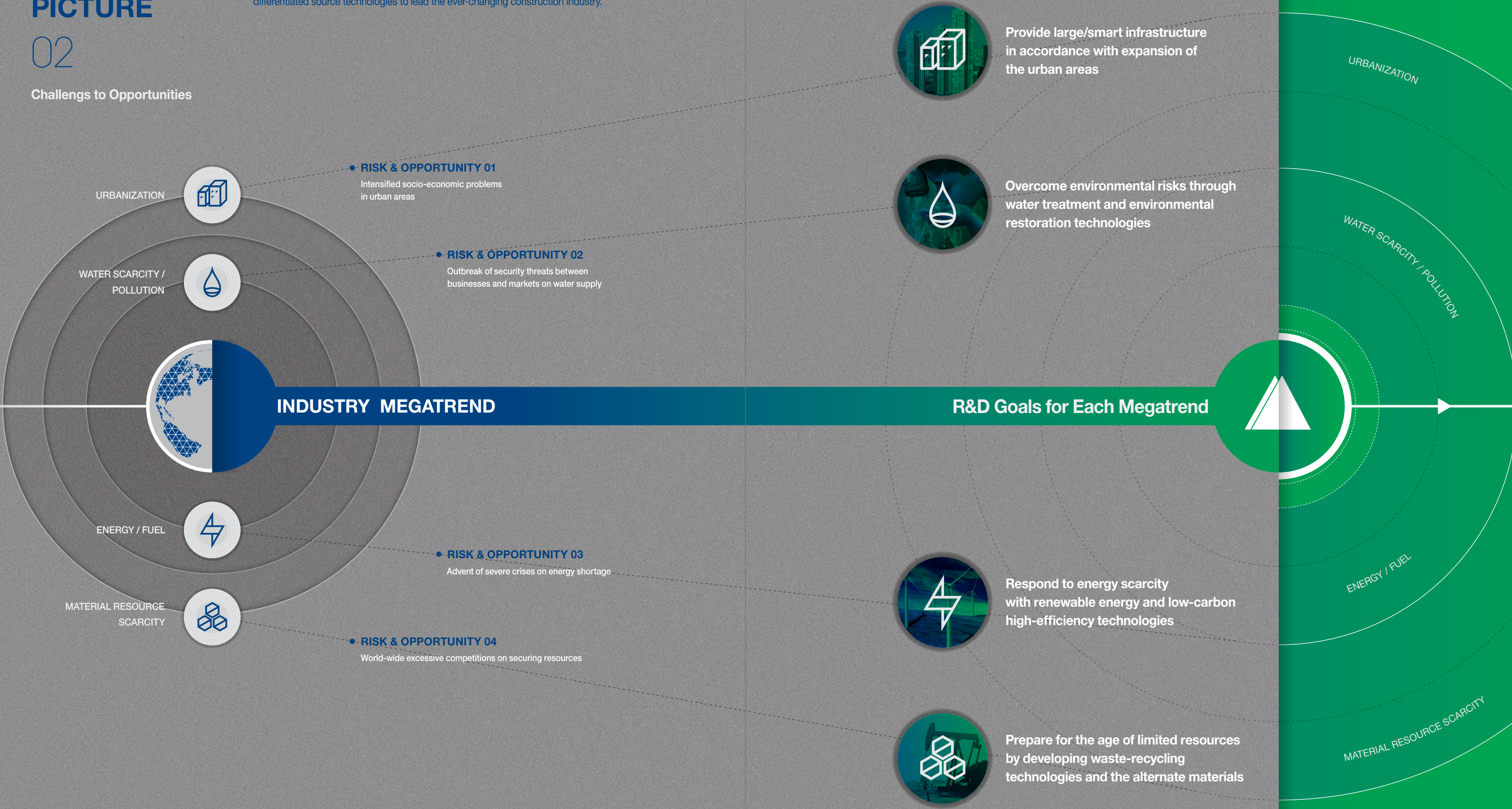
MEGATREND 04



BIG  
PICTURE  
02

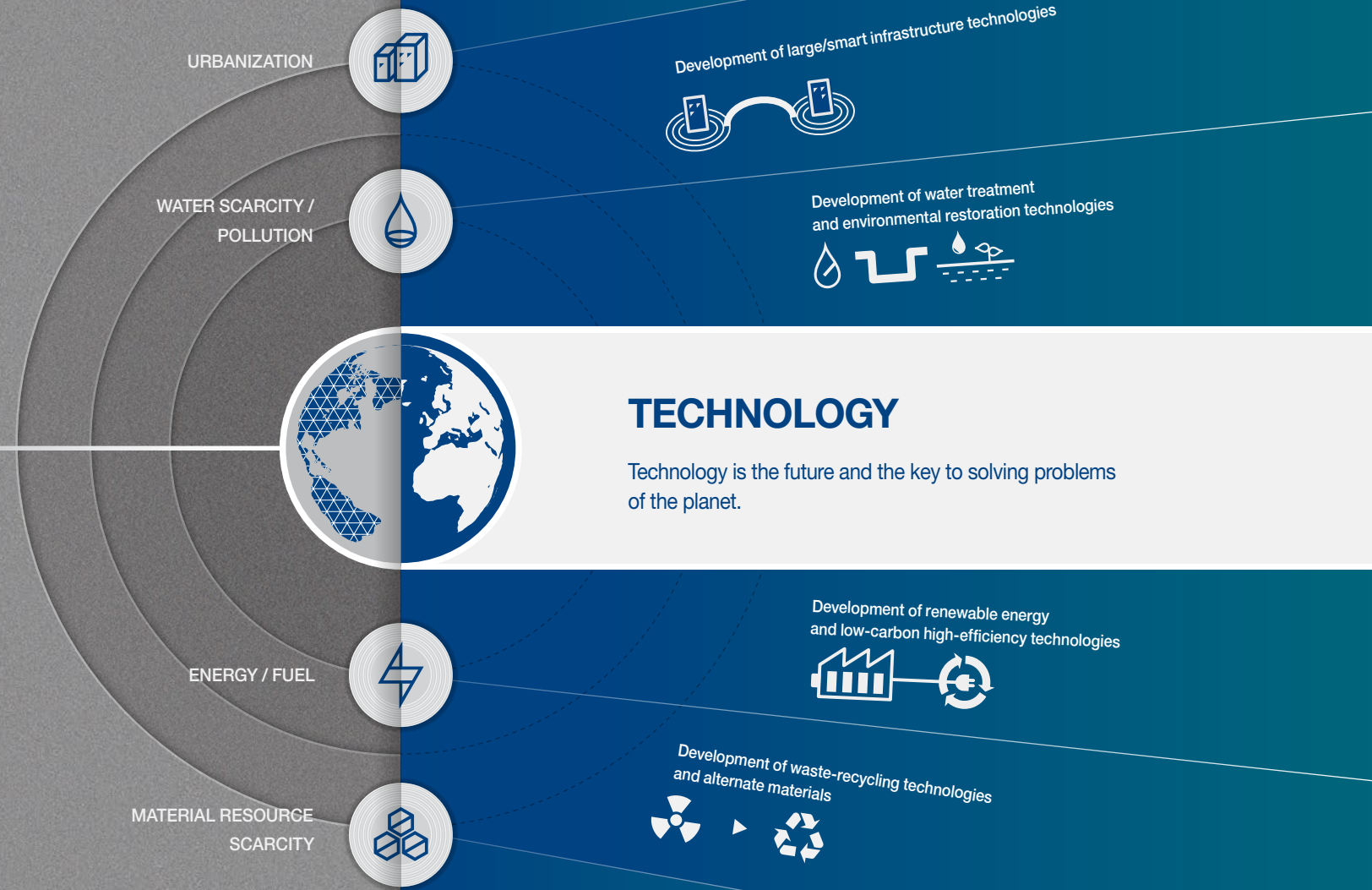
Challenges to Opportunities

Technology is the future and the key to solve problems of the planet. Hyundai E&C sets mid- to long-term R&D goals for each of the four megatrends and strives to secure differentiated source technologies to lead the ever-changing construction industry.





Hyundai E&C strives to become a global integrated engineering company that solves the problems of the future by providing sustainable construction products and environment-friendly technology services with its differentiated technology capability.

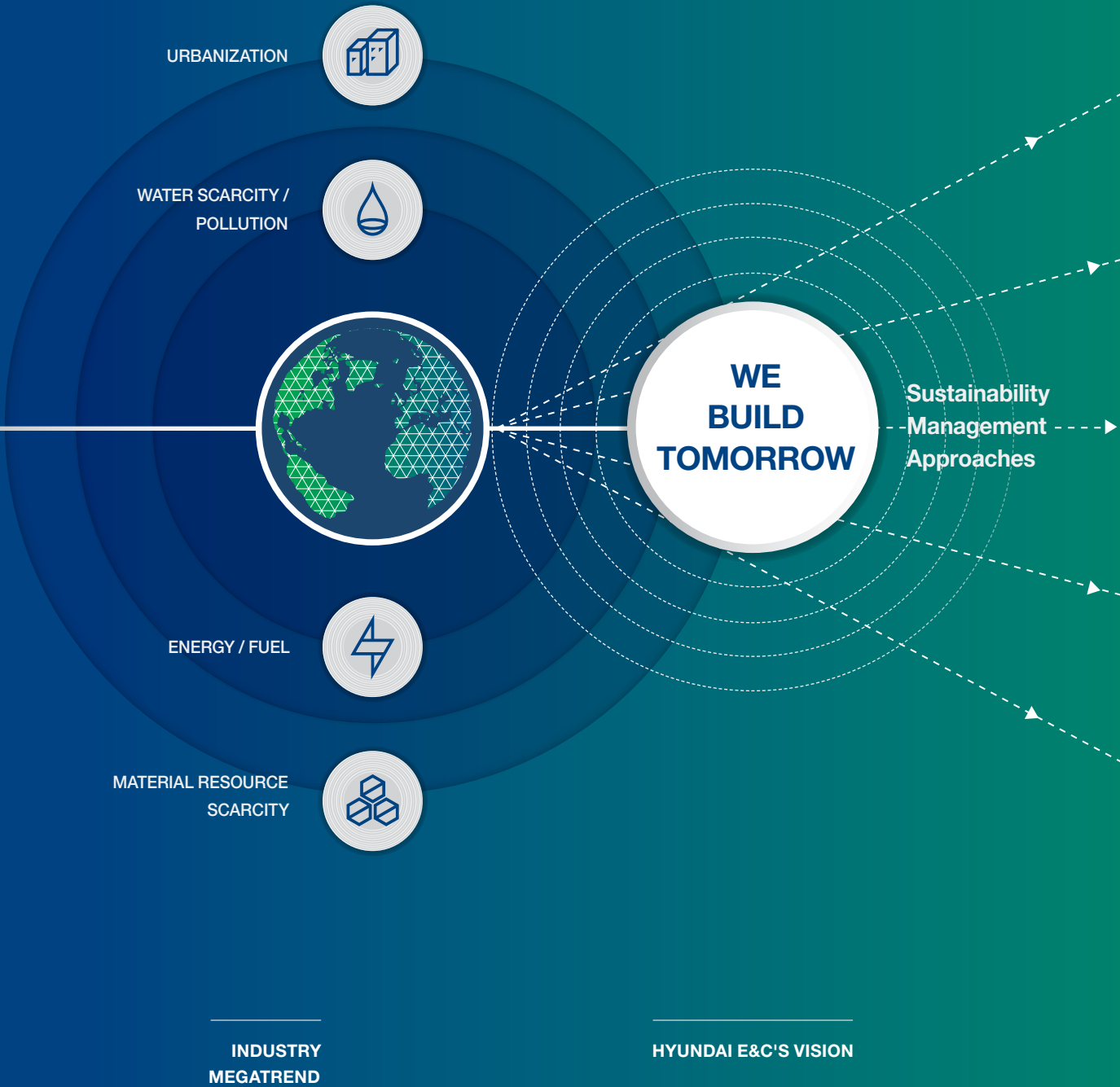


BIG  
PICTURE  
03

Hyundai E&C  
Creating Shared Value

Hyundai E&C implements a company-wide sustainability management to promote its long-term growth as well as the prosperity of humanity. In 2014, Hyundai E&C has established five areas of sustainability – strategic management, environment management, technology management, talent management, and social management – to build a tomorrow where the company and the society grow together.

※ Creating Shared Value (CSV): The management principle by which economic value and social value are created simultaneously by accepting the demands of the society and solving problems.



▲ Strategic Management

The whole world is the land of infinite possibilities and the stage where Hyundai E&C makes its dream come true.

Hyundai E&C realizes a sustainable future through the global value creation.

▲ Environment Management

Environmental issues due to the climate change and resource scarcity are crises to companies and at the same time, opportunities.

Hyundai E&C minimizes environmental impacts by maximizing the eco-efficiency.

▲ Technology Management

Technology is the future of Hyundai E&C and the innovative DNA that makes the impossible possible.

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▲ Social Management

Suppliers are the most important companions and local communities are the base of business.

Hyundai E&C seeks to grow together with the society by enhancing the capability of its entire value chain.

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BIG  
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03

Hyundai E&C  
Creating Shared Value

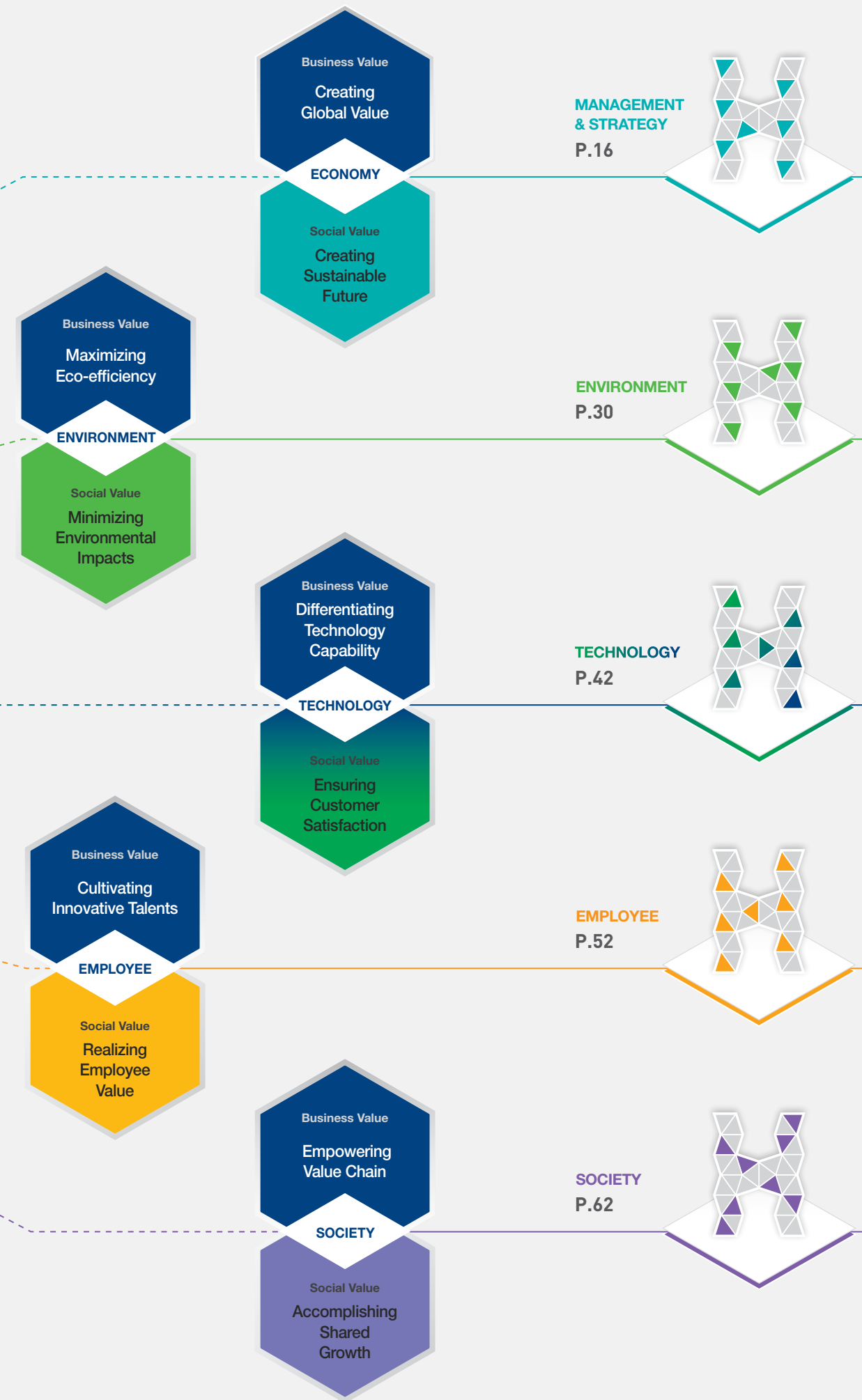


INDUSTRY  
MEGATREND

Creating  
Sustainable Habitat  
For Human



Hyundai E&C aims to achieve the sustainable development of the company and the society by creating shared values. Hyundai E&C will create a sustainable habitat for human with confidence that it can accomplish everything imaginable, indomitable determination, creative foreknowledge, and challenging spirit.





# 100

Billion USD of Cumulative Overseas Orders  
for the First Time in Korean Construction  
Industry

P.18

# 10

Billion USD of Annual Overseas Orders  
in 2012 and 2013

P.18

# 1<sup>st</sup>

Place at the Construction Capability  
Evaluation for 5 Consecutive Years

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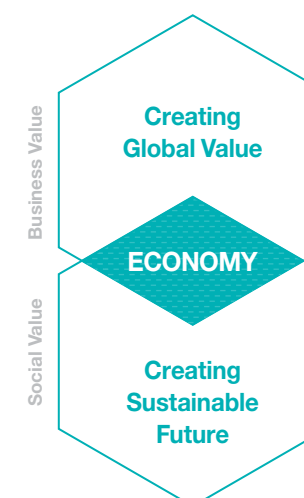
▲ Machang Bridge, Korea / APR.2004 - JUN.2008



## MANAGEMENT & STRATEGY



<http://www.hdec.kr/challenge>



Creating Shared Value

**Hyundai E&C realizes  
a sustainable future through  
the global value creation.**

### Our Approach

The world's sustainability is threatened by the continuous climate changes, population growth, energy and water scarcity, and resource depletion. Hyundai E&C seeks to become a global engineering company which provides a solution for such problems and creates global values by providing environment-friendly construction products and distinguished technology services.

Hyundai E&C strives to strengthen the basis for a sustainable future in its own way. We enhance our business portfolio, create economic values by investing in new growth industries and entering into emerging markets, establish a sound corporate governance with a transparent ethical management system, and handle risks strategically.



# GLOBAL VALUE CREATION



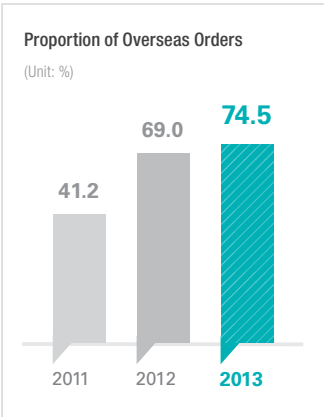
## MANAGEMENT APPROACH

Hyundai E&C has been leading the development of Korea throughout the history. Now we are advancing one step further to open up a new chapter of the sustainable world. In order to do so, Hyundai E&C strives to enhance its business portfolio with strategies by divisions, invest in new developing business, and enter new emerging markets.

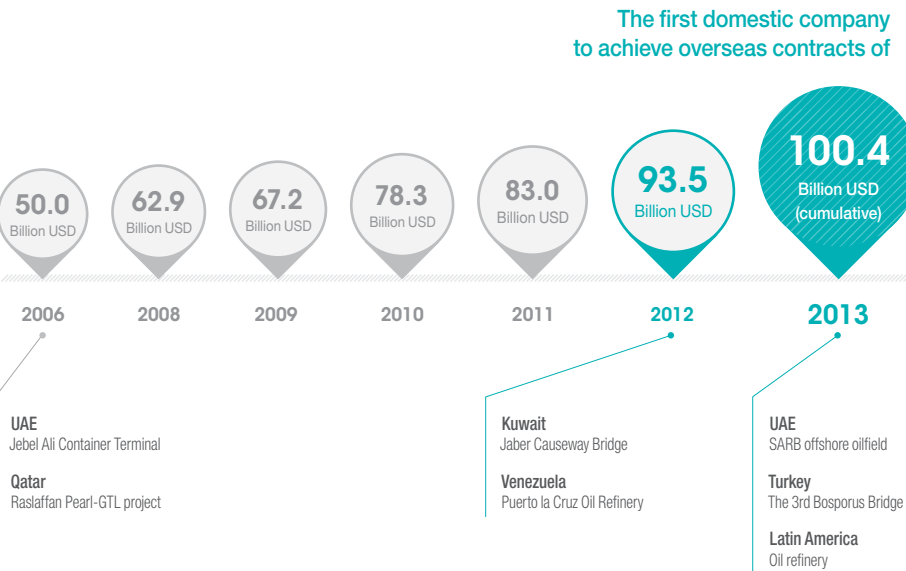
## Competitiveness in Overseas Markets

Hyundai E&C opened up a new era of the Korean construction industry by exceeding 100 billion USD of overseas orders received (accumulated) in 2013 for the first time in the Korean construction industry. Despite the global economic recession, Hyundai E&C leads the 'Construction Korea' based on excellent technologies, abundant construction experience, and customers' solid trust. These achievements are due to the successful diversification of overseas business portfolio by advancing to new markets in Latin America and Africa as well as the Middle East market, which is becoming highly competitive.

### Milestone of Overseas Contracts



\* Proportion of overseas orders against the total annual orders received



## Hyundai E&C Leads the Global Construction Market by Exceeding 100 Billion USD in Overseas Orders



In November 2013, Hyundai E&C received an order of 1.4 billion USD to construct an extra-large oil refinery in Latin America, which led to the achievement of a total of over 100 billion USD of overseas orders for the first time in the Korean construction industry. Since our first global project in 1965 to construct the first highway in Thailand, which

was the very first overseas construction done by a domestic company, it took 48 years to accomplish such a splendid feat. Hyundai E&C has carried out overseas projects not only in the Middle East, but also in emerging markets of 57 countries in Asia, Africa, Central and South America, CIS, and North America. It has received 794 orders overseas establishing a solid foothold in global markets. Especially in 2010, 2012, and 2013, we received orders of over 10 billion USD each year which has been never seen in the Korean construction industry before and thus opened up a new era of 10 billion USD of overseas orders. In order to continue the progress, Hyundai E&C establishes a business portfolio based on flagship products and new growth business and secures the global competitiveness in organization, planning, sales, and technologies.

## 2013 Construction Capability Evaluation

1<sup>st</sup> Place for 5 Consecutive years



## Construction Capability

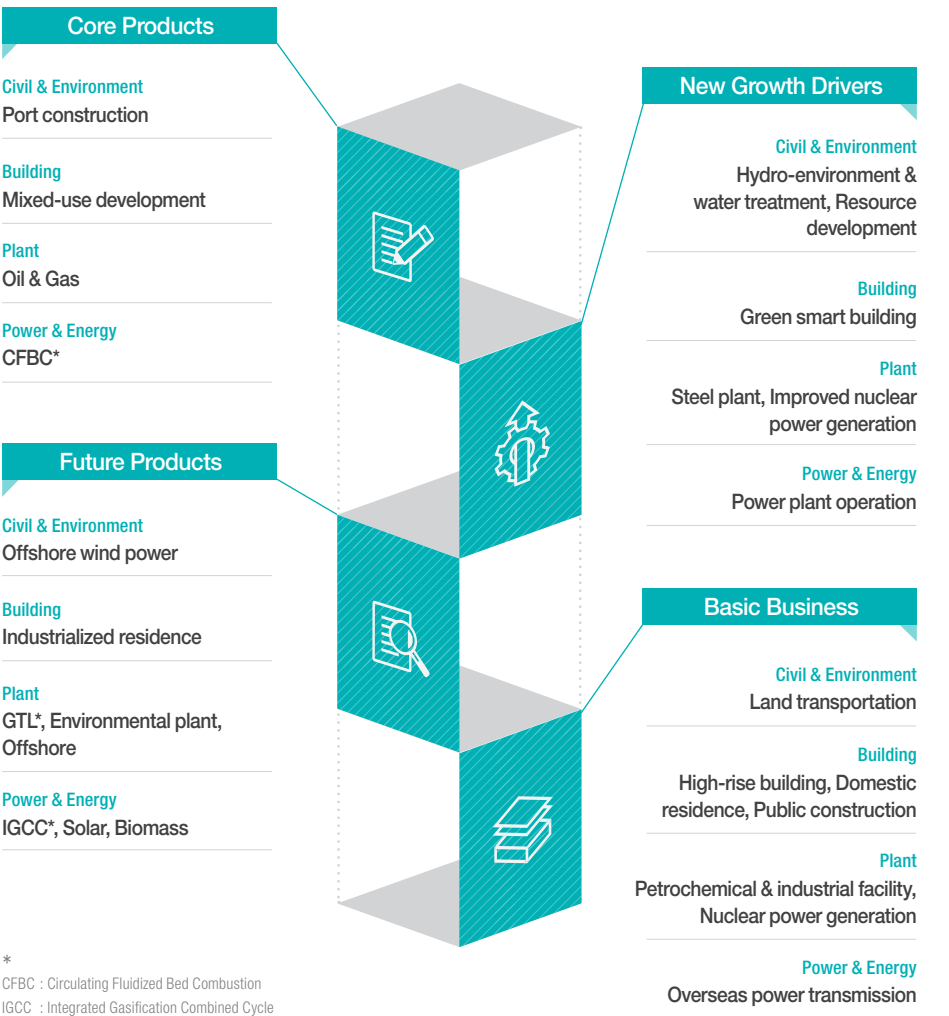
Hyundai E&C won the first place in the Construction Capability Evaluation 2013 announced by the Ministry of Land, Infrastructure, and Transport (formerly known as the Ministry of Land, Transport, and Maritime Affairs) for five consecutive years, reaffirming the company's position as a pillar of the Korean construction industry. We are striving to grow in both scale and quality to become a global leader, not just the top contractor in Korea.

## Development of Business Portfolio Strategy

Hyundai E&C is driven by the close cooperation between divisions centered around the Strategic Planning Group, newly established in 2013, to increase the business capability and to establish the competitive and well-balanced business portfolio. We solidify our competitiveness by strengthening core products and basic business while we enhance the business portfolio by developing new growth drivers and future products.

Hyundai E&C proved its competitive level of technologies against its competitors by receiving orders including the GTL project in Uzbekistan and the SARB project in UAE in 2013 and enhanced its core products by promoting the mixed-use development in Wirye new town. In addition, we built instantiation facilities for Green Smart buildings to take a pre-emptive action for ever-changing markets.

### Business Portfolio Conceptual Map



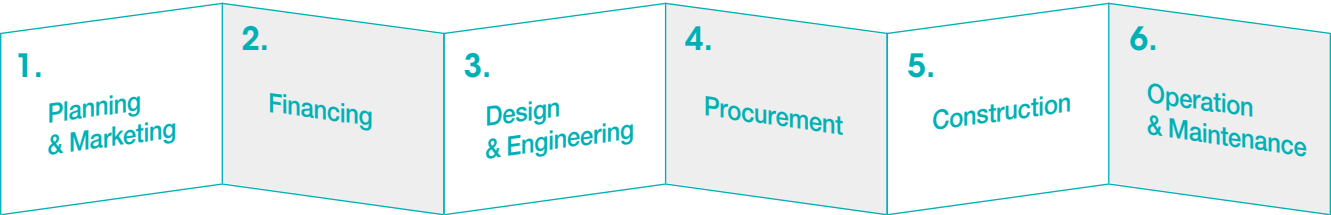
\* CFBC : Circulating Fluidized Bed Combustion  
IGCC : Integrated Gasification Combined Cycle  
GTL : Gas-to-liquids

# GLOBAL VALUE CREATION

## Advancement of Business Model

Due to the recession in the domestic construction industry and increasing competitions in global markets, Hyundai E&C strives to satisfy its clients by creating various values as a ‘Total Service Provider’ who offers comprehensive services ranging from planning to financing, engineering, construction, operation, and maintenance. Based on its vast experience and advanced technology accumulated through the implementation of over 794 projects in 57 countries, Hyundai E&C is becoming an integrated engineering company that customers can trust. Especially, we will continue to promote our higher value-added businesses, such as the development and operation, at the corporate level in 2014.

• Total Service Provider



## Development of New Growth Drivers

In March 2013, we newly established a Strategic Planning Group within the Planning Division to systematically identify new growth drivers. Also, we set detailed plans to find and operate the new growth drivers for each business area and operated a task force (TF) to shape direction and execution strategy. We implemented strategies to successfully enter a market and find new growth drivers including the water treatment, environmental plant, and private power plant through partnership with global construction companies and M&A with companies owning advanced technologies.

Based on the market analysis derived from the continuous monitoring of the market trend in 2014, we will determine the time and scale of entering the market that draws the best solution to the company's profits and growth in the future.

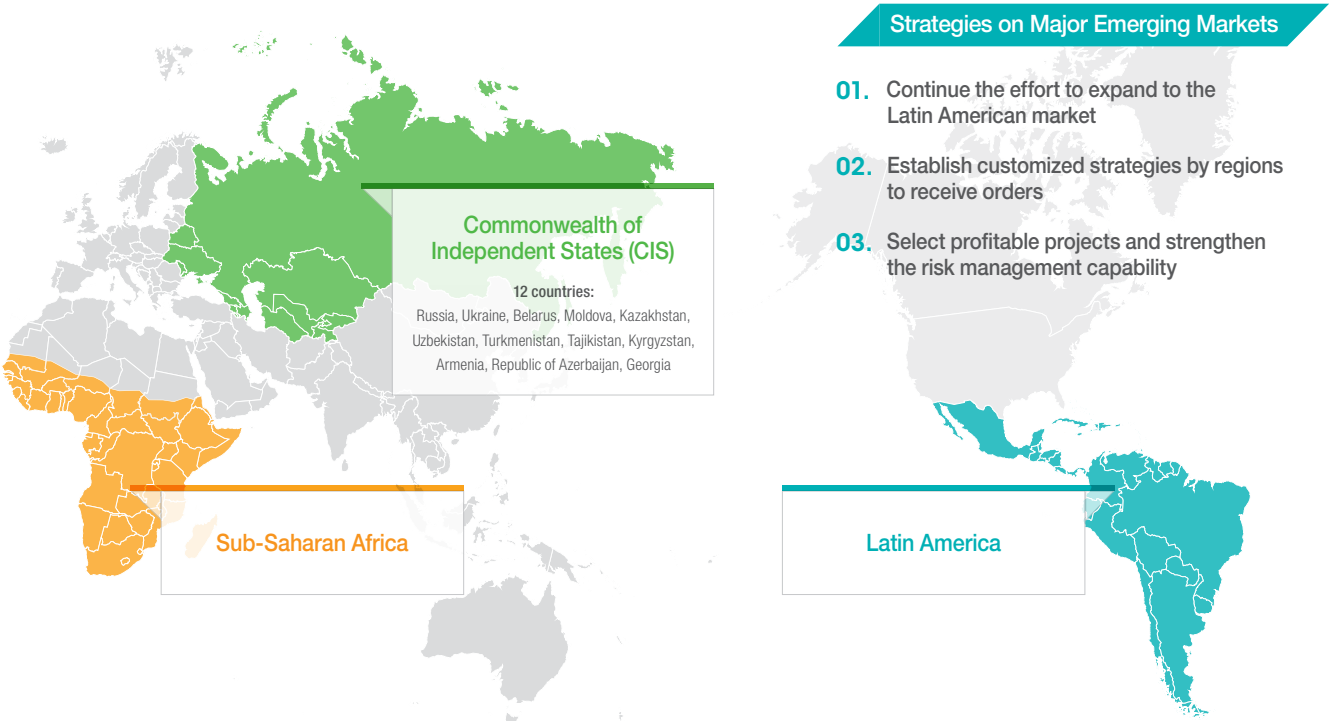
## Expansion to Emerging Markets

Hyundai E&C has chosen South and Central America, sub-Saharan Africa, and Commonwealth of Independent States (CIS) as major emerging markets and put multilateral efforts to establish a foundation for the expansion. As a result of our devotion to the market of South and Central America after establishing an overseas branch in Bogota, Columbia in 2010, we succeeded to contract Bello Wastewater Treatment Plant of Columbia in 2012 for the first time and expanded to the construction industry of Chile in February 2014. Based on these successes, we will seek to expand our business into the entire Latin America.

For the markets in Africa, we are reinforcing our project capability all over the African continent by receiving orders of the enlargement construction of the Azito power plant in Cote d'Ivoire located in the Midwest of Africa in 2013 and the construction of Jinja Bridge from the Uganda National Roads Authority. In the CIS markets, we received the order of Talimarjan Thermal Power Plant Expansion Project in Uzbekistan, which is worth 820 million USD, completing the ‘construction Silk Road’ that starts from the Middle East to Central Asia.

By constructing the 3rd Bosphorus Bridge in Turkey, Hyundai E&C has broken the barrier of the European construction industry that has been dominated by European firms. In order to be successful in global markets in 2014, we will continue to enhance our competitiveness of receiving new orders by selecting and managing prime focused projects, and also strengthen the competitive edge in marketing by fostering regional experts continuously increasing the share in new markets.

• Strategies on Major Emerging Markets



## Hyundai E&C Leads the “Construcion Korea” at the Heart of Emerging Markets

### “Hyundai E&C Enters Chilean Construction Industry Opening Door of Latin American Market”

Hyundai E&C has actively promoted to receive orders in Latin America by establishing overseas branches in Bogota, Columbia in 2010 and in Venezuela and Uruguay afterward. Due to the efforts, we received an order of 648 million USD to construct Chacao Bridge placed by the Chile's Ministry of Public Works in February 2014. Hyundai E&C's cutting-edge technologies for a super-long span bridge and its strong construction capability received high remarks in constructing the 2.75 km-long four-lane suspension bridge that connects Chiloe Island and the mainland. We will do our best to construct Chacao Bridge successfully in order to raise the awareness of the company and to tighten the grip of the Latin market.



▲ Chacao Bridge, Chile

### “Hyundai E&C Finally Enters European Market through Bosphorus in Turkey”

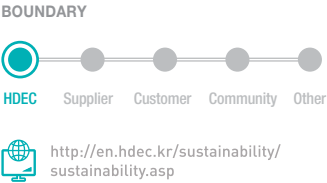
Hyundai E&C received the order of 700 million USD to construct the 3rd Bosphorus Bridge in Turkey placed by Ictas, a Turkish construction company and Astaldi, an Italian construction company. The project is to construct a 2,164m-long super-long span bridge with a 1,408m center span that crosses the Bosphorus. It is the world's first construction to use the EPC method to integrate cable-stayed and suspension bridge. Hyundai E&C plans to establish a bridgehead to expand more to the European market and improve the competitiveness and its position in the European construction industry by successfully completing the construction of the 3rd Bosphorus Bridge that symbolizes the connection between the East and the West.



▲ The 3rd Bosphorus Bridge, Turkey



# CREATING SUSTAINABLE FUTURE



## MANAGEMENT APPROACH

In order to create a sustainable future with various stakeholders including suppliers, customers, and local communities, Hyundai E&C has strengthened the sustainability management system. In addition, we are striving for the continuous growth by advancing the internal management system through the establishment of a sound corporate governance, reinforcement of ethical management, and strategic risk management.

## Sustainability Management Strategy

Hyundai E&C's sustainability management philosophy is clearly presented in its corporate vision, "as a global leading provider of high-value engineering solutions, we will create the foundation for a better life through cross-business synergy and convergence with future technologies." The mission given to us today is to provide a sustainable base for humanity and solve the problems including climate changes, population growth, energy and water scarcity, and resource depletion through sustainable construction products and competitive technologies.

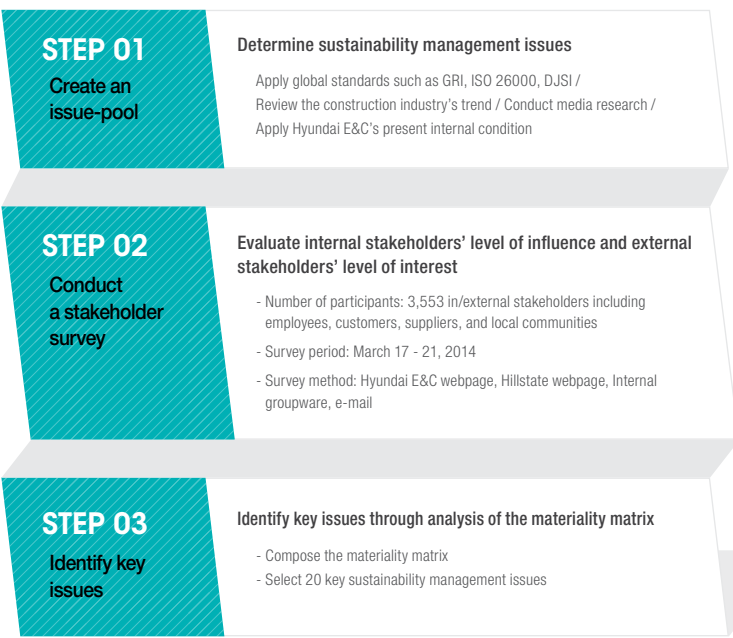
## Sustainability Management Organization

Hyundai E&C established a Sustainability Task Force in February 2014 to effectively pursue systematical sustainability management to establish the sustainability strategy. The TF is implementing multilateral sustainability management activities, such as analyzing megatrends and reviewing a Materiality Test and the improvement tasks by areas. We will grow with our stakeholders through the internalization and enhancement of sustainability management.

## Key Sustainability Issues

Every year, we conduct a Materiality Test to determine key issues that affect Hyundai E&C's sustainability. Based on the determined issues, we select key contents to report and establish goals and plans for sustainability management by business areas. In 2013, we have determined five areas of sustainability and 20 key sustainability issues. The five areas are management & strategy, environment, technology, employee, and society.

### Materiality Test Process

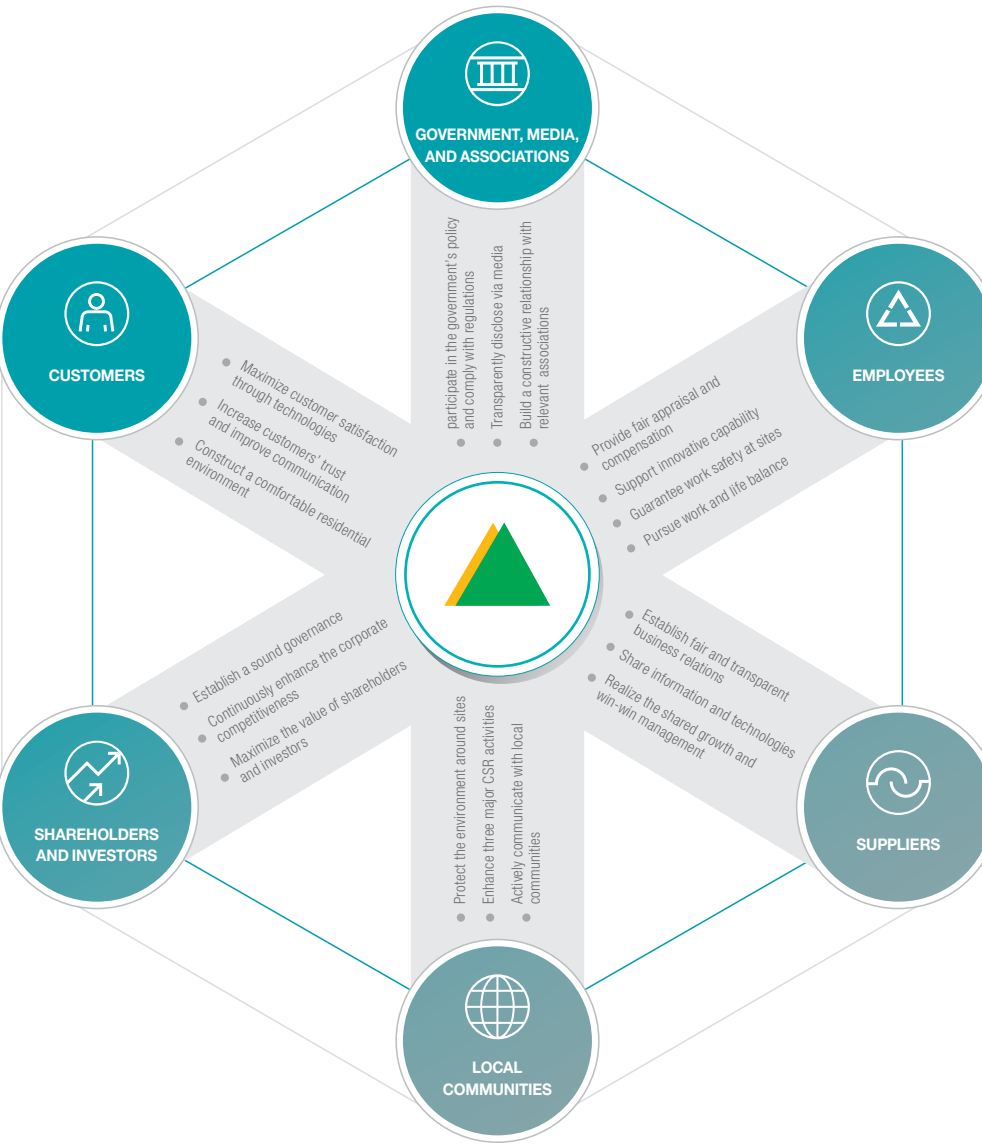


### Materiality Matrix



## Stakeholder Engagement Policy

Hyundai E&C selects the government/media/associations, employees, customers, suppliers, local communities, and shareholders/investors as the six major stakeholders of the company and operates several communication channels to make sustainable growth and maximize the shared value.



## Distribution of Economic Values to Stakeholders

(Unit: billion KRW)

Government	
Corporate tax payment	192.3
Employees	
Total of annual wages	531.2
Suppliers	
Procurement and subcontracting expenses	8,019.1
Local Communities	
Social contribution expenses	9.47
Shareholders/Investors	
Dividends Payment	55.7

## Hyundai E&C Stands Out as a Global Top-tier Company in Sustainability Management

Hyundai E&C was selected as the Industry Leader, the most sustainable construction company, in the Dow Jones Sustainability Index (DJSI) in September 2013. DJSI is the world's most authoritative index developed and announced by Dow Jones, the largest financial information company, and RobecoSAM, a Swiss assessment company. It evaluates the sustainability performance of the largest 2,500 companies by industries. The Industry Leader is recognized as a 'company that is delivering social responsibility while being successful in a long term', and therefore can differentiate itself and enhance

the competitiveness in overseas markets. In addition, the evaluation functions as an investment index for a business investment portfolio. The result is given to international investing institutions and pension and fund management institutions every year proving its positive effects in securing the liquidity. Since 2010, Hyundai E&C has been included in the DJSI World Index for four consecutive years enhancing the company's position as a global leader in the construction industry.



## SOUND CORPORATE GOVERNANCE

BOUNDARY



[http://www.hdec.kr/investment/mi\\_control.asp](http://www.hdec.kr/investment/mi_control.asp)

Financial Supervisory Service's  
Data Analysis, Retrieval and Transfer  
System (DART)

<http://dart.fss.or.kr>

### MANAGEMENT APPROACH

Hyundai E&C establishes a stable management environment and a sound corporate governance for the successful business. We strive to increase the efficiency of the board of directors and its committees and to reinforce the transparency of the board of the directors.

#### Structure of the Board of Directors (BOD)

Hyundai E&C operates a Board of Directors (BOD) composed of one executive director, two other directors, and four external directors to ensure the independence and transparency of a decision-making process. Since the construction industry requires a prompt decision making for all sites around the world, the BOD is chaired also by the CEO of Hyundai E&C, and the independent lead director is appointed in order to ensure the independence of the BOD. The independent lead director secures the BOD's independence by playing important roles including monitoring the CEO's managerial activities, mediating the conflicts between internal and external directors, provoking regular meetings of external directors, and collecting and proposing the external directors' opinions.

None of the external directors has belonged to Hyundai E&C or relevant subsidiaries, or has been specially affiliated in the last five years. All external directors are appointed based on their expertise and experience in at least one of the following fields: law, accounting/finance, and construction. The appointed external directors carry out their duties as advisors and facilitators of business operations by improving the fairness and transparency of company management, by positioning themselves independent from the management in accordance with relevant laws including the commercial law to provide their advice and expertise for decision making process, and by implementing objective monitoring and audit of management activities. In order to assist the external directors with their tasks, Hyundai E&C provides necessary information and educational opportunities.

Information regarding the BOD's articles of association, responsibilities, and resolutions can be found on Hyundai E&C's website. In addition, we regularly disclose the BOD-related information that needs to be publicly available at the Data Analysis, Retrieval, and Transfer System (DART) of the Financial Supervisory Service.

#### • Current Status of the Board of Directors

(As of MAY 2014)

Position	Name	Type	Recommender	Principal Work Experience
Executive Director	Jung Soo-Hyun	Standing	Board of Directors	(current) CEO & President, Hyundai E&C (former) CEO & President, Hyundai AMCO
	Chung Mong-Koo			(current) Chairman, Hyundai Motor
Other Director	Kim Yong-Hwan	Non-Standing	Outside Director Nominating Committee	(current) Vice-president, Hyundai Motor
	Shin Hyun-Yoon			(current) Vice-president, Education and Scholarship at Yonsei Univ. (former) Dean, School of Law at Yonsei Univ.
External Director	Lee Seung-Jae			(current) Chairman, Samsung Tax Firm (former) Director, Jungbu Regional Tax Office
	Suh Chee-Ho			(current) Professor, Architectural Engineering at Konkuk Univ. (former) Chairman, Architecture Institute of Korea
	Park Sung-Duck			(current) Lawyer, Lee International IP & Law Group (former) Inspection Commissioner, Board of Audit and Inspection of Korea

11 BOD Meetings on 28 Agendas

#### Roles, Election Criteria and Remuneration of the BOD

On behalf of the company and shareholders, the BOD authentically establishes core management goals and policies and monitors business activities of directors and executives to maximize the value of the company and build the stakeholders' trust. Hyundai E&C has standards for appointing directors in order to assure the balance among duty, experience, independence, and knowledge of the BOD, and it appoints directors at the general shareholders' meeting after receiving recommendations from the BOD and the Outside Director Nominating Committee. The size and composition of the BOD is reviewed periodically to improve the BOD's efficiency. The Outside Director Nominating Committee ensures that the candidate fulfills the required work experience to secure the diversity in the BOD and the complementarity of duties. In 2013, 11 board meetings were held to discuss 28 issues on the agenda including the approval of business with subsidiaries. The attendance rate of the external directors fulfilled the minimum rate of 70% as required by the company policy.

Directors' remuneration, including the severance pay, is paid within the limit determined at the general shareholders' meeting and its status is disclosed through quarterly, semiannual, and business reports. When the remuneration of a director exceeds 500 million KRW, we disclose individual payments for the director and its estimation standards for the transparency.

#### Committees under the BOD

Three committees, the Audit Committee, the Outside Director Nominating Committee, and the Ethical Management Committee, are operated under the BOD for the improvement of the BOD transparency, the efficient business operation and fulfillment of expertise, and sustainability management activities.

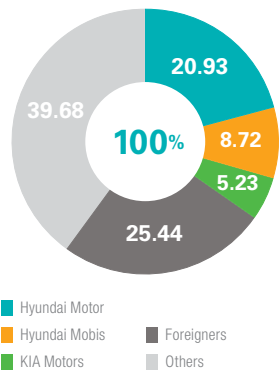
(As of MAY 2014)

Committee	Composition	Functions
Audit Committee	Chairman Shin Hyun-Yoon + three External directors	- Audit legality of business activities of the BOD and the management - Review integrity and validity of the company's financial activities - Review and control internal audits, appoint external auditor - Summon extraordinary shareholders' meeting
Outside Director Nominating Committee	Chairman Jung Soo-Hyun + four External directors	- Recommend candidates for external directors
Ethical Management Committee	Chairman Shin Hyun-Yoon + three External directors, one Executive director	- Establish sustainability vision and strategic tasks - Review transparency of internal transactions and execution of ethical management - Ensure execution of Compliance Program - Deliberate and resolve major social contribution policies - Deliberate and vote on a deal among affiliate persons defined by the Monopoly Regulation and Fair Trade Act

#### Protection of Shareholders' Rights

As Hyundai E&C's owners, shareholders have the right to have a share in the profits and exercise one's voting right according to related legislations including commercial laws. For amendments to the Articles of Incorporation, mergers or split offs, changes in capital and other such matters that affect the status of the company or create a significant impact on shareholder rights, the general shareholders' meeting makes decisions focused on preserving shareholders' rights. Hyundai E&C also protects the shareholders' right to know by disclosing important management information through various channels including the corporate disclosure system, the website, and general shareholders' meeting in a timely and accurate manner.

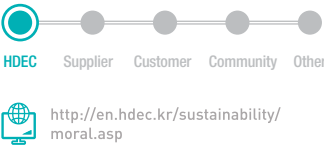
Hyundai E&C's Main Shareholder Distribution  
(Unit: % / As of DEC 2013)





# ETHICAL MANAGEMENT ENHANCEMENT

BOUNDARY



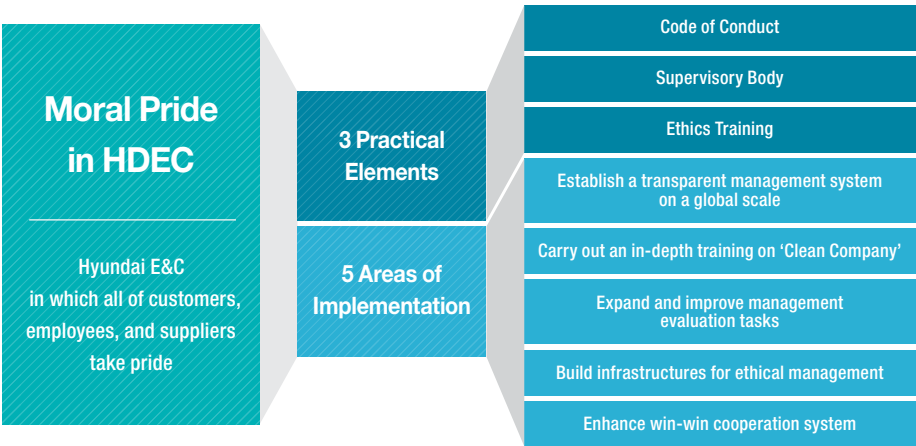
MANAGEMENT APPROACH

Hyundai E&C strives to become a respectful company to stakeholders through ethical management and fair trade as a responsible corporate citizen. In order to do so, we are leading an advanced corporate culture of ethical management by aligning the relevant internal organization and reinforcing the ethical management system.

HDEC Green CSR Declaration

Hyundai E&C strives to establish the ethical management system and internalize a general sense of ethics by enacting the HDEC Green CSR Declaration to share its ethical management vision with stakeholders and encourage their participation as well. The HDEC Green CSR Declaration is applied to not only all employees, but also Group companies and suppliers. In addition, we conduct regular reviews to reflect changes of industry trends, stakeholders' needs, and global environmental problems to the Declaration. In May 2013, the Declaration included issues such as the overseas human rights, anti-trust, and biodiversity through the fourth revision.

Ethical Management System



Ethical Management Activities

By firmly establishing the ethical management system and internalizing ethical management, Hyundai E&C corrects unjust practices and cost structure by ethical standards and fulfills the corporate social responsibility. In September 2013, we built the foundation to systematically promote ethical management by developing step-by-step implementation plans. In December of the same year, we implemented online education on business ethics for all employees to reinforce their awareness of ethics. Also, we promoted year-round campaigns on compliance and ethical actions. Through the convention on compliance management in January 2014, our employees pledged to establish a fair business culture, eradicate unfair collective actions, seek a culture of the shared growth, and take the corporate social responsibility. In the future, we will appoint ethical management personnel for each division to implement activities to reinforce the ethical management system, such as creating an integrated ethical management message board for education and promotion.

Operation of the Cyber Audit Office

We are operating the Cyber Audit Office (<http://enaudit.hdec.kr>) in both English and Korean offering cyber education on the Code of Ethics and other related internal policies and regulations to raise the awareness of the compliance with ethical management. Especially, cases of unfair request, corruption, and recommendation for policies are reported in real-time through the Cyber Audit Office and handled transparently. Also, reports from overseas through the Hot-Line for each country are corresponded promptly. All the reports are non-disclosed

Convention on Compliance Management



Type of Reports via the Cyber Audit Office

Consultation with businesses

11 %

Consultation with clients, etc.

78 %

Corruption

11 %

to protect the informant's identity and confidentiality and by assigning a reference number to each case, the informant can track the status of the case.

In 2013, we improved the accessibility of the Cyber Audit Office by announcing its instruction through a pop-up window on Hi-Partner, our suppliers' portal. In 2014, we will further increase the rate of valid reports by emailing to the management of our suppliers to promote and guide the use of Cyber Audit Office.

Compliance Program for Fair Trade

Hyundai E&C operates an compliance program for fair trade to raise our employees' awareness of a transparent and fair business culture and the program is utilized as a means of the internal control. To internalize employees' awareness of the fair trade compliance, we expanded preventive educations and implemented a practical internal supervision system by reinforcing the compliance committee and internal inspections in 2013. We will continue to operate and strengthen key components of the compliance program to firmly establish the awareness of fair trade.

7 Key Components of a Compliance Program for Fair Trade

01	02	03	04	05	06	07
CEO's commitment	Appointment of supervisors for autonomous compliance	Establishment & amendment of Autonomous Compliance Handbook	Training system	Monitoring & supervisory system	Regulations on any act of violation	Establishment of documentation system

**Establishment of Compliance System**\_\_\_To systematically implement the compliance program for fair trade, we biannually hold the Compliance Conference to examine internal fair trade risks and share fair trade issues occurring outside the company. In addition, we conduct regular internal inspections for each business area to fix any violations of laws. At regular board meetings, we report plans and results of the operation of the program to enhance the effectiveness and raise the will to participate. Also, we will increase the number of the autonomous compliance conference to over four times a year.

**Reinforcement of Training on Fair Trade**\_\_\_In order to firmly settle the awareness of autonomous compliance with fair trade, we have expanded our mandatory training for fair trade to all employees. In 2013, the precautionary effect about law violations increased by inviting external specialists to provide trainings on subcontracting, fair trade, labeling and advertisement, and cartel. In 2014, we will further enhance the preventive education of external specialist and regularly upload educational materials to the internal autonomous compliance message board.

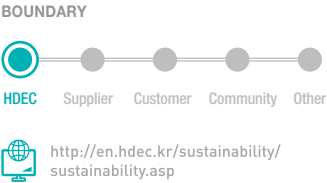
Fair Trade Training



Fair Trade Training Program

Overview of the Subcontracting Act	For domestic project managers and management team leaders	Fair Transactions in Subcontracting Act; Recent trends in policy making and legal executions
Special Education on Fair Trade	For executives and team leaders at the headquarters, Finance & Accounting Division, new employees, administrative managers and project management group	Key fair trade issues of Hyundai E&C and risk management measures; Compliance Management
Prevention of a Cartel	For employees and management working in contracts and sales	Laws and cases of bid rigging; Code of Conduct
Labeling and Advertisement	Responsible Personnel of housing sales and PR	Understanding and violation of Act on Fair Labeling and Advertising

# STRATEGIC RISK MANAGEMENT



## MANAGEMENT APPROACH

Hyundai E&C proactively discerns potential risk factors and prevent the risk through the company-wide systematic risk management. Moreover, by identifying and commercializing opportunity factors, we strive for the sustainable business.

### Risk Management System

After restructuring the risk managing organization in 2012, we have established the risk management system and strengthened its infrastructure by developing the IT-based risk management system. We and particularly the PRM team, which is in charge of managing risks, continuously make a great effort to raise the risk awareness at the corporate level and to form the sympathy about the necessity of risk management.

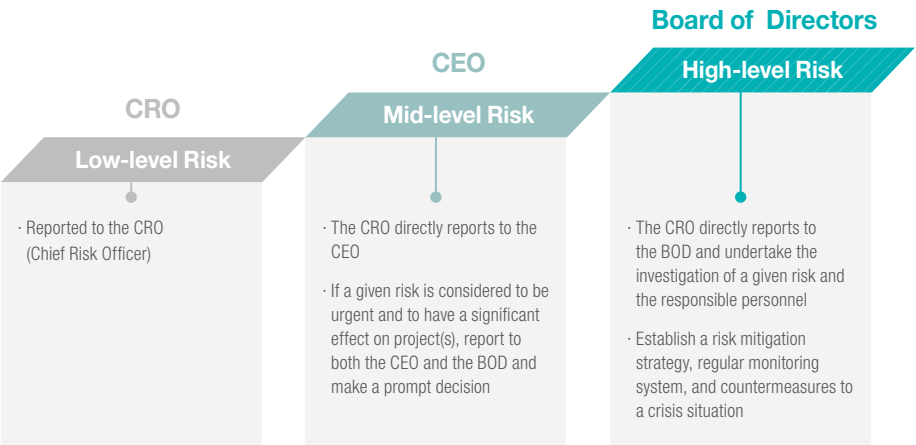
**Risk Analysis and Assessment System**\_\_\_\_In order to methodically analyze and manage risks, we conduct quantitative and qualitative assessments by experts and the result is built into a database as analysis materials. In 2013, we established a Risk Breakdown Structure (RBS), the risk management standards for the entire company, to create a checklist by project types and apply it to all projects. In 2014, we will optimize the RBS for each project type to strengthen risk identification procedures.

**Risk Response System**\_\_\_\_Hyundai E&C minimizes risks through the risk response system which is a basis for planning, monitoring, and evaluating the operation of response plans. In 2014, we will further reinforce the procedure to review whether the plan is properly implemented for a more thorough risk management.

**Risk Reporting Structure**\_\_\_\_Hyundai E&C analyzes the risks' degree of seriousness, probability of occurrence, and extent of influence, and then quantifies and categorizes risks into several stages. By classifying our risk reporting structure by stages, we are able to report and manage risks in a more timely and effective manner.

**IT-based Risk Management System**\_\_\_\_Hyundai E&C has established and operated an IT-based risk management system to control the information created during the processes of identification, analysis, assessment, and response of risks. We will improve risk management by continuously accumulating risk information as intelligent assets and analyzing it.

#### • Risk Reporting Structure



### Definition of Risks

For the effective risk management, we take all factors such as business areas, markets in which we operate business, the macroeconomic environment, and characteristics of stakeholders into consideration to manage

Risk Assessment Meeting



Risk Management System



risks classifying accordingly into two categories: corporate risks and project risks.

**Corporate Risks**\_\_\_\_The corporate risks are divided into country risks and company and market risks. The country risks include political, sociocultural, climate change and water-related environmental risks that may arise from external changes domestically and overseas. We are managing these risks at the corporate level.

The company and market risks include market, business, and financial risks usually handled by the company. Especially, we manage overseas funds efficiently by checking foreign exchange rates for each country through the intranet in real-time as the number of overseas projects increase continuously.

**Project Risks**\_\_\_\_The project risks include business risks such as economic recession or overheating and material procurement. We comprehensively manage risks that are closely related to projects by conducting an analysis on the situation of the construction market and all of our businesses. In addition, to systematically and professionally respond to legal risks arisen from our business activities, we are operating the 'Hyundai E&C Conflict Management System'.

### Key Risks Management Activities

**Reinforcement of Risk Management Process during the Order Stage**\_\_\_\_Since the project risks often occur at the early stage of an order, active risk management from the early stage is required. Therefore, Hyundai E&C has improved the evaluation process of orders and systemized the review process of risks at the order stage to effectively manage risks that can occur early on. To further strengthen the risk management process, we will improve the reviewing and analyzing processes at the order stage and establish an integrated operational plan to evaluate orders.

**Monitoring of Company-wide Key Risk Indicator**\_\_\_\_In order to respond to various risks in a prompt and effective manner, we have selected 20 key risks, monitored their current status on a monthly basis, and analyzed them through the scenario mapping. In addition, we have determined Key Risk Indicators (KRIs) on each key risk and developed a response manual for each of the related organizations to establish a risk response system that corresponds to unusual activities right away. Hyundai E&C will enhance the integrated risk management system so that the executives can utilize the major information collected through the system right away when making decisions.

#### Hyundai E&C's 20 Key Risks

01. Rise of raw materials prices	06. Failure of new projects	11. Political uncertainties in foreign countries	16. Non-compliance with laws
02. Currency volatility	07. Inability to qualify with the global QC standards	12. Diminished ties with suppliers	17. Occupational accidents
03. Intensified competition	08. Liquidity crisis	13. Changes in the construction industry policies and regulations	18. Information and technology leak
04. Weakening of brand awareness	09. Changes in the global economy	14. Damages to corporate image	19. Natural disasters
05. Failure to set appropriate management targets	10. Stagnant domestic construction industry	15. Vulnerability in HR management	20. Man-made hazards



0

Environmental Incidents  
for Two Consecutive Years  
in 2012 and 2013

P.38

278

Times of Domestic and Overseas  
Site Audits in 2013

P.38

15,594

Hours of Environmental Management  
Education in 2013

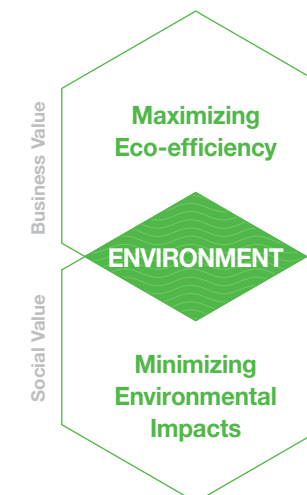
P.33



# ENVIRONMENT



<http://en.hdec.kr/sustainability/safety.asp>



Creating Shared Value

**Hyundai E&C minimizes environmental impacts by maximizing the eco-efficiency.**

## Our Approach

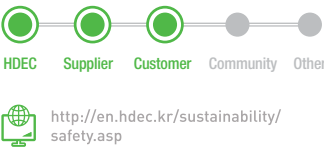
Environmental issues caused by the climate change and resource scarcity are crises which companies are confronted with and, at the same time, opportunities. We increase our business profit through the improvement of the environmental efficiency by establishing and managing reduction targets on major environmental performances and minimize environmental impacts created by business operations as well.

In order to achieve our vision of '2020 Global Green One Pioneer', we reinforce our environmental management capability by establishing a management system, which supervises all business operation stages of the technology development, engineering, procurement, transportation, construction, operation, and deconstruction, based on the company-wide environmental management strategies.



# MAXIMIZING ECO-EFFICIENCY

## BOUNDARY



## MANAGEMENT APPROACH

As the resource depletion becomes a reality around the world, the cost reduction through the efficient management of environmental performance is directly connected to a company's competitiveness. Hyundai E&C strives to maximize its eco-efficiency by establishing an environmental management system and setting and managing reduction targets by business stages.

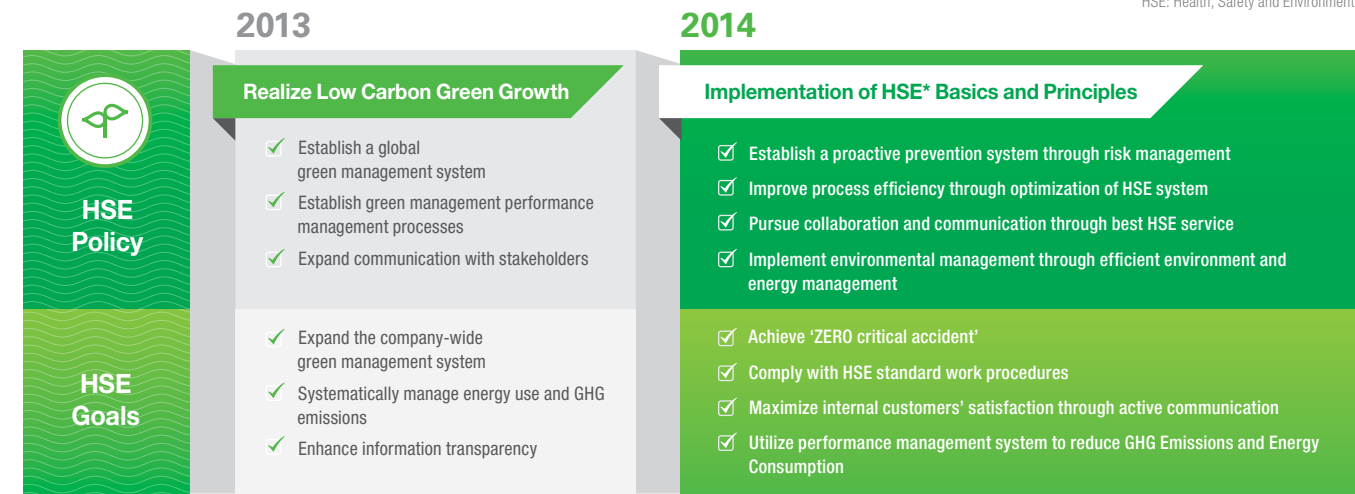
## Environmental Management System

**Integrated Management System for Health, Safety, and Environment** For environmental management, we have established an integrated management system for safety, health, and environment by combining OHSAS 18001, KOSHA 18001 (safety and health), ISO 14001 (environmental management system), KSI 7001 & 7002 (green management system), and ISO 50001 (energy management system) since 2012.

In 2013, we established policies and goals for safety, health, environment, and energy. We used them to establish policies and goals for each site and managed them according to the implementation plans. We encouraged all sites to use the integrated management system for safety, health, and environment, tried to increase users' convenience, and reestablished the environment-friendly roadmap reflecting environmental trends. In 2014, we will strive to settle a company-wide environmental management system in all business areas by reinforcing the management of overseas environmental performance and reestablishing the R&R on sites' waste management.

## Management Policy & Goals

\* HSE: Health, Safety and Environment



## Environmental Management Roadmap

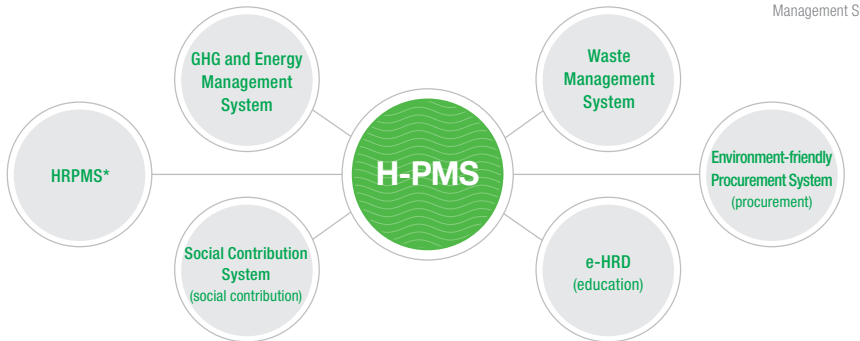


**Performance Management of Environmental Management** Using the Integrated Environmental Performance Management System, we establish and implement environmental management goals for all domestic and overseas sites and manage performance accordingly. Each year, the performance results are reported to the highest management so that they can be used to set management plans and goals and to identify improvement tasks for the following year. To efficiently manage the environmental management performance, we have integrated the GHG & Energy Management System and the Waste Management System with Hyundai - Project Management System (H-PMS), which is an integrated management system for sites, to collect and track data in real-time. Thus, we significantly increased the efficiency of the environmental performance management.

We plan to reinforce the company-wide environmental performance monitoring system through the establishment of the Integrated Environmental Performance Management System by sequentially connecting the e-HRD, environment-friendly procurement, social contribution, and green sales to the H-PMS. Furthermore, in 2014, Hyundai E&C will strive to optimize the environmental management performance through various efforts such as developing a forecasting model of GHG emissions and establishing a performance management system of GHG & energy reduction to proactively respond to the Greenhouse Gas and Energy Target Management System and the Emissions Trading System.

## Integrated Environmental Performance Management System

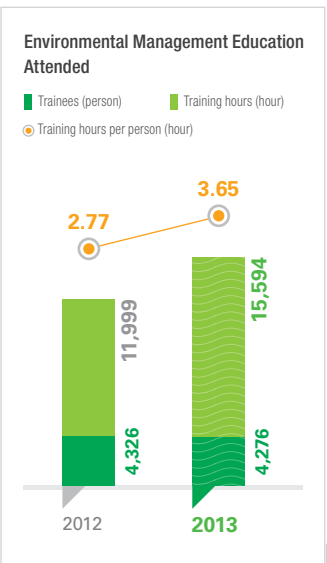
\* HRPMS : Hyundai Research Project Management System



**Audits on Environmental Management Activities** In order to reinforce the implementation of environmental management, Hyundai E&C has conducted regular audits on all sites (twice a year for domestic sites and once a year for overseas sites). The evaluation results are included in the KPIs of a site manager and HSE personnel and the evaluation score of each site is included in the evaluation score of the construction completion so that a site with outstanding grade will be awarded with performance-based benefits.

In 2014, to strengthen the responsibility on environmental management, the results of HSE management evaluation will be applied to KPIs of head of operations, head of HSE jurisdiction, PD, and all chiefs of parts including chief of the government affairs part. In addition, we will improve the efficiency of the evaluation by more intensely conducting two-day audits for domestic sites and by performing additional audits for the overseas sites of poor HSE management.

**Environmental Management Education** To increase employees' understanding of environmental management and expand environmental management activities, we provide comprehensive educations. In 2013, we increased the quantity and improved the quality of educations for not only our employees, but also our suppliers' employees such as on-site engineers, administrators, and tech workers and developed a curriculum by jobs. Also, we have strived to provide trainee-focused educations by inviting outside lecturers to offer expertise. As a result, a total of 4,276 employees spent 15,594 hours to receive educations. To enhance the utilization of the integrated management system and their capability, we offer educations on the specialization of the green management system to HSE personnel at sites. Hyundai E&C will continue to settle environmental management through multilateral and systematic educations.





MAXIMIZING ECO-EFFICIENCY

Response to Climate Change

Climate change caused by GHG emissions is intensifying as the industrialization of developing countries accelerates. Nowadays, the capability to improve the energy efficiency and reduce carbon emissions is becoming a company’s competitiveness in most industries. Responding to climate change is becoming an important issue for the construction industry as the energy consumption affects business significantly. Due to its characteristics, the energy consumption and GHG emissions occur from construction machinery and emissions vary by sites making it difficult to establish and manage reduction targets. Hyundai E&C, however, strengthens its response strategies in line with the national GHG reduction targets and concentrates on the company-wide energy and GHG management to enhance our leadership in global carbon management as an environment-friendly construction company.

Carbon Management System

**Carbon Management Strategy**\_\_\_\_Under its vision of ‘2020 Global Green One Pioneer,’ Hyundai E&C has been implementing the carbon management strategy to reduce the GHG emissions and energy consumption and to obtain Zero-House technologies by 2020.

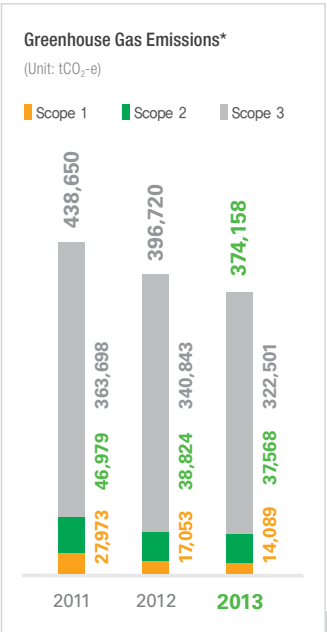
In order to achieve mid- to long-term GHG reduction targets promptly, Hyundai E&C chose representative sites for each business area, such as the Busan International Financial Center (BIFC), Samcheok Green Power, Shin-Hanul Unit 1&2, Wonju 2nd Yeongdong expressway, and Sejong Hillstate, and analyzed the energy consumption and potential of GHG reduction in 2013. Based on the assessment result, Hyundai E&C will develop and operate the optimized GHG reduction guideline by stages, which includes the development of forecasting model of GHG emissions, establishment of a GHG reduction performance management system, identification of GHG reduction items, and publication of a GHG reduction manual.

• Carbon Management Strategy

VISION: “2020 Global Green One Pioneer”		
GOAL		
Reduce Energy Consumption and GHG Emissions		Develop ‘Zero-House’ Technologies by 2020 (LCCO <sub>2</sub> * technologies by 2025)
<b>Green System</b> Establish Environmental Management System	<b>Green Project Management</b> Create Environment-Friendly Sites	<b>Green R&amp;D</b> Expand Environment-Friendly Technologies
1 Build the foundation for environmental management system	4 Systematically reduce GHG emissions	7 Secure core environment-friendly technologies
2 Improve image as an environment-friendly company	5 Expand environment-friendly outsourcing	8 Dominate environment-friendly source technology in advance
3 Operate the Environmental Management Committee	6 Operate sites in an environment-friendly manner	

\* LCCO<sub>2</sub> : Life Cycle CO<sub>2</sub>

**Reinforcement of Energy Management System**\_\_\_\_Hyundai E&C created a leading energy management system by establishing a GHG inventory system in 2010 and being the world’s first construction company to acquire and apply the ISO 50001 (energy management system) certification to sites in 2012. We have established the systematic management system by thoroughly reviewing the energy consumption at the planning stage, setting reduction targets based on the review, and monthly monitoring the energy consumption. Particularly, from 2014, energy management at sites has become more efficient because H-PMS, the integrated management system for sites, now integrates the GHG system so that energy data such as the energy consumption by energy sources and GHG emissions can be collected and analyzed in real-time. In 2014, we will continuously improve the energy efficiency by identifying every reduction items by sites and develop a reduction guideline.



\*GHG Emissions: estimated through basic unit and sales dy divisions and scopes based on verified data (GHG emissions change according to the adjustment of organizational boundaries)

Green Campaign



Value Creation Case: Cost Savings through Carbon Management Activities

SITE

- ✓ Use steam at existing factories when curing concrete
- ✓ Switch to mobile tower cranes to substitute the use of diesel with electricity
- ✓ Install a remote mobile control device for tower cranes
- ✓ Encourage car-sharing
- ✓ Check vehicles regularly
- ✓ Prohibit sudden acceleration, sudden braking, and idling within sites
- ✓ Adjust the tire pressure of construction equipment to improve fuel efficiency
- ✓ Encourage the use of bicycles within sites

HEADQUARTERS

- ✓ Maintain optimal indoor temperature
- ✓ Turn off lights and cooling/heating equipments
- ✓ Shut down computers or set them to sleep mode
- ✓ Use personal mugs instead of paper cups and encourage the use of scrap paper
- ✓ Use stairs and reduce the number of elevator use

VEHICLE

- ✓ Use hybrid cars for the corporate fleet
- ✓ Use public transportation or commuter buses for commuting to/from work

**Leadership in Carbon Management**\_\_\_\_Since 1955, as a major member company of the Society for Environmental Construction, Hyundai E&C has passionately attended consultative group meetings, seminars, and subcommittees to expand the base of carbon management in the construction industry. In 2012, Hyundai E&C participated in the Climate Disclosure Standard Board (CDSB) Working Group to participate in establishing measures to implement the Climate Change Reporting Framework (CCRF). Also, in 2013, we worked as an adviser for the revision of environmental regulations including the Noise and Vibration Control Act, the Clean Air Conservation Act, and the Construction Technology Management Act. Especially, by participating in the pilot project of the GHG Target Management System conducted by the Korea Infrastructure Safety & Technology Corporation, we review the adequacy of regulations when applying existing policies, which are created for the energy-based industry such as manufacturing industry, to the construction industry and improve accordingly.

Carbon Management Activities

**Management of GHG Emissions**\_\_\_\_Hyundai E&C annually conducts external assurances on GHG emissions to establish accurate GHG reduction targets. We comply with the Intergovernmental Panel on Climate Change (IPCC), which is the international guideline, GHG protocol from WRI·WBSCD, and ISO 14064 to find emission source and measure emissions. The measurement scope is divided into Scope 1, 2, and 3 following the guideline from WRI·WBSCD. In 2013, the total of GHG emissions was 374,158tCO<sub>2</sub>-e, which is a 5.69% decrease from 396,720tCO<sub>2</sub>-e in 2012. Hyundai E&C will continue to do its best to reduce the GHG emissions by operating environment-friendly sites.

**Activities to Reduce GHG Emissions**\_\_\_\_Hyundai E&C reduces GHG emissions and the energy consumption by implementing various reduction activities and policies at the corporate level. Green Campaign is our representative reduction campaign and is consistently implemented not only at the headquarters, but also at all sites. To further decrease the energy consumption at sites where most of the energy consumption occurs, we have found reduction items that can be applied to work right away and have promoted campaigns. Green Campaign at the headquarters is to reduce the energy consumption in daily lives at the office, such as maintaining the proper room temperate and saving electricity of computers, lights, air conditioners, and heaters. Our employees are encouraged and supported to use public transportation and commuter buses when commuting. Moreover, we replaced some gasoline-powered vehicles at the headquarters with hybrid cars, which are more energy efficient, and will gradually increase the number.

Hyundai E&C has established the ISO 50001 system at all sites and has implemented various Green Campaigns at the headquarters and all sites to increase the energy efficiency and reduce the carbon emissions. As a result of these systematic carbon management activities, 22,562tCO<sub>2</sub>-e of GHG emissions were reduced in 2013 compared to 2012 and 30.57 billion KRW of financial performance\* was achieved through annual energy reduction activities. Hyundai E&C will lead the GHG emissions reduction activities at the corporate level by establishing an environment-friendly workplace.

\* The number indicates the cost saved by GHG emissions reduction activities only. Please refer to CDP (<https://www.cdp.net>) for details.

# MINIMIZING ENVIRONMENTAL IMPACTS

## BOUNDARY



<http://en.hdec.kr/sustainability/safety.asp>

## MANAGEMENT APPROACH

To minimize our impacts on the environment around sites, we have established an environmental management system for all construction stages including the technology development, engineering, procurement, transportation, construction, operation, and deconstruction. Moreover, we strive to protect the environment from the inevitable environmental impacts created during the construction.

### Environment-Friendly Construction Process



### Hyundai E&C Becomes the Best Construction Company in Singapore



▲ 2014 BCA Awards, Singapore

In May 2014, for the first time in the Korean construction industry, Hyundai E&C won the best honor of PLATINUM in the Construction Productivity Awards (CPA) and won the Quality Champion GOLDPLUS in the Quality Excellence Awards (QEA) at the BCA Awards 2014 hosted by the Building and Construction Authority (BCA) in Singapore.

The BCA Awards are given to the selected best constructions distinguishing themselves in productivity, efficiency, construction quality, design, safety, and environment. The QEA is awarded to the best construction company after evaluating its constructions completed in the past five years by the superiority in quality, etc. Hyundai E&C has received the awards 13 times since 1997, which is an unrivaled record enhancing its competitiveness and position in the Singaporean construction market.

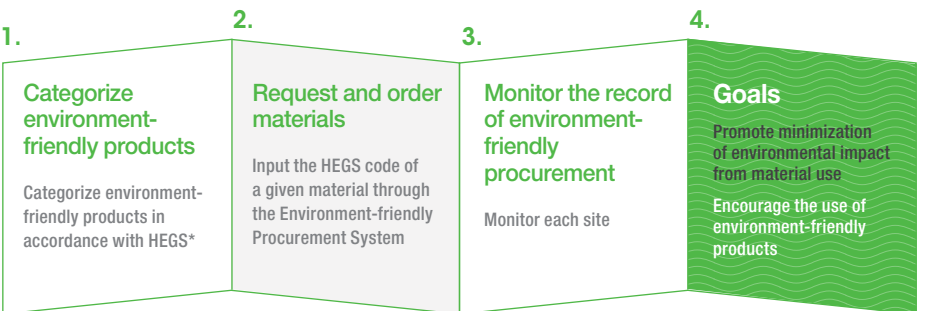
## Environment-Friendly Procurement

Hyundai E&C strengthens the environment-friendly procurement system by evaluating environment-friendliness of a material when purchasing and by encouraging suppliers to develop environment-friendly materials through supporting environmental management. Particularly, we signed the 'Voluntary Agreement on Environment-Friendly Procurement' with the Ministry of Environment and are continuously improving our environment-friendly procurement processes for the production and consumption of environment-friendly goods.

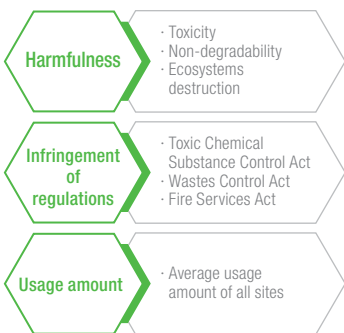
**Environment-Friendly Procurement Process**\_\_\_\_Hyundai E&C categorizes and manages environment-friendly products in accordance with the Hyundai Environmental Goods Standard (HEGS). The environment-friendly products are divided into eight codes, HEGS 1 to 8, and the code is entered into the Environment-friendly Procurement System when charging for or ordering a material. The data is classified by codes at each site and is managed as performance of the site and the responsible personnel to encourage the environment-friendly procurement. Hyundai E&C will continue to minimize the environmental impacts caused by materials usage by expanding the environment-friendly procurement.

### Environment-Friendly Procurement Process

\* HEGS : Hyundai Environmental Goods Standard



### Assessment Standards for Materials' Environment-Friendliness



**Assessment of Materials' Environment-Friendliness**\_\_\_\_To minimize the environmental impacts of materials, we evaluate the material's degree of harm. The environment-friendliness of a material is evaluated based on three standards: harmfulness, infringement of regulations, and usage amount. We strive to find an alternate material for a less environment-friendly material.

## Environment-Friendly Transport

To reduce GHG emissions from the transportation of materials and the driving of heavy equipment, Hyundai E&C has established a guideline on the operation of work vehicles.

**A Guideline on Operation of Work Vehicles**\_\_\_\_'Eco-drive guideline', a guideline on the operation of work vehicles, is to reduce the mileage and protect the environment and includes driving guidelines about traffic information, driving habits, and automobile management. Every vehicle and heavy equipment at the headquarters and all sites follow this guideline.

**Introduction of Environment-Friendly Vehicles**\_\_\_\_To reduce GHG emissions from work vehicles, we have used hybrid cars since 2012. We will persistently increase the number of environment-friendly cars to take the lead in protecting environment.



# MINIMIZING ENVIRONMENTAL IMPACTS

## Environment-Friendly Construction

In order to minimize environmental impacts throughout the entire construction stages, we strive to strictly manage energy, water, and material consumption at sites and periodically inspect the environment around sites.

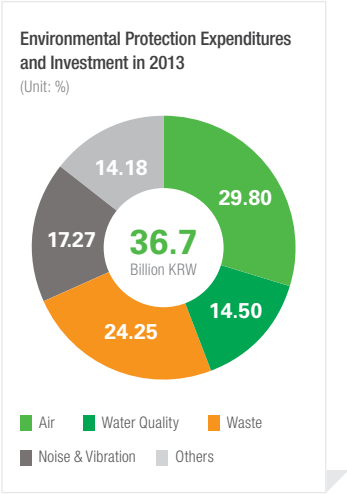
**Reinforcement of Site Audits**\_\_\_\_Hyundai E&C annually conducts independent external audits and internal audits by experts for all domestic and overseas sites. In 2013, we conducted a total of 278 site audits (251 domestic and 27 overseas audits) for 140 domestic sites and 30 overseas sites including the selected 21 sites which are newly established, large-scale, and/or with a record of multiple civil complaints and are subject to special environmental audits and management. Therefore, we achieved zero environmental accident in 2013 as in 2012.

Hyundai E&C is the first in the Korean construction industry to publish the 'Environmental Standard' for overseas countries where it operates business, such as Singapore, Saudi Arabia, UAE, Qatar, and Kuwait. In December 2013, Hyundai E&C won the 9th Best Practices Contest of Construction Environmental Management for its contribution to the industry development by 'improving work efficiency through environmental guidelines by countries'. We will continue to utilize the guideline to respond to each country's environmental regulations and increase the quality of environmental management through the systematic management at overseas sites.

**Site Resource Management**\_\_\_\_Hyundai E&C reduces the resource consumption by systematically managing resources at the construction stage. Resource consumption data by types of work and by sources are collected and managed through the Integrated Environmental Performance Management System on a monthly basis. Also, we develop and operate reduction items that can be applied to construction at sites as a part of the Green Campaign. For materials, we reduced the consumption by calculating the exact quantity and price through the Building Information Modeling (BIM). To reduce the water consumption, we use rainwater storage facilities, de-watering equipment for underground water, and sprinklers.

**Site Environmental Management**\_\_\_\_In order to minimize impacts on the environment around a site, Hyundai E&C divides site environmental management into four elements: air, water quality, soil, and noise & vibration. Particularly, wastewater from sites is disposed following relevant regional government's wastewater treatment regulations. We prevent the water pollution by installing and operating wastewater purifying facilities at sites and analyzing the water quality more than once every half year. As a result of strict water management, the amount of

### Expansion in Publication of "Environmental Standard" for Overseas Countries



### Measures to Manage Environmental Factors at Sites

**Air Quality**

- Establish the air pollutant emissions and abatement facility installation standards
- Install dust barriers and automatic sprinklers
- Operate the real-time Tele-Monitoring System
- Disclose the status of air quality through the electronic displays at sites

**Water Quality**

- Operate wastewater treatment facilities such as retaining walls, tunnels, and batch plants
- Conduct daily audit of wastewater management facilities; Analyze water quality more than once every half year
- Manage the marine environment
- Install diversion channels and grit chambers; Strictly manage oil facilities

**Soil Contamination**

- Prohibit any equipment repair & maintenance work and oil change work within sites
- Developed a contaminated soil washing technology (the Environmental Technology Verification No. 92)
- Six patents and two utility models related to the remediation of contaminated soil

**Noise & Vibration**

- Install sound-proof and vibration-proof facilities
- Use low-noise equipment
- Operate vehicles at low speed within sites
- Install sound-proof walls around sites

### Ecosystem Protection Activities

#### Replace habitat

Transplant trees and plants; Create ecological wetlands by settling basins; Install an island of "artificial" plants; Develop natural streams and green areas

#### Install protection devices and pathways

Build escape paths and escape-leading fences for small animals; Install pathways that utilize silt protectors, blocking paths, roadside trees, and other on-site structures

#### Consider alternative engineering

Change the construction location; Apply low-vibration construction methods; Downscale bridge foundations

waste water has clearly decreased by more than half compared to 2011. We invested and spent 36.7 billion KRW for the environment protection in 2013, which is a 19.9% increase from 30.6 billion KRW in 2011.

**Ecosystem Protection**\_\_\_\_For biodiversity, Hyundai E&C strictly complies with the Nagoya Protocol and proactively evaluates impacts on the ecosystem to protect the ecological environment and minimize topographic changes and damages to natural vegetation. In a case which any damage to the ecosystem is expected, we take impact minimization measures such as transplanting, replacement of habitat, and construction design changes. Even after groundbreaking, we continue to protect the ecosystem around sites. In 2013, we strictly implemented the ecosystem protection measures for sites where protected species inhabit.

#### Protected Species around Sites

##### Incheon New Port Container

Oystercatcher, Saunders' gull, Far Eastern Curlew, Kestrel, Spoonbill

##### Han River Restoration Project, Section 6

Polygonatum stenophyllum max, Aster altaicus Willd. var. uchiyamai (Nakai) Kitamura, Mongolian racerunner

##### Haman - Jinju Section of Gyeongjeon Line

Kestrel

##### Changwon - Busan Highway

Terrapin, Wildcat, Buzzard, Kite, Hen harrier

## Environment-Friendly Deconstruction

We have developed guidelines for environment-friendly deconstruction and waste management and systematically operated management systems. An integrated management is implemented by construction stages, types, and suppliers.

**Integrated Environmental Waste Management System**\_\_\_\_For efficient waste management, we linked the Environmental Waste Management System to our integrated management system, Hyundai - Project Management System (H-PMS). The waste amount and disposal cost are aggregated by divisions, companies, and types in real-time. By securing the transparency and credibility of related data, we increase the external credit rating. The data is used as a reference for the bidding and the budget compilation in the future.

**Waste Disposal**\_\_\_\_Hyundai E&C disposes waste following designated guidelines for each type of waste. For sites that discharge large amounts of waste or are highly important, we have established and operated waste disposal and recycling targets by sites to minimize the waste. We sell recyclable wastes to recycling plants to increase the resource utilization. And, we regulate to put a priority on purchasing recycled materials and cyclic aggregate. In order to protect the employees' and local residents' health from toxic substances including asbestos accrued during the deconstruction process, we have established and implemented the management procedure for toxic substances and commit toxic waste to professional organizations and designated waste management specialists.

**Environment-Friendly Deconstruction Guideline**\_\_\_\_We comply with the 'Guideline on Occupational Safety Standards for Deconstruction Work' to minimize environmental impacts created during the deconstruction and demolition stages and prevent accidents. Furthermore, we conduct assessments in advance for possible harmful substances such as asbestos to prevent employees from being directly exposed to dangers. We request for an examination by a professional organization to analyze the asbestos content. If it exceeds 1%, we commit the asbestos removal and disposal to hazardous waste management specialists.

# ENVIRONMENTAL PERFORMANCES AT A GLANCE

Hyundai E&C maximizes the eco-efficiency as well as minimizes environmental impacts by establishing an environmental management system for all business processes.

## INPUT

### Energy Consumption (TJ)

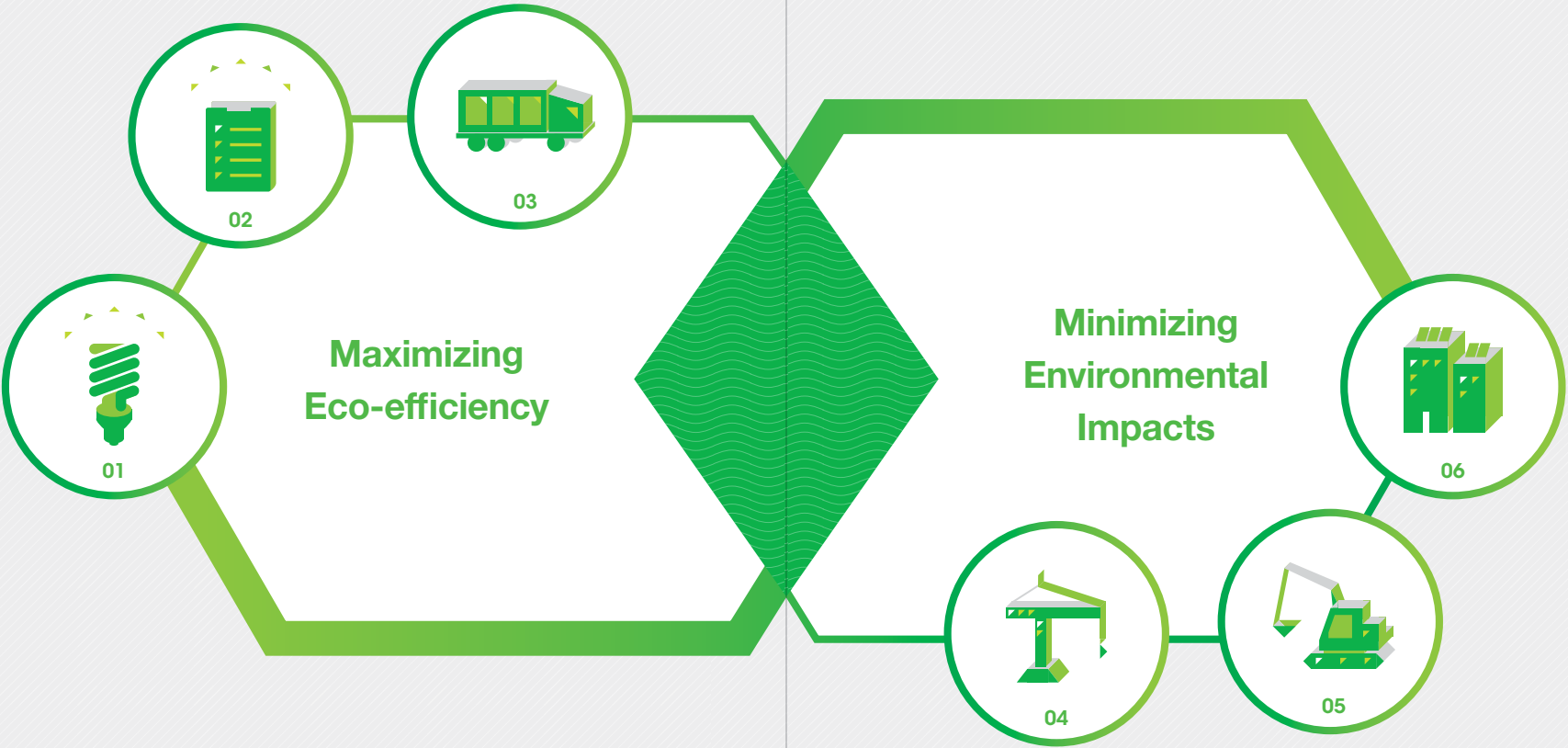
Description	2011	2012	2013
Diesel	270.92	88.08	86.91
Gasoline	25.65	24.56	18.03
Kerosene	41.12	23.93	18.48
LNG	36.39	173.30	66.44
LPG	5.25	5.56	2.59
District heating	0.21	0.87	1.67
Electric power	903.43	771.20	770.56
Lump coal (brown coal)	13.95	7.19	20.16
Ignition coal (wood coal)		0.70	0.50
Total energy consumption	1,296.92	1,095.39	985.34

### Material Use

Description	2011	2012	2013
Reinforcing bar (ton)	299,726	352,883	463,146
Steel (ton)	90,000	114,000	73,000
Ready-mixed concrete (m³)	3,529,397	2,293,475	2,457,581
Cement (ton)	120,679	85,872	86,185
Sand (m³)	750,056	8,764,430	11,699,798
Aggregate (m³)	1,118,235	7,431,776	5,335,498
Asphalt concrete (ton)	757,131	476,903	275,036
LO2 (ℓ)	1,842,634	1,436,324	1,276,421
Coal in medium-size lumps (kg)	5,619,606	1,191,627	2,902,127

### Water Usage (ton)

Type	2011	2012	2013
Tap water	62.9	36.1	71.0
Surface water	40.0	33.5	12.0
Underground water	26.0	12.4	10.0
Rain water	0.5	7.3	2.0
Total water usage	129.4	89.3	95.0



01

#### Environment-friendly Technology Development and Engineering

- Enhance environment technology
- Realize environment-friendly engineering

02

#### Environment-friendly Procurement

- Increase environment-friendly procurement
- Establish environment-friendly supply chain

03

#### Environment-friendly Transport

- Minimize environmental impacts caused by transportation
- Maximize the energy efficiency

04

#### Environment-friendly Construction

- Minimize environmental impacts caused by construction
- Maximize the resource efficiency

05

#### Environment-friendly Deconstruction

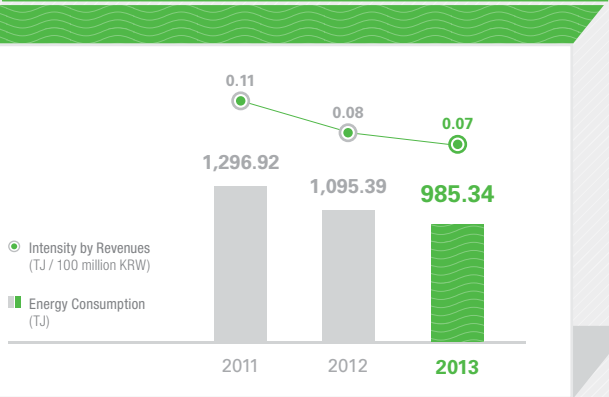
- Reduce construction waste matter
- Establish environment-friendly deconstruction standards

06

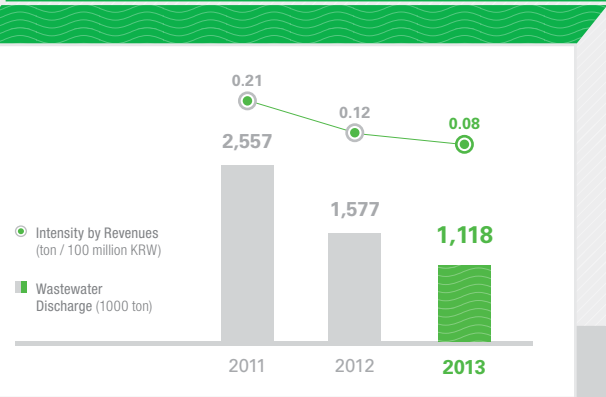
#### Environment-friendly Operation

- Increase environment-friendly certification
- Realize the sustainable construction

### Energy Consumption

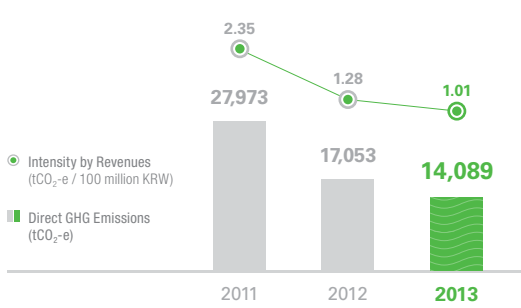


### Wastewater Discharge

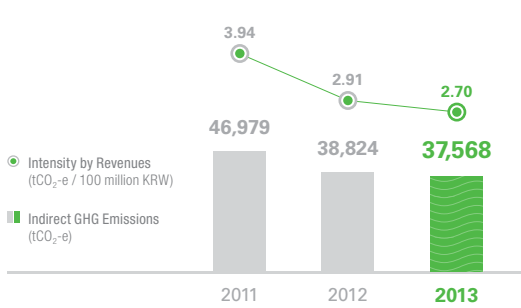


## OUTPUT

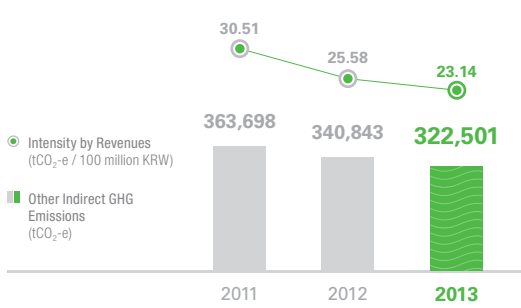
### Direct GHG Emissions



### Indirect GHG Emissions



### Other Indirect GHG Emissions



※ GHG Emissions Amount: estimated through basic unit and sales by divisions and scopes based on verified data (GHG emissions change according to the adjustment of organizational boundaries)

Description	2011	2012	2013
Wastes discharged (ton)	580,077	254,875	625,147
Recycled volume (ton)	35,023	2,655	13,436



55

Patent Applications  
in 2013

P.45

227

Cases of In-house Technical Consulting  
in 2013

P.45

94.4

Points in Customer Satisfaction Survey  
in 2013

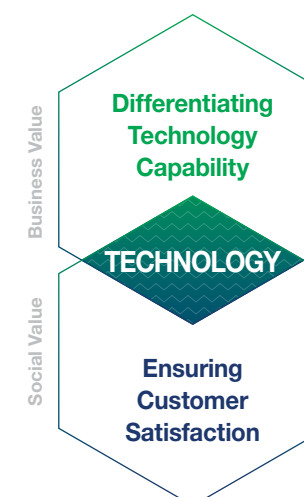
P.51



# TECHNOLOGY



[http://www.hdec.kr/rnd/field\\_base.asp](http://www.hdec.kr/rnd/field_base.asp)



## Creating Shared Value

**Hyundai E&C strives for the customer satisfaction by differentiating the technology capability.**

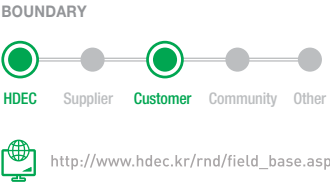
## Our Approach

Technology is Hyundai E&C's future and its innovative DNA that has made the impossible possible. Through the competitive technology development and innovative technology services, Hyundai E&C implements environment-friendly construction businesses and creates a sustainable base for mankind by solving problems of energy and water scarcity, resource depletion, environmental pollution, and urbanization.

Hyundai E&C will develop new technology and construction method by enhancing the R&D capability and expanding the global network and realize the Management of Technology for customers through the quality innovation and the reinforcement of the communication with customers.



# DIFFERENTIATING TECHNOLOGY CAPABILITY



## MANAGEMENT APPROACH

Hyundai E&C believes that a sustainable future can be created by innovative technologies. We will build a better tomorrow by developing the source technology for new growth and future products through the enhancement of our R&D capability and technological competitiveness and the expansion of the global R&D network.

## R&D Strategies

We strive to become an engineering-based global construction company by securing the capability in source technology and developing future innovative technology. We enhance the global R&D capability by expanding the global network, foster outstanding researchers to secure source technologies for new growth and future products, and expand the company-wide technical consulting by establishing a system of 'Collaboration in Technology.' To help the future growth of Hyundai E&C, we analyze megatrends, such as urbanization, the scarcity of energy, fuel, resource, and water, and the environmental pollution, to identify issues of future construction technology and to provide mid- to long-term strategic R&D products.

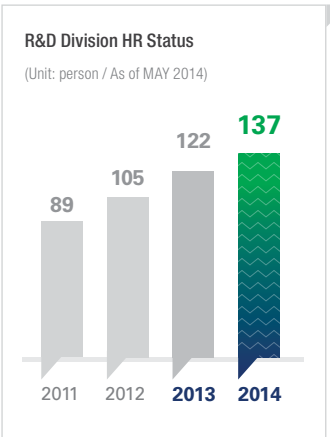
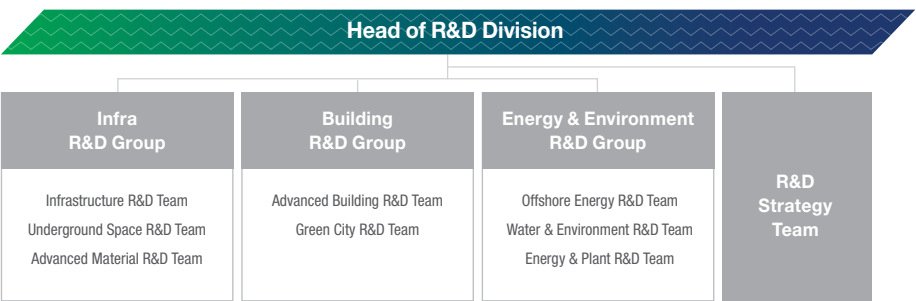
### R&D Strategies

Creating New Growth Engines thorough Strengthening R&D Competitiveness		
Reinforce R&D Capability	Innovate Technological Competitiveness	Expand Global Network
<ul style="list-style-type: none"><li>- Increase the investment in human resource and R&amp;D projects</li><li>- Secure outstanding researchers</li><li>- Increase the investment in R&amp;D facilities</li></ul>	<ul style="list-style-type: none"><li>- Commercialize core technologies for foundation business</li><li>- Secure source technology through the demonstration of future industry</li><li>- Strengthen the synergy in Hyundai Motor Group</li></ul>	<ul style="list-style-type: none"><li>- Establish and operate global R&amp;D groups</li><li>- Promote global joint-researches</li><li>- Enhance the global network</li></ul>

## Securement of R&D Foundation

**Reinforcement of R&D Capability**\_\_\_\_To achieve the goal of 'Securing Technologies to become a Global Construction Leader based on Engineering', we reorganized and expanded the research institute to the 'Research and Development (R&D) Division' in 2011 and established the mid- to long-term R&D roadmap in 2013. We are trying to develop future-oriented and environment-friendly technologies by recruiting excellent researchers and investing in research facilities. The R&D budget in 2013 has increased 186% from 2011 and we will allocate more budget to comprehensively invest in equipments and to establish additional laboratories

### R&D Division Organization



Green Smart Innovation Center (GSIC)



in 2014. 137 employees are working in the R&D Division as of May 2014, which is a 154% increase from 89 employees in the end of 2011.

**Increase in Investment for R&D Facilities**\_\_\_\_Hyundai E&C has continuously increased the investment in securing research facilities since 2011 to replace equipments, build additional laboratories, increase the technology development cost, and allocate more human resources. The investment in 2013 has increased by 186% from 2011. 'Green Smart Innovation Center', which integrates Green+Smart technologies of Hyundai E&C, is currently under construction in the R&D Division located at Mabuk-dong, Yongin-si, Gyeonggi-do, Korea, and it will be completed in October 2014.

Hyundai E&C has a plan to develop source technology related to new growth and future products and foster new business by conducting systematic researches of the environment and energy fields with nine demonstration centers of the structural test laboratory, the wind tunnel laboratory, the acoustic laboratory, and the climate simulator.

## R&D Capability Enhancement

**Securement of Source Technology**\_\_\_\_To find intellectual property and to enhance the technological competitiveness, we have introduced a 'Job Invention Compensation System' to encourage patent applications and registrations since 2013. Through the Hyundai E&C's policy to support and encourage patent applications and registrations, the number of patents has risen significantly. 55 patents were applied and 49 patents were registered in 2013. Especially, since continuous researches on new growth areas and orders/commercialization came to fruition, three new technologies; 'Soil Remediation Technology', 'Intelligent Multi-Grouting System (IMG)', and 'Ecological River Restoration Technology', were developed and two green technology certifications; 'Residential Water Saving Technology' and 'Energy Recovery Ventilation System', were achieved in 2013.

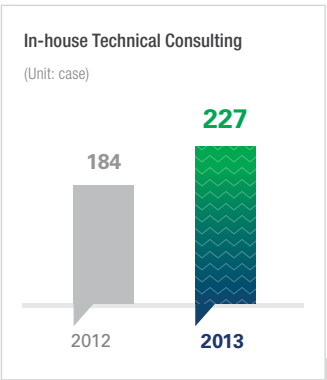
Currently, we hold 249 domestic patents, including eight new technologies and three green technologies. We aim to add four more new technologies and two new green technology certificates in 2014.

**Commercialization of Technologies**\_\_\_\_Hyundai E&C improves the technological capability incessantly by strategically managing patents and strives for commercialization of developed source technologies to enhance the competitiveness in receiving orders. In November 2013, for the first time in the Korean construction industry, we proposed the 'Contaminated Soil Remediation R&D Project' to Singapore using our 'Soil Remediation Technology' and were selected to implement the business.

Also, we developed the nation's first 'Prefabricated Parallel Wire Strand (PPWS)' technology, which is currently being applied to the Ulsan Bridge construction. The PPWS is globally recognized as a superb technology and thus played a significant role in receiving the order of 'the 3rd Bosphorus Bridge Construction'. Hyundai E&C is striving to receive more orders and to improve the cost competitiveness by applying our technologies at the bidding and engineering stages.

**Reinforcement of Technological Support for Sites**\_\_\_\_Hyundai E&C expands the company-wide technological cooperation which reduces cost and construction time by solving problems of sites with the actual application of new technologies and construction methods and with the expansion of in-house technical consulting for sites. In 2013, we have provided 227 cases of technological supports to domestic and overseas sites. By divisions, most cases were for the Civil & Environmental Division and the Building Works Division, which was 79%. By types, most cases were for materials · roads and construction & environment, which was 50%.

We established an IT-based technology browsing system, 'In-house Technical Consulting System' in March 2014. By putting the system into a groupware, sites can browse technologies in real-time and ask for support whenever needed.





# DIFFERENTIATING TECHNOLOGY CAPABILITY

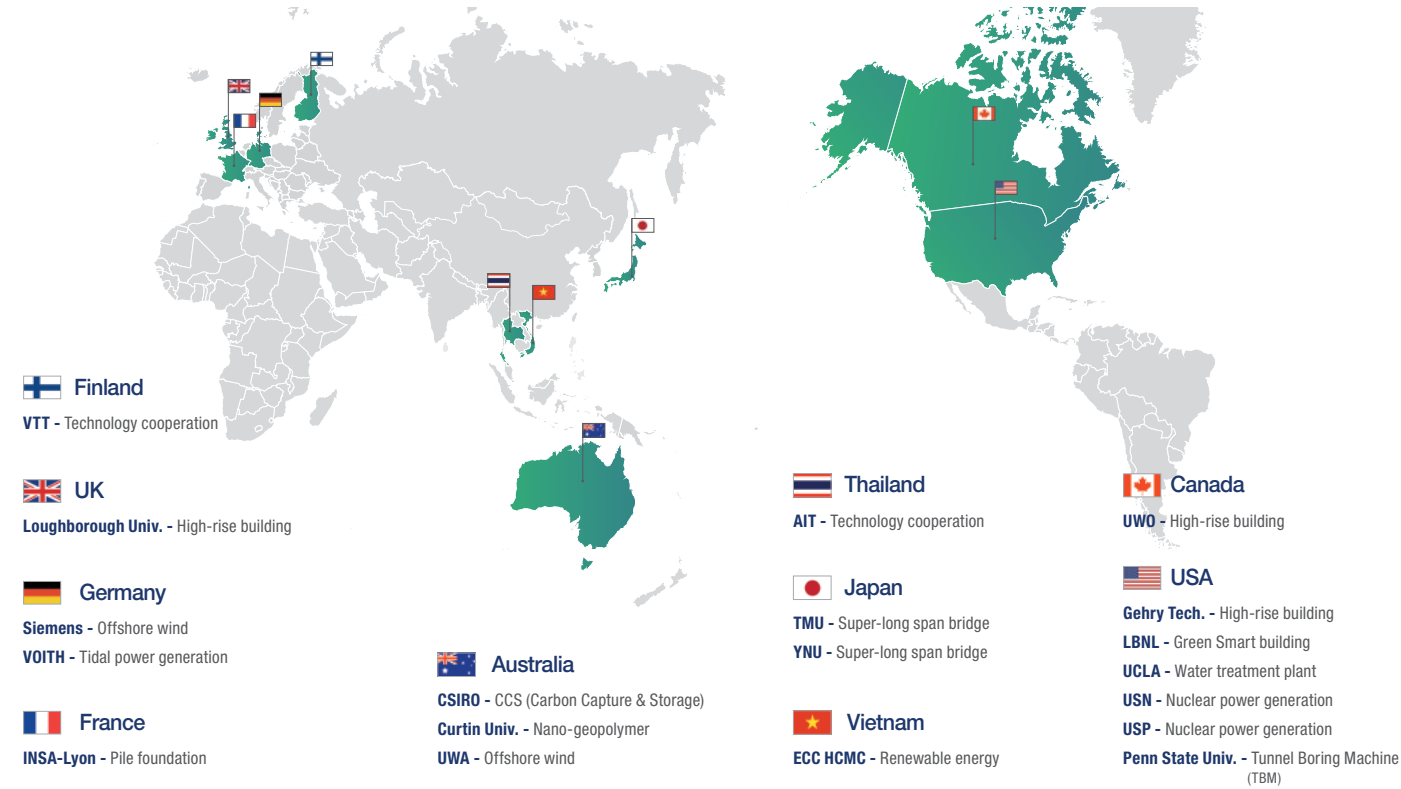
## Expansion of R&D Network

**Reinforcement of Global R&D Cooperation**\_\_\_\_We promote a wide-scope of international joint researches with advanced global agencies and project owners to obtain future technology. Hyundai E&C is currently promoting various technological collaborations with advanced global companies in the UK, the USA, Canada, Japan, Australia, Denmark, Finland, and Thailand. In 2013, we signed joint research agreements such as MOU and NDA with these research agencies. We are strengthening our global network by conducting various researches including a soil remediation research with NTC-NTU in Singapore and wind engineering research with the University of Western Ontario. Additionally, we are sending our employees to global advanced companies in order to enhance their technology capability.

### • MOUs in the Area of New Growth

Team	Partner Oranization	Team	Partner Oranization
High-tech Construction Technology	Loughborough Univ. (JUN 2011)	Construction Material	Curtin Univ. (DEC 2013)
	Gehry Technologies (JUN 2013)		
	Western Ontario Univ. (DEC 2013)	Water / Environment	UCLA-Water Technology Research Center (FEB 2012)
Green City	LBNL (JUN 2013)	Energy / Plant (Nuclear)	USN, USP (NOV 2011)
Infrastructure	Tokyo Metropolitan Univ. (OCT 2012)	Ocean Energy	Siemens Korea (SEP 2013)
	Yokohama National Univ. (OCT 2012)		Siemens Wind Power (OCT 2013)
	Korea Railroad Research Institute (NOV 2012)		
Underground Space	Pennsylvania State Univ. (NOV 2013)	R&D Planning	VIT (JAN 2013)
	CSIRO (DEC 2013)		AIT (FEB 2013)

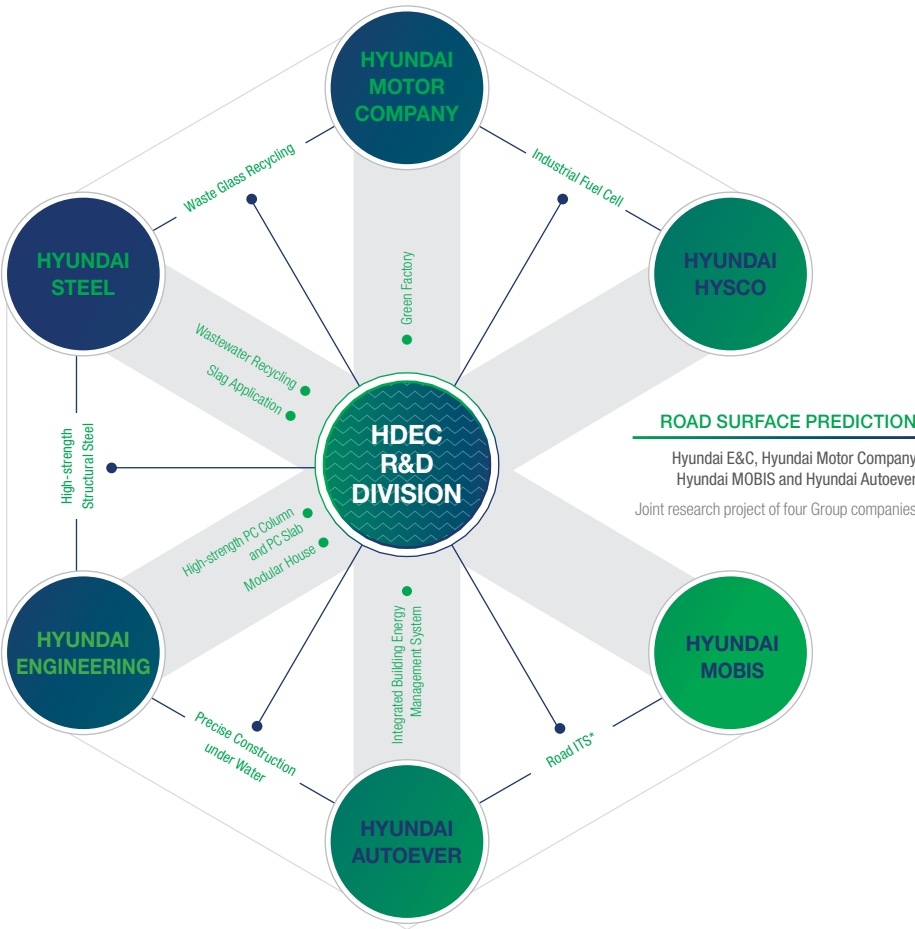
### • Global Technology Cooperation in 2014



**Development of Convergence Technology through Group Synergy**\_\_\_\_Hyundai E&C promotes cooperations and joint R&D projects with affiliates of Hyundai Motor Group to develop convergence technologies in various fields such as road/traffic areas, high-strength steel, waste recycling, and building energy management system. Hyundai Motor Group established an environment-friendly resource circulation structure between motor, steel, and construction fields. Based on this structure, Hyundai E&C is developing new growth technologies in energy, resource, electricity, and traffic areas. Hyundai E&C will create and expand synergy effect with affiliates of Hyundai Motor Group.

### • Technology Development through Group Synergy

\* ITS: Intelligent Transportation System



### 2014 Hyundai E&C Technical Forum Poster



**Hyundai E&C Technical Forum**\_\_\_\_Hyundai E&C annually holds its own technology competition, 'Hyundai E&C Technical Forum', for university students and SMEs to find outstanding domestic and overseas technologies.

'Hyundai E&C Technical Forum' is the biggest event of the company. We receive applications for five months and review them in September and award exceptional technologies. 'Hyundai E&C Technical Forum' consists of three parts: Technology competition award ceremony; Hyundai E&C's technology performance presentation; and overseas experts' presentation. Through the forum, we try to expand the interest to the technology development and increase the accessibility to new technologies.



# DIFFERENTIATING TECHNOLOGY CAPABILITY

## Development and Operation of Environment-Friendly Technologies

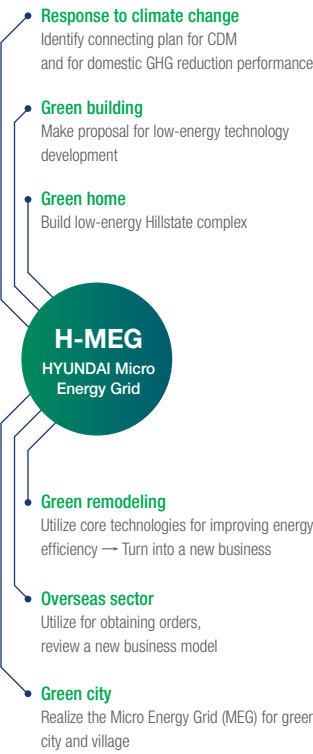
In order to minimize the energy consumption at the stage of operating a building, Hyundai E&C has established a roadmap to commercialize a Zero-energy technology by 2020 and has been developing innovative energy reducing technologies according to mid- to long-term plans. Hyundai E&C leads environmental management by optimizing the use of energy and resources not only for the construction, but also for the operation of a completed buildings and by developing green items.

**Development of Energy Technologies**\_\_\_The Korean Government plans to make the 'Zero-energy' compulsory for newly-constructed buildings by 2025. To respond to the government policy, we are developing various energy technologies to reduce the energy consumption in a building. In addition, we are applying the developed energy technologies to domestic and overseas sites.

• Current Status of Energy Technology Development

Research Project	Purpose and Detail
Micro Energy Grid Technology for Buildings (AUG 2011- DEC 2014)	- Maximizing energy saving through efficient supply and consumption of energy
Optimum Design for Green Buildings (JAN 2013 - DEC 2014)	- Designing low-energy building optimally considering local weather conditions - Establishing engineering and construction of domestic and overseas low-energy buildings - Establishing plan for "Zero-energy" for heating and cooling by using the passive method
Cooling & Heating and Hot-water Application Technology Using Solar Air-conditioning and Heating (JAN 2014 - DEC 2016)	- Developing Total Air-conditioning System for heating, cooling and hot water of buildings
Realizing Technology for Zero-energy Apartment Buildings (JAN 2014 - DEC 2016)	- Realizing and demonstrating commercialize-able zero-energy technology for apartment - Expanding business opportunities in housing through realizing zero-energy apartment buildings
Demonstration Monitoring of Hydrogen Fuel Cell for Buildings (APR 2014 - JUL 2015)	- Monitoring the demonstration of hydrogen fuel cells used at buildings to produce electricity and heat
Smart Façade System Technology (JAN 2014 - JUL 2014)	- Identifying development direction for Smart Façade Technology - Selecting core technologies and identifying development strategies
Establishment of Plans and Strategies for Commercialization of Green Factories (JAN 2014 - OCT 2014)	- Understanding the current status of project on energy optimization of plant buildings - Examining the current status of GEMS* and monitoring - Researching the proper ventilation amount by air quality

\* GEMS: Greenhouse-Gas and Energy Management System



• Application of Building Energy Technology to Sites

Technology	Period	Site
Integrated Energy Saving System	After June 2013	Sejong Hillstate
	The second half of 2014	Green Smart Building (GSB)
Micro Energy Grid System for Buildings	The second half of 2014	Green Smart Building (GSB)
Energy Recovery Ventilation System	April 2012	Daegu Posco Esiapolis
	The second half of 2014	Green Smart Building (GSB)
Residential Water Saving Technology	July 2013	LH Chuncheon Janghack District
	The second half of 2014	Green Smart Building (GSB)

**Development of H-MEG Technology**\_\_\_We are developing the Hyundai Micro Energy Grid (H-MEG) technology, the integrated operational technologies for a building, for energy supply and efficient operation of buildings that can connect to the national backbone network. The H-MEG technology not only reduces the energy consumption by maximizing the efficiency in producing, contributing, and using the building energy, but also is considered as a core technology to significantly affect the competitiveness of new green megamarkets such as green buildings, environmental remodeling, and green cities.

**Green Building Certification**\_\_\_In 2013, 54 domestic projects of buildings completed have received the Green Building Certification (either preliminary or completed) and 18 have been certified by the Building Energy Efficiency Rating System. For overseas projects, seven projects have been certified by the Green Mark while one project achieved a LEED (Leadership in Energy and Environmental Design) certification. The LEED Green Building Rating System is a standard benchmark about materials, resources, engineering, structures and functions of high-functional environment-friendly buildings.

## Hyundai E&C Realizes an Era of Zero-energy through 'Intelligent Building Control Technology for HVAC'



In March 2014, Hyundai E&C developed the 'Intelligent Building Control Technology for HVAC' that can reduce over 35% of the energy consumed for heating and cooling of a building. This technology saves the energy using the artificial neural network algorithm without replacing the existing equipment system of a building. It is a convergence and mixed control technology that organically combines ICT\* and SI\* technology. Especially, the technology allows to achieve the same result with only 20% of investment costs of the existing energy saving technologies. Therefore, if the technology is applied to the government's 'Green Remodeling' business, it could achieve the maximized environmental improvement and energy saving at a minimum cost. Hyundai E&C will apply the 'Intelligent Building Control Technology for HVAC' to all sites including 'Hyundai E&C Green Smart Innovation Center (GSIC)', which are being currently constructed, to secure its position in the market of 'Green Smart Building' and lead environmental management.

\* ICT: Information & Communication Technology  
SI: System Integration

## Hyundai E&C Leads Environment-Friendly Technology Markets with its 'Soil Remediation Technology'



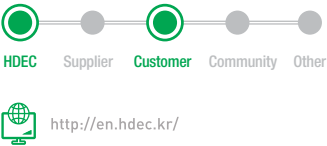
▲ Heavy-Metal Contaminated Soil Purification Project, Jang Hang

By developing the 'Soil Remediation Technology,' Hyundai E&C has proved its world's best technological competitiveness once again. This technology is to purify soil that has been contaminated by heavy metals. The technology selects and applies processes by contaminants and characteristics of the contaminated soil, applies the physical process first, and therefore improves the efficiency and economic feasibility of the process. Also, the technology is environment-friendly since it overcomes the limit of the existing soil cleansing technologies and secures safety by using a zero-discharge system, which recycles the entire cleansing water contaminated by heavy metals generated during the soil cleansing process. Hyundai E&C is currently using this technology for a heavy-metal contaminated soil purification project in Jang Hang, Chungcheong nam-do, Korea since 2013. In the future, we will aggressively apply the technology to overseas projects in the Middle East, Singapore, and others to continuously lead the global market of environment-friendly technologies.



# CUSTOMER SATISFACTION THROUGH INNOVATION

BOUNDARY



## MANAGEMENT APPROACH

Based on the corporate culture prioritizing customers, Hyundai E&C strives to constantly innovate the quality for the creation of customer values by listening to customers' demands through various communication channels.

### Expansion of Customer Communication

We operate various on and offline communication channels to gather customers' opinions and to respond to their demands promptly and efficiently.

Operational Status of Customer Communication Channels



**Online Communication Channels**\_\_\_\_We are operating a customer center on the corporate website (en.hdec.kr) to listen carefully to the voice of customers and striving to respond promptly to their grievances and problems. For customers' convenience, we provide one-to-one online consultations, operate our website in seven different languages including Arabic and Spanish for overseas customers, and created and regularly update a mobile website.

Besides the corporate website, we also operate a website of our main house brand, Hillstate (www.hillstate.co.kr) to provide specialized information for residents. Through the website, customers can obtain information on reconstruction plans, sales, and after services and also receive professional consultations by the customer center via phone or web. In 2013, we received 1,787 customer opinions via the website and 67,216 customer opinions via the customer center.

In order to get closer to our customers, we conducted external certifications and achieved the 'Web Accessibility Certification' from the Korea Institute of Web Accessibility Certification and Value for the Hillstate webpage. Moreover, Hillstate has won the first place for 'THE PROUD Korea's Prestigious Construction Brand' announced by the Korea Management Association Consulting (KMAC) for four consecutive years. Hillstate also won the honor of the first place in the 'Korean Standard - Service Quality Index' and the 'Contact Service Quality Index' announced by the Korean Standard Association (KSA). In 2014, we will further enhance the customer communication by operating various online channels including the Hillstate blog.

**Offline Communication Channels**\_\_\_\_We have various off-line communication channels including phone call, mail, direct visit, and face-to-face talk. Particularly, we operate 19 move-in support centers at Hillstate complex and seven CS centers in Seoul and other regions for residents to conveniently reach us. Furthermore, we hold the Hillstate Day Event before the completion of the construction to gather customers' opinions and improve their satisfaction through the consultation. We will strive to maximize the customer satisfaction by providing prompt after services and enhancing customer services in early days of move-in.

Hyundai E&C Website

<http://en.hdec.kr/>

Hillstate Website

<http://www.hillstate.co.kr>

### Company-wide Quality Management

Quality Evaluation for

66 sites

Quality Audits for

18 sites

### Supplier Quality Chain Workshop

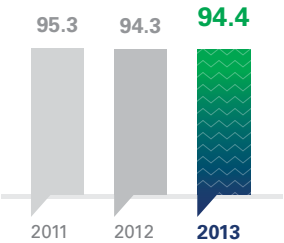


### Hillstate Styler Activities



### Customer Satisfaction Survey Results

(Unit: point)



## Quality Innovation

**Reinforcement of Company-wide Quality Management**\_\_\_\_To reinforce the quality control capability and to respond proactively to customers' needs, Hyundai E&C operates the Quality Management Innovation Group which promotes the quality innovation and improves the quality management system. In 2013, we conducted quality evaluations for 66 projects and quality audits for 18 projects to check the quality of projects. Through the Project Trouble Shooting Guide (PTSG) system, we have collected and spread about 4,295 numbers of success and failure cases (cumulative) to settle the preventive quality system.

Furthermore, we have provided online quality training to 2,400 technical staffs of the company to raise their awareness of the quality. We will strive to strengthen the global business capability and satisfy customers' needs through the quality innovation.

**Expansion of Quality Innovation of Suppliers**\_\_\_\_We strive to promote the quality innovation of not only our employees, but also the entire value chain including materials and construction suppliers. To support suppliers' quality enhancement, we regularly hold workshops, offer specialized quality training for each construction type, and conduct quality evaluations of construction suppliers.

In addition, we improve suppliers' weakness in quality and conduct the quality audits so that the quality of materials supplied to domestic and overseas sites meets the requirements of customers. We also make the quality chain activities periodically for the shared growth with our suppliers in quality.

## Customer Satisfaction Activities

**Hillstate Styler**\_\_\_\_'Hillstate Styler', established in 2008, is an evaluation group mainly composed of housewives to receive and reflect various opinions of customers. In 2013, the 'Hillstate Styler' made 132 proposals over seven sessions and 40 were accepted to improve the quality of Hillstate apartments. We will continue to promote active customer participation activities to increase their satisfaction and loyalty.

**Protection of Customer Information and Compliance with Regulations**\_\_\_\_Hyundai E&C operates a Privacy Protection Committee and appointed a Chief Privacy Officer (CPO) to strictly protect customers' personal information. We also comply with marketing and communication regulations to increase customers' trust by delivering accurate and proper information.

**Customer Satisfaction Survey**\_\_\_\_We conduct customer satisfaction surveys on the construction quality, which is composed of ten areas including the company's will to implement customers' needs, a satisfaction about the quality, leadership, and continuous improvements. In 2013, we have conducted surveys for project owners, designers, and supervisors of 66 projects and the result was 94.4 points, which is a slight increase from 2012.

In order to increase the credibility of the data, we assign an on-site evaluation team to directly assess the projects. We will strive to understand customers' needs and to realize the customer impression by expanding survey targets and conducting the online survey as well.



# 519

Newly-hired Employees  
in 2013

P.55

# 146

Average Training Hours per Employee  
in 2013

P.56

# 1,251

Times of Safety Inspections  
in 2013

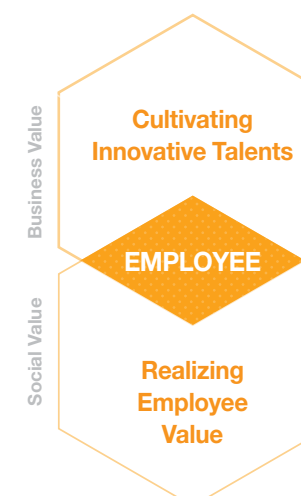
P.60



## EMPLOYEE



[https://www.hdec.kr:1443/recruit/tp\\_vision.asp](https://www.hdec.kr:1443/recruit/tp_vision.asp)



Creating Shared Value

**Hyundai E&C realizes employee values by cultivating innovative talents.**

### Our Approach

Employees enable the innovation and are the driving forces of Hyundai E&C's business activities. In order for us to provide solutions for environmental and social problems of the world as a global construction company, it is essential to develop global, innovative talents who overcome the impossible and challenge to be the best.

We will be a leading company which supports the value creation of individual employee and realizes a work and life balance at a safe work environment by securing outstanding talents and developing the best capability.



# CULTIVATING INNOVATIVE TALENTS

BOUNDARY

HDEC

Supplier

Customer

Community

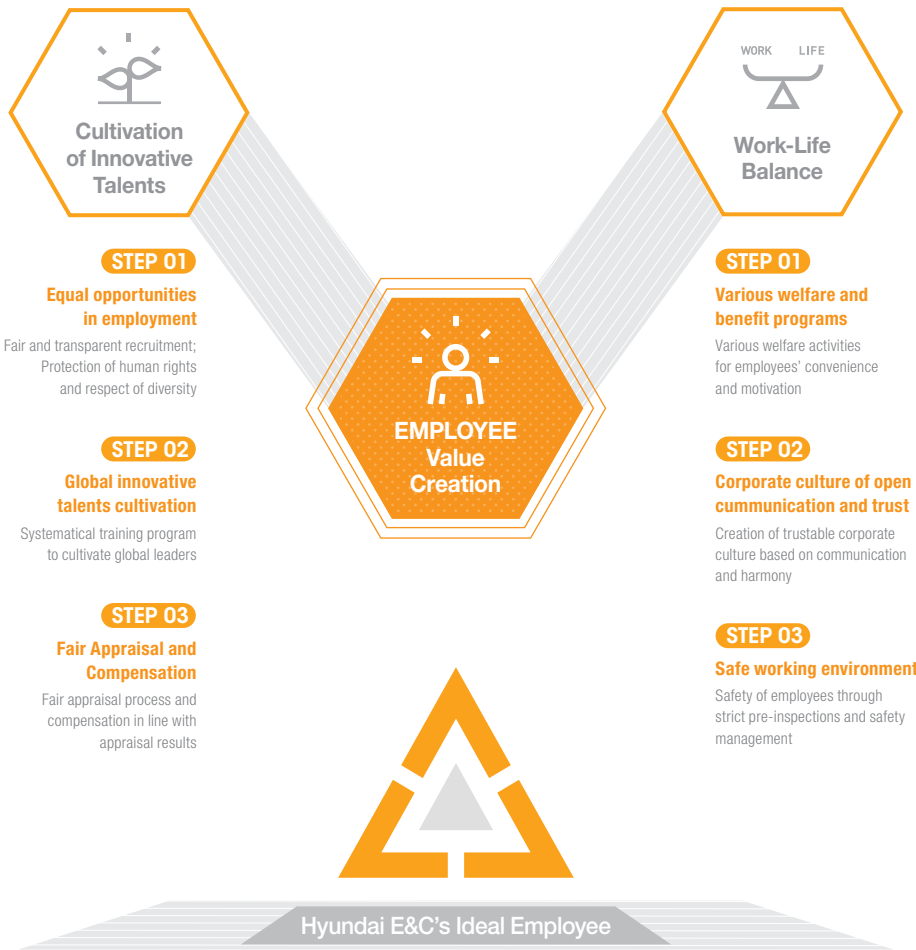
Other

https://www.hdec.kr:1443/recruit/tp\_vision.asp

## MANAGEMENT APPROACH

Hyundai E&C considers cultivating innovative talents, who lead changes and innovations in the world and create new values, as the most important task. In order to implement the task, we secure innovative talents through the development of global capability and the fair performance evaluation and will be a global leader in the construction industry.

### Talent Management Process



#### Value CREATOR

Individuals who, with creativity and a pioneering spirit, continuously strive to challenge the status quo and create new value

#### Global DEVELOPER

Individuals who are prepared to work globally with an open mind and respect diversity

#### Synergy BUILDER

Individuals who can create synergy within a group by communicating and cooperating with diverse stakeholders

### Hyundai E&C's Ideal Employee

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

Challenge to the New  
Challenge to the Impossible  
Challenge to the Best  
**"INNOVATIVE CHALLENGER"**

## Equal Opportunities in Employment

**Recruitment**\_\_\_In 2013, Hyundai E&C newly recruited a total of 519 employees of 270 new university graduates, 207 experienced workers, and 42 interns. We are constantly enhancing the executing capability for overseas projects by securing outstanding talents in advance through the expansion of internship programs and by constantly recruiting excellent talents with the global capability.

### Current Status of Employees

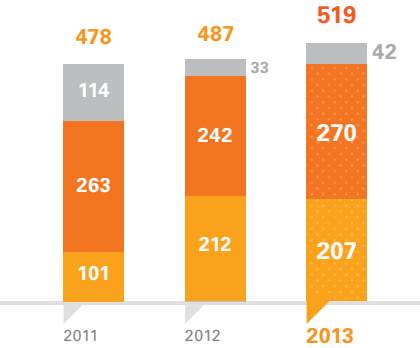
(Unit: person/ As of DEC 31, 2013)

Full-time employees	4,476
Male	4,215
Female	261
Contract workers	845
Male	824
Female	21
Total	5,321

### Current Status of Recruitment

(Unit: person)

Experienced New recruit Intern



### Recruitment of Social Minorities

(At HQ / As of DEC 31, 2013)

66 Individuals with Disabilities  
76 Men of Merit  
11 Foreigners

**Pursuit of Diversity**\_\_\_Hyundai E&C strives for the diversity of the organization by expanding the recruitment ratio of female, foreign workers, men of national merit, and individuals with disabilities. Since January 2014, every new domestic site is required to recruit at least one individual with disabilities and thus we take the lead in delivering the corporate social responsibility.

**Compliance with Human Rights and International Standards**\_\_\_As a global construction company, Hyundai E&C has its own strict standards for human rights and labor. We publicly endorse global standards on human rights and diversity, such as the United Nations' Universal Declaration of Human Rights, the ILO Conventions, the domestic Labor Standard Act, the OECD Guidelines for Multinational Enterprises, and the Global Sullivan Principles.

Based on the Labor Standard Act, Hyundai E&C clearly states its stance on an employment contract and strictly prohibits child labor and forced labor. Particularly, we have developed standards for the protection of human rights to prevent religious and racial discriminations and actively operate supporting programs at overseas sites. Due to these efforts, we incurred no restrictions or accusations with regard to human rights in 2013.

## Cultivation of Global Innovative Talents

We operate a structured human resource development program to enhance the global capability and work capability based on the e-Human Resource Development (e-HRD) System.

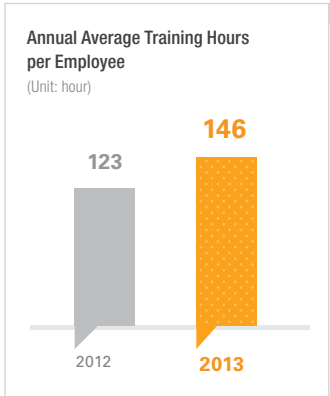
**Reinforcement of Global Capability**\_\_\_Fostering outstanding talents with the global capability is crucial to successfully implement overseas projects which are constantly being expanded. Hyundai E&C supports employees to become global leaders by expanding educational programs on language, different culture, and negotiation as well as by enhancing overseas working and training activities. Beginning from 2013, the second language education program includes not only French, Spanish, and Chinese, but also Arabic to improve employees' linguistic proficiency.

### e-HRD System Website





## CULTIVATING INNOVATIVE TALENTS



\*Annual average training hours per person =  
Total annual training hours ÷ Total employees

### Knowledge Registration Process

- STEP 1

Knowledge or proposal is uploaded by a user. A 'knowledge department' is assigned.
- STEP 2

Content is registered by relevant department (within ten days). A 'knowledge specialist' is assigned.
- STEP 3

Content is evaluated by 'knowledge specialist' (within ten days).
- STEP 4

A level is assigned to knowledge content.

**Advancement of Professional Job Training**\_\_\_\_Based on the job training system, Hyundai E&C provides a variety of systematic training programs by positions, groups, and duties as well as EP & CM education for employees. Also, we are utilizing the e-HRD system to establish an advanced talent development program that cultivates professionals with the practical work capability based on actual work.

**Expansion of Integrated Group Training**\_\_\_\_Hyundai E&C offers an integrated training in all educational courses to create synergies by the incorporation into Hyundai Motor Group. Moreover, we continuously expand investments in trainings to enhance the corporate competitiveness and to increase the employee satisfaction by developing employees' capabilities. In 2013, the annual average training hours per employee were 146 hours and the educational expenditure per employee was 1,047 thousand KRW.

**Improvement of Knowledge Management System (KMS)**\_\_\_\_We have been operating the Knowledge Management System (KMS) since 2003 for the efficient sharing and acquisition of knowledge. Around 70,000 cases of knowledge database have been stored in the system. The KMS divides knowledge into three categories: knowledge management, case management, and Q&A. The system registers and manages knowledge for easy search as needed. In 2013, to search information according to site's characteristics more easily, we further enhanced the integrated search function for more efficient use and improved the case utilization process. As a result, it had more than 1 million annual views in 2013.

**Intranet-based Knowledge Sharing**\_\_\_\_Work-related knowledge can be shared through the knowledge sharing platform on the Closed User Group (CUG) menu in a groupware. Employees can work efficiently by sharing knowledge about regulations and guidelines, organizations and human resources, notices and cooperations, and departmental news for each business division.

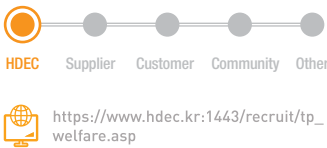
### Fair Appraisal and Compensation

Based on the accurate evaluation of the employee's work abilities, we operate a performance appraisal program to improve the performance of individuals and the organization. Also, we compensate employees according to appraisal results.

**Appraisal**\_\_\_\_By introducing and operating HR programs based on Management by Objective (MBO) since 2012, we have advanced the performance management system such as 'goal-setting', 'mid-term examination', and 'final evaluation' for accurate and professional evaluations and fair compensations. Also, for an effective appraisal, we developed an IT-based performance appraisal system and educate the responsible personnel. In September 2013, we collected opinions by holding a public hearing of responsible parties and conducting an employee satisfaction survey on HR to settle the performance appraisal program.

**Compensation**\_\_\_\_Hyundai E&C operates a compensation system based on performance appraisal results. Particularly, a Promotion Point Program motivates our employees by allowing them to predict the possibility of promotion which is based on the appraisal result and capability. Hyundai E&C will strengthen its global competitiveness and maximize employee values by stabilizing and improving the performance appraisal system. Hyundai E&C guarantees gender equality. An individual's wage may vary depending on his/her position and working conditions, but never on the gender.

### BOUNDARY



## BALANCING WORK AND LIFE

### MANAGEMENT APPROACH

Hyundai E&C offers various welfare and benefit programs for employees' personal life and the work-life balance. Also, we will create a corporate culture of trust and open communication, which is also family-oriented for our employees.

### Welfare & Benefits

To motivate our employees and to ensure a better quality of life, Hyundai E&C provides various welfare and benefit programs including supports for employees' leisure activities, childbirth and motherhood, residential and economic security, and health care.

#### Welfare & Benefit Programs

Description	Program details
Support for leisure activities	Bonus for summer vacation; Discount at sports centers; Access to designated recreational lodges available across Korea
Support for childbirth and motherhood	Childbirth incentive program; Support for childcare expenses; Paternity leave for male employees (3 days); Operation of day care center in workplaces
Support for residential & economic security	Welfare Fund (3% annual interest rate); Corporate residences for single households
Medical support & healthcare	Regular medical check-up; Special test for metabolic syndrome; Mental health check-up; Smoking cessation program
Support for education of employees' children	Birth through middle school: 100,000 KRW per child High school: 450,000 KRW per child (for public schools) University: 4 million KRW per academic semester Educational expense support for children with special needs
Gifts	Gift for employees' parents; Gift on the national holiday; Gift for employees' children upon enrollment at school
Selective benefits package	Benefits "credit card" (amount varies by positions)
Other	Support for moving expenses for families of employees working overseas; Special reward for employees with long-term service to the company

**Childbirth & Parental Leave**\_\_\_\_By operating programs of supports for childbirth and motherhood, we strive to improve the working environment for female employees and relieve social problems caused by the low birth rate in Korea. 21 female employees used the 90-day maternity leave and all returned to work in 2013. Therefore, the returning rate of 2013 was 100%. In addition, we operate the best kindergartens for our female employees to be successful in both work and child care. We strive to create a corporate culture where employees can return to work stably after their maternity and parental leave.

**Healthcare Support**\_\_\_\_Hyundai E&C offers various healthcare programs, such as supports on smoking cessation program and metabolic syndrome and CPR training, and operates a cardioverter defibrillator at the in-house medical room. In 2013, we invested 1.71 billion KRW for medical check-up of 4,988 employees and their families. In 2014, we will introduce education, counseling, and therapy for mental health of employees by cooperating with the Jongro Community Mental Health Center.

**Retirement Pension Plan**\_\_\_\_Hyundai E&C is operating a retirement savings plan for employees in two types: defined-benefit pension plan and defined-contribution pension plan. Employees can choose to receive their retirement savings either at once or as a pension plan. In the future, Hyundai E&C will continue to increase the savings deposit and enhance employees' pensionable right to guarantee their stable life after the retirement.



# BALANCING WORK AND LIFE

## Corporate Culture of Open Communication and Trust

Hyundai E&C creates a corporate culture which values communication and trust to share management policies and improve the employee satisfaction. In order to do so, we guarantee freedom of the Labor Union activities. We also discuss about the improvement of policies, productivity, employee welfare and benefits, and work environment and reflect opinions to management activities.

**Labor Union**\_\_\_\_A Hyundai E&C employee can freely join or withdraw from the Labor Union in accordance with Article 3 and Article 5 of the Collective Agreement in the Labor Union Act. The company regulates itself to neither hinder an individual's registration to nor force the withdrawal from the Union. According to the duty to notify on Article 10 of the Collective Agreement, it is a compulsory principle to immediately give notice to all employees regarding significant changes in the business, such as organizational restructuring. As of December 2013, 444 employees, 14.55% of the 3,052 employees who are qualified to join the Union, are members of the Labor Union and subject to the protection by the right of collective bargaining.

**Junior Board Activities**\_\_\_\_The Junior Board at Hyundai E&C is a young 'Idea Bank' to foster major talents and create a corporate culture of communication. Since the creation of the first Junior Board in 1990, the 22nd Junior Board is actively participating in various corporate affairs. The Junior Board consists of those who are volunteers or recommended by the headquarters among assistant managers, managers, and senior managers. Normally the Junior Board is operated for a period of two years. In 2013, the Junior Board led the improvement of the corporate culture by implementing a smart work campaign, an event for the anniversary of the foundation, and CSR activities. It also worked as a communication channel between employees through a discussion with the CEO. Its advanced activities were chosen as the best practice of realizing the Hyundai Motor Group's core values. In 2014, the Junior Board will attend major corporate business conferences to express opinions on management issues and implement leadership trainings to enhance the capability.

**Greeting Day**\_\_\_\_On the Greeting Day, employees use the internal messenger to send encouraging messages to each other for a joyful workplace through open communication. To encourage the participation, 'Communication King/Queen' who sends out the most greetings and 'Most Popular Employee' who receives the most greetings are chosen weekly.

**Facebook Page for Employees**\_\_\_\_For fun communication, we operate a special Facebook page for domestic and overseas employees. Various events are held through the page and we will expand the range of participants of events so that employees' friends and families can also share postings.

## Family-oriented Corporate Culture

Hyundai E&C seeks to create a heartwarming family-oriented company for employees and their families.

**Harmonizing Activities**\_\_\_\_To enhance the employee morale and a sense of belonging, we are holding a number of harmonizing activities. By business divisions, we hold activities such as a sports day, environmental protection activities, volunteer activities, tracking, and cultural events.

**Camp and Field Trips for Children**\_\_\_\_For children of employees, Hyundai E&C offers various programs such as field trips to a farm, TV stations, and an aerospace museum, ski camps, and English camps. By actively collecting opinions through surveys, we will improve the quality of programs incessantly.

Junior Board's Discussion with CEO



Facebook Page for Employees



PHOTO 01, 02, 03 - Camp and Field Trips for Children of Employees  
PHOTO 04, 05, 06 - Harmonizing Activities

## Employee Satisfaction

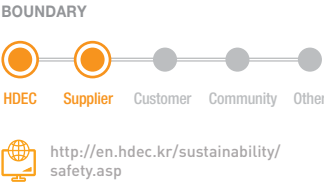
**Employee Engagement Survey**\_\_\_\_Since 2011, we have surveyed the Employee Engagement Index (EEI) to improve the work environment by increasing the employees' work satisfaction. The EEI result was 83% in 2013. In 2014, we held a briefing session to share the result with the management of each division and a Change Agent (CA) council and emailed the result to other employees.

In addition to the EEI, we assess the level of internalization of Hyundai E&C's core values (Customers, Challenge, Collaboration, People, Globality) and influential factors to the corporate culture. 84 action plans based on the assessment results by divisions are being established and implemented in 2014 and its result will be applied to each division's KPI.

**Turnover Rate**\_\_\_\_A turnover rate indicates the employees' work satisfaction, the quality of welfare, and the employment insecurity. In 2013, 5.56% of employees left the company which is a sharp decrease from 6.36% in the previous year. The voluntary turnover rate, which excludes the retirement, disciplinary dismissal, and transfer within the Group, is 2.30%. To decrease the turnover rate, we select wage differentials between full time and contract workers and wage levels against competitors as key risk management index and establish and monitor response plans by scenarios.



# SAFE WORKING ENVIRONMENT



## MANAGEMENT APPROACH

Hyundai E&C strives for the ‘TOTAL SAFETY’ by enhancing all employees’ awareness of Health, Safety, and Environment (HSE) for a safe and pleasant work environment. We pursue the systematic safety management by reinforcing each division’s accident prevention activities aiming zero critical and environmental accident and by implementing the Permit to Work (PTW) system for all types of work.

## Safety Management System

**Integrated HSE Management System**\_\_\_\_Hyundai E&C has combined the safety & health management system and the environment & health system for the simplification of work and systematic management. Since July 2012, we have been operating the integrated HSE Management System which combines the green management system with the energy management system. In 2013, the HSE Management System for 239 domestic and overseas sites was constantly improved and developed and the HSE Work Guide-book and Environmental Standard were established for each of the six newly-entered countries. We will strive to improve the company-wide HSE work standard and process, standardize data and continuously revise and manage information that is already established.

**Reinforcement of HSE Division**\_\_\_\_We have enhanced the level of safety management by establishing the HSE team in 2013, implementing specialized inspections and trainings by divisions, and performing the HSE management review by the Division Head. Also, we strive to change the employees’ awareness of the importance of safety management and to achieve the safety management targets by including each site’s safety management performance to the KPI of responsible personnel such as site managers. In addition, we will gradually extend the scope of the KPI application. In 2014, we will restructure and reinforce the organization to enhance each department’s autonomous and responsible HSE management and technical safety.

## Safety Management Activities

**Expansion of Permit to Work (PTW)**\_\_\_\_By operating the Permit to Work (PTW) since 2011, which is an advanced accident prevention system, we establish a safety measure for possible risk factors, obtain a permit to work, and then begin the work for highly dangerous works. If a given work did not receive the PTW or omitted safety measures as stated in the PTW document, it is subject to an immediate halt. We have expanded the PTW system to all types of work to actively prevent accidents.

**Reinforcement of Site Inspections**\_\_\_\_In 2013, we conducted 1,251 inspections for understanding domestic and overseas sites’ safety management status (e.g. falls, equipments, collapse, etc.) and for the accident prevention. And, we categorized the level of danger into A to D grades by sites to promote further improvements. In addition, a Feed-back System is being developed, which records and manages inspection results to reinforce the tracking function for improper factors by sites.

**Expansion of Out System**\_\_\_\_In order to promote the safety consciousness of all employees and site workers, Hyundai E&C has implemented the Out System which outlines restrictive measures for varying degrees of safety violations and has implemented in-house training at headquarters to prevent the recurrence of accidents. In 2013, the Out System was executed 5,544 times. 3,444 employees received warnings, 1,315 employees received trainings, and 785 employees were expelled out of sites. In 2014, we will reinforce safety management activities by allowing the sites to view Out System records of each worker and managing the history of workers who received the education for redemption after the expulsion.



※ Supportive inspections: Constant inspections  
Evaluative inspections: Regular inspections by sites  
Special inspections: Inspections of highly dangerous sites and subsidiaries

Safety Inspection Day



Current Status of HSE Training

2011	2012	2013
HSE training participants (person)		
3,208	4,305	4,002
Satisfaction rate on HSE training (%)		
85.8	80.7	83.3

## Out System Operation Standards

	Penalty	Infringement
1 OUT	Immediately “out” upon violation	Not wearing a safety harness when working in high places; Not wearing a safety helmet (hard hat) within site; Operating machinery without a license; Not wearing seatbelts when driving construction equipment (with tires that can drive more than 30km); Violating safety instructions on welding and use of fire
2 OUT	1st time: Warning 2nd time: Out of site	Not wearing protective equipments (other than a safety helmet and a seatbelt); Disassembling safety facilities without an approval and not restoring to the original state; Violating safety instructions on rope hoist
3 OUT	1st time: Warning 2nd time: Special training 3rd time: Out of site	Violating basic workplace safety & environmental regulations (company-wide and each site’s own)

**Safety Inspection Day**\_\_\_\_By monthly holding a ‘Safety Inspection Day’ at all sites with the top management, we inspect and improve the safety conditions on sites, enhance the awareness of safety issues to prevent accidents, and encourage the participation of all employees and workers. By doing this, we strive to achieve the ‘zero accident’ constructions. Hyundai E&C will continue the ‘Safety Inspection Day’ by diversifying inspection themes and expanding emotional safety activities.

**HSE Training**\_\_\_\_Hyundai E&C provides HSE trainings for all employees, sites workers, and suppliers to change and improve the awareness of safety and environment. In 2013, 4,002 site workers participated in HSE trainings and the satisfaction on training increased to 83.3% from 80.7% of the previous year. We will strive to further improve trainings by inviting external lecturers and enhancing training contents for the increase of the satisfaction and the quality of training.

**Distribution of the HSE Standards**\_\_\_\_To revitalize the Global HSE training, we implement case-based trainings about basic overseas safety guidelines (accidents, traffic, fire) and about clients’ requests. Also, HSE Standards are translated in different languages and distributed. Furthermore, we will visit sites which request for supports and promote a ‘HSE One-point Training’ by educating, auditing, and evaluating the sites.

**Accident Rate Management**\_\_\_\_Even though the accident rate of 2013 slightly increased to 0.20% from 0.14% of the previous year, it is still a lower figure compared to the average accident rate of the domestic construction industry. Particularly, the number of critical accidents clearly declined leading to the actual decrease of accidents. In 2014, by fortifying the ‘Risk Watching & Warning’ function and advancing the HSE System, we will achieve the target accident rate of 0.14% and strive to reduce the accident rate, eradicate critical accidents, and settle the safety culture.

**Selection of Priority Management Targets by Periods**\_\_\_\_Hyundai E&C analyzes accidents by projects, ages, processes, types, days, hours, causes, and original cause materials. Based on the analysis, we select priority management targets which occur frequently and provide company-wide campaigns and trainings to prevent accidents in advance.

## Value Creation Case: Cost Savings by OHS Activities

Hyundai E&C has focused on managing works of high accident risks through the Permit to Work (PTW) since 2011 and promoted various OHS activities, such as enhancing the safety consciousness of site workers through the Out System. As a result, we could drastically decrease the number of critical accidents and save costs as well, creating a safer work environment.

Over three years from 2011 to 2013, insurance expenses declined by about 7%, from 25.6 billion KRW in 2011 to 23.8 billion KRW in 2013. Compared to 2011, a cost saving of reduced insurance expenses is a total of about 4.25 billion KRW combining 2.5 billion KRW in 2012 and 1.75 billion KRW in 2013. We will continue to realize the ‘Total Safety’ for the safe and pleasant workplace.



1,796

Benefiting Suppliers of  
Training Program in 2013

P.66

284.3

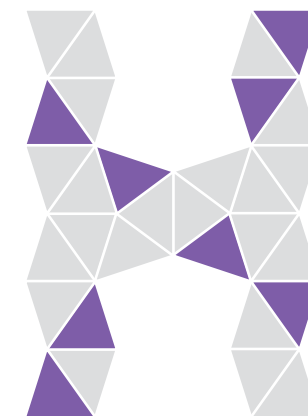
Billion KRW of Urgent Funds  
for Suppliers in 2013

P.66

4.55

Billion KRW of Donation  
for Social Contribution in 2013

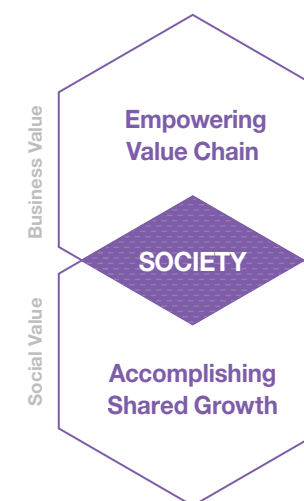
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## SOCIETY



<http://en.hdec.kr/sustainability/scm.asp>



### Creating Shared Value

**Hyundai E&C seeks to grow together with the society by enhancing the capability of its entire value chain.**

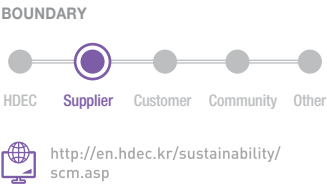
### Our Approach

Suppliers are the most important companions and local communities are the base of business. To promote our vision of sustainability, it is essential to identify and foster global suppliers with capability and the consideration and cooperation of local communities should precede.

Hyundai E&C enhances the value chain capability by selecting outstanding domestic and overseas suppliers and implementing various activities. In addition, by participating in local communities and social contribution activities, Hyundai E&C strives to fulfill its role and responsibility as a global corporate citizen.



# EMPOWERING VALUE CHAIN



## MANAGEMENT APPROACH

For Hyundai E&C to advance further as a sustainable construction company, the sustainability of the entire value chain including materials and construction suppliers should be constantly improved. Hyundai E&C finds excellent suppliers to enhance the capability of domestic and overseas supply chain and provides various programs to improve the competitiveness.

### Identification of Outstanding Suppliers

Selecting outstanding suppliers and strictly managing the quality of their business are vital elements for Hyundai E&C to enhance the capability of the entire value chain. We provide equal opportunities to every supplier and fairly and transparently select suppliers based upon the shared growth policy for suppliers.

**Fair and Transparent Selection of Suppliers**\_\_\_In order to continuously foster excellent suppliers, we separately evaluate the existing core suppliers and new suppliers. For the management stability of suppliers, we make the compliance with environmental, safety, and health policies a requirement of a contract to identify capable suppliers and operate a “Low Bid Deliberation System” to prevent excessively low bidding.

**Enhancement of System to Identify Outstanding Overseas Suppliers**\_\_\_Hyundai E&C strategically diversifies its global business by advancing to new markets. To increase the competitiveness and operate business successfully in emerging markets, it is crucial to identify and manage excellent local suppliers in a timely manner. In order to do so, Hyundai E&C established a ‘Global Sourcing Team’ in October 2013, which is in charge of managing overseas suppliers. The team created a basis to integrate the suppliers management system at the corporate level, which had been controlled separately by divisions. In 2014, we will develop and operate a company-wide management system for overseas suppliers based on the ERP system to enhance the foundation of overseas projects’ efficient operations.

#### • Management Goals for Overseas Suppliers

Goal	Details
Operate standards and policies equivalent to the domestic level	Set evaluation, registration, and management standards of overseas companies
Continuously identify excellent overseas suppliers	Prepare a list of companies to implement overseas projects; Automatically select pre-qualified candidates and list up bidders; Monitor trends and general status of overseas companies
Systematize works related to managing overseas subcontracts	Manage a ‘front log’ of overseas companies located in the regions with high development potential; Visit major regions for due diligence

### Reinforcement of Global Supply Chain Competitiveness

Hyundai E&C proceeds to expand its systems for cost management, business execution, and organization management to overseas branches and sites in order to enhance the competitiveness of the global supply chain and thus successfully implements strategies to enter new markets.

**Expansion of Global Organization**\_\_\_Hyundai E&C operates 27 overseas branches including five procurement branches. Overseas branches establish a management infrastructure in overseas sites and function as an important bridge connecting the headquarters and sites. They play a key role in the effective implementation of overseas projects by identifying excellent local suppliers, managing the overseas supplier pool, and supporting sites. We will continue to improve the operational efficiency by enhancing the global organizational structure and the systematic infrastructure for overseas projects.

Overseas construction material and subcontract management system for local procurement

e-Procurement & e-Subcontract

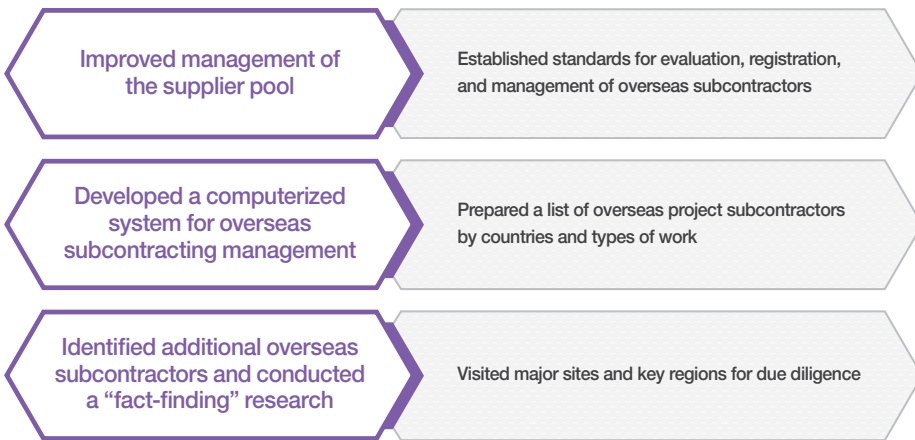
**Reinforcement of Global Procurement Management**\_\_\_In 2013, Hyundai E&C has stabilized the pre-established systems of bidding, transport, and procurement management by advancing the management system of materials and subcontracts for overseas projects. Also, processes of the evaluation management for suppliers, contract management, and payment management have been newly established. Moreover, by purchasing materials from local markets and therefore saving costs, we have contributed to the cost competitiveness and sales increase of local suppliers. Since 2012, we have assigned procurement personnel to overseas branches in Singapore, Dubai, Tripoli, and Doha to purchase local materials, office supplies, and safety features required for the operation of overseas businesses and branches. We applied this system to the Kuwait branch in 2013 as well. For countries where it is difficult to establish a branch, such as Venezuela, Vietnam, and Saudi Arabia, we assign procurement personnel to sites. In 2014, we will also send procurement personnel to Uzbekistan and Iraq, which are the newly-entered markets.

To support the preferential local procurement, we have established the management system for overseas construction materials and subcontracts, ‘e-Procurement & e-Subcontract’. To shorten the procurement lead time, we have developed and are operating the simplification system of local payments for overseas sites and branches. In order to further simplify the process of repetitive purchases from overseas branches, we will develop a new unit price contract program.

**Optimization of Global Logistics**\_\_\_Hyundai E&C has improved the efficiency of the customs clearance work by developing a manual by countries to proactively prevent any possible cost occurred due to a delay in the project period. In addition, we developed an electronic bidding system and a local logistics cost system as a basis to computerize the integrated logistics. Through the electronic bidding system, Hyundai E&C not only selects suppliers fairly and transparently, but also operates logistics efficiently based on bidding results. We further advance logistics by computerizing the handling of various logistics data and expenses. The work efficiency increased sharply as overseas logistics information can be checked in real-time through the IT-based operating system. In 2014, we will reinforce our global logistics capability by diversifying company pools of local specialists, special cargo deliverers, and ship transports.

**Advancement of Global Subcontracting Management**\_\_\_It is imperative to identify excellent local subcontractors for successful overseas projects. Hyundai E&C has set detailed standards for suppliers, such as supplier status by countries and local regulations, and therefore established a systematic management system for construction suppliers. Also, we are advancing the global subcontracting management by applying standards and policies to the management and operation of overseas construction suppliers, which are equivalent to the domestic level, and computerizing the management of overseas subcontracting works.

#### • Improvement of Overseas Supplier Management

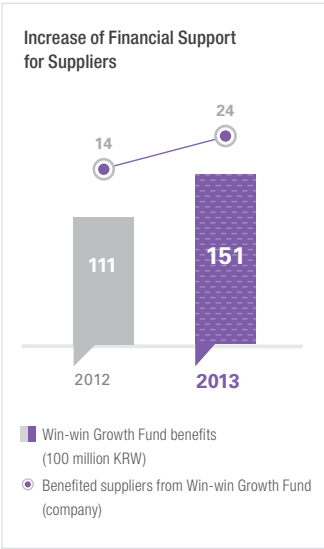
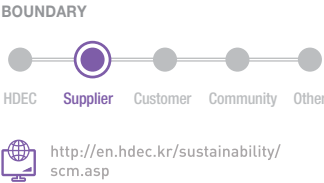


e-Procurement & e-Subcontract System for Overseas Projects





# SHARED GROWTH WITH SUPPLIERS



## MANAGEMENT APPROACH

Suppliers and Hyundai E&C grow together. We assist suppliers' growth by providing educations and supports for the technological development and also contribute to their management stability through a wide range of financial supports. Furthermore, we promote various supporting activities for their successful overseas expansion.

### Establishment of System for Shared Growth with Suppliers

We provide various educations and support technology development for our suppliers' competitiveness and management stability. In addition, we operate the Win-win Growth Fund to provide additional financial supports. In 2013, we lent 40.7 billion KRW to support suppliers' stable management and technology development and further lent 15.1 billion KRW to 24 suppliers through the Win-win Growth Fund. To assist suppliers' stable management, we make a full cash payment for subcontracts under 100 million KRW within the average of 14 days.

**Support for Suppliers' Win-win Management**\_\_\_\_Hyundai E&C is making earnest efforts to achieve win-win management with a total of 1,370 suppliers (as of 2013) by providing financial, technological, and educational supports and operating programs to strengthen the communication. Due to these efforts, we won the Minister of Land, Transport, and Maritime Affairs Award at the 'Awards for the Promotion of the Construction Industry's Cooperation 2012'. At the 'Evaluation of Joint Cooperation among Construction Companies 2013' conducted by the Ministry of Land, Transport, and Maritime Affairs (MLTM), we scored over 90 points and received the highest rating for two consecutive years. The MLTM's Evaluation annually evaluates the performance of industry players' joint cooperations and provides incentives to excellent companies to create the environment of joint cooperations and the shared growth between integrated and special contractors as well as between large corporations and SMEs.

**Financial Support for Suppliers**\_\_\_\_For the shared growth with suppliers, practical financial supports are required for SME suppliers which have a relatively weak financial base. Since signing the 'Joint Cooperation and Fair Trade Agreement' with suppliers in 2010, Hyundai E&C has operated the Win-win Growth Fund of about 20 billion KRW cooperating with banks to help suppliers which are suffering from financial difficulties due to the economic recession of the construction industry. Particularly, we provided an emergency funding of 284.3 billion KRW to 259 suppliers with insufficient working capital to secure their liquidity in 2013.

Hyundai E&C will strive to be a model of the shared growth and win-win management between large enterprises and SMEs and create a more cooperative partnership.

**Technical and Educational Support for Suppliers**\_\_\_\_We hold an annual 'Hyundai E&C Technical Forum', a technology competition for the joint cooperation, to discover new technologies and construction methods and offer research funds to excellent suppliers. Moreover, we strive in various ways to identify excellent suppliers, provide the patent application fee to enhance their technology capability, and promote joint technology researches and technology escrow for collaborative patent applications. In 2014, we will sponsor five suppliers' patent application fee, apply eight collaborative patents, and open patents to our suppliers for free after a certain period of time to enhance their competitiveness.

We provide various educations for the qualitative growth of suppliers. In 2013, we offered eight education courses to 1,796 suppliers for 24 times. Particularly, we expand our educational supports by organizing the Council of suppliers and regularly holding CEO seminars and shared growth seminars quarterly and by work types for all registered suppliers.

### The Result of Supplier Education in 2013

Name of education	Number of education (time)	Number of suppliers
Education on ethics	1	498
Discussion session with procurement suppliers	2	122
Inaugural assembly of Council of suppliers and CEO seminar	1	261
Excellent suppliers' visit to overseas sites	1	29
Shared growth seminar for subcontractors by work types	4	434
Education on fair consignment for subcontractors	2	214
Discussion session for subcontractors by work types	11	118
Education on overseas expansion for subcontractors	2	120
Total	24	1,796

**Support for Suppliers' Expansion to Overseas Markets**\_\_\_\_Since 2009, Hyundai E&C has actively supported suppliers to enter global markets by providing the Overseas Expansion Training Program for their employees biannually through the Hyundai E&C Human Resource Education Center. Also, we offer a fully funded program for CEOs of excellent suppliers to visit overseas sites. In 2014, we will invite 26 CEOs to visit our main sites in Turkey, Qatar, and UAE. We also co-hosted an information session on the overseas expansion in UAE with KOTRA and International Constructors Association of Korea (ICAK).

To provide opportunities to experience overseas sites to suppliers which have not entered overseas markets, we operate an overseas working program. We provide comprehensive educations for about two months, which are required to operate overseas sites and are about the construction, manufacturing, quality, safety, human resources, custom clearance, orders, taxation system, and establishment of overseas branches.

### Outstanding Suppliers Visit Overseas Sites



▲ Visit to the Site of Lusail Expressway in Qatar

In April 2014, representatives from excellent suppliers visited our main sites in Turkey and the Middle East and sought measures to enter global markets. They consist of excellent procurement and subcontract suppliers and the chairman of the representatives. To enhance their global visions, they visited four sites such as the third Bosphorus Bridge in Turkey, the Hamad Medical City and Lusail Expressway in Qatar, and the nuclear power plant in UAE, where constructions are currently going on.



▲ Overseas Expansion Briefing Session

Particularly, a site director of the Abu Dhabi branch, officials from the KOTRA and the Small & Medium Business Contractor Center at the ICAK, and local lawyers attended an Overseas Expansion Briefing Session. They had a time to find measures to enter global markets by sharing suppliers' successful cases about overseas expansion and asking and answering questions about overseas constructions.



SHARED GROWTH WITH SUPPLIERS

Communication with Suppliers

Hyundai E&C has a systematical communication system for open communication and joint cooperation with suppliers. The Council of suppliers is established as a regular consultative group to communicate well with suppliers and consists of six subcommittees. It contributes to the improvement of Hyundai E&C's policies by collecting and reviewing suppliers' grievances and suggestions on its own. We also operate the Win-win Growth Support Center within the 'Hi-Partner' portal, Hyundai E&C's subcontract and procurement system, as a means to enable a constant communication.

• Supplier Communication Method

Joint Cooperation Committee

- Operate on a monthly basis to secure fairness and transparency in managing suppliers
- Register/cancel a supplier; Reward/impose sanction; Select excellent suppliers; Deliberate on low bidding price

Win-win Growth Seminar

- Held four Shared Growth Seminars by work types for all suppliers in 2013

Supplier Satisfaction Survey

- Ascertain suppliers' requests in a timely manner
- Develop plans to respond to suppliers' requests in a timely manner

Win-win Growth Support Center

- Collect enquiries and suggestions; Request for response to quarterly satisfaction surveys

Supplier Satisfaction

Hyundai E&C has a self-developed supplier satisfaction survey system using VOC and IPA methods and actively collects their requests through regular surveys. The supplier satisfaction survey is conducted half-yearly and each supplier rates and gives opinions on the provided indexes by items, ranging from the selection process to the payment process. We actively reflect their needs collected from the survey to improve the win-win management and subcontract policies.

• Supplier Satisfaction Survey

Survey target	Suppliers with which at least one transaction is being held during the survey period
Survey period	Half-yearly
Survey method	'Satisfaction Survey' page within the Win-win Growth Center
Survey contents	Satisfaction on Hyundai E&C's management and operation of suppliers; Reason for dissatisfaction; Improvements and suggestions
Survey items	Selection stage → Selection of suppliers and contracts Construction stage → Construction, construction design changes, calculation, service payment General management → Hyundai E&C's employees, communication, follow-up management Ethical management

Value Creation Case: Revenue Generations Through the Overseas Expansion Training Program for Suppliers

“Due to our efforts for the shared growth with suppliers, we have opened a door for suppliers' overseas expansion.”

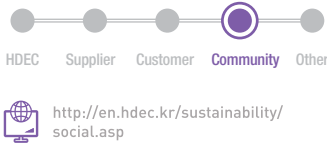
Since 2009, Hyundai E&C has invited suppliers to overseas sites and provided the Overseas Expansion Training Program. A research revealed that most of the 300 suppliers that received the training for free between 2011 and 2013 achieved their

dream to enter overseas markets. The sum of approved overseas orders of these suppliers was 255.1 billion KRW in 2012, 111.8 billion KRW in 2013, and 147.2 billion KRW as of May 2014. Therefore, it exceeded a total of 514.1 billion KRW. Hyundai E&C will continue to expand opportunities of the Overseas Expansion Training Program and contribute to the capability development and sales increase of our suppliers.

Hi-Partner Win-win Growth Support Center



BOUNDARY



Slogan for Hyundai E&C Family Community Service Group



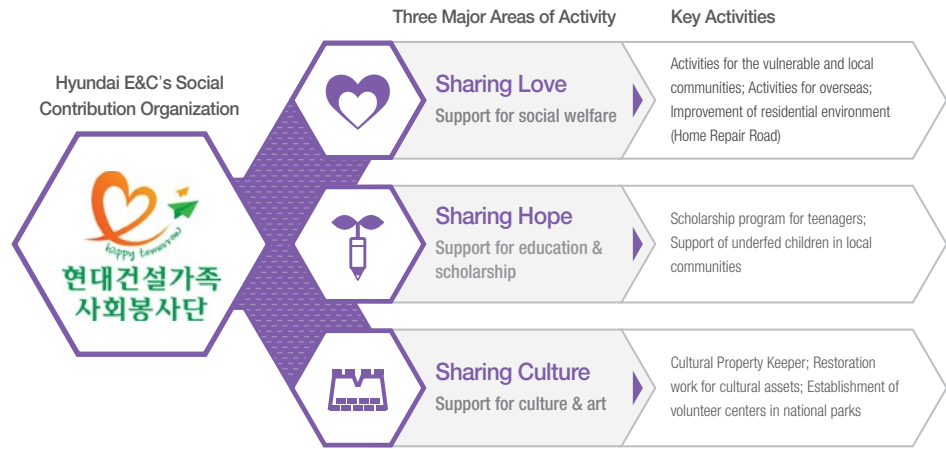
STRATEGIC SOCIAL CONTRIBUTION

MANAGEMENT APPROACH

As an international company, Hyundai E&C strives to fulfill its social responsibility and to grow together with local communities. We will expand the scope of our social contribution activities to not only domestic, but also overseas sites and underdeveloped countries for the global win-win cooperation with local communities and a constructive future with external stakeholders.

Social Contribution System

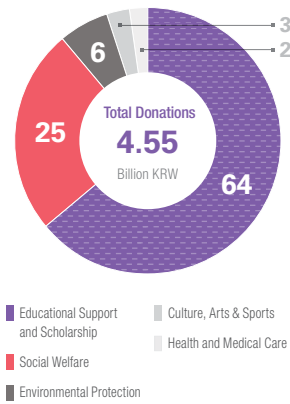
**Hyundai E&C's Social Contribution System**\_\_\_\_Hyundai E&C has continuously promoted three major social contribution activities, 'Sharing Love,' 'Sharing Hope,' and 'Sharing Culture,' led by the Community Service Corps established in 2009. Also, we implement an 'Employees' Volunteer Mileage Program' to encourage the participation of all employees and are expanding local social contribution activities in overseas countries in which we operate business. Since 2013, we have supported public services for the society's vulnerable class such as teenagers, multicultural families, and residents of impoverished areas. Hyundai E&C donated about 4.55 billion KRW in 2013 and will increase the donation to about 5.4 billion KRW in 2014 and continuously expand various social contribution activities for socially responsible management.



**Hyundai Motor Group's Social Contribution System**\_\_\_\_Since the incorporation into Hyundai Motor Group in 2011, Hyundai E&C has shared the Group's social contribution system and participated various social contribution activities at the Group level.



Breakdown of Donations  
(Unit : %)





# STRATEGIC SOCIAL CONTRIBUTION

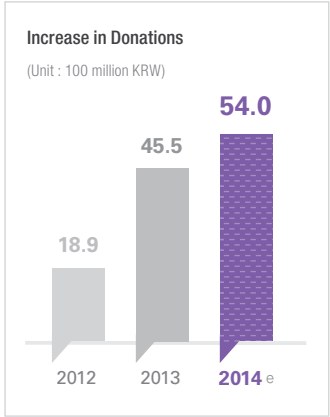
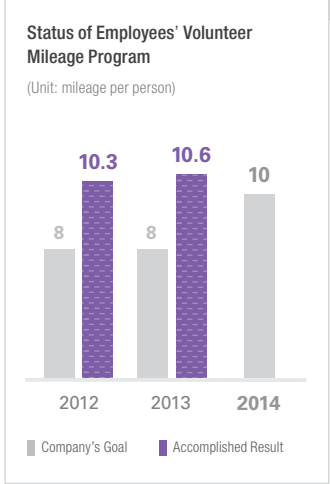
## Performance of Social Contribution Activities

**Volunteer Mileage Program**\_\_\_\_\_Hyundai E&C implements a volunteer mileage program to encourage the participation of all employees to social contribution activities and manage performances efficiently. The mileage program is used for the organizational assessment. In 2013, we achieved 10.6 miles per person exceeding the annual goal of average 8 miles per person. In 2014, we will actively promote the social contribution activities by expanding the annual goal to the average 10 miles per person.

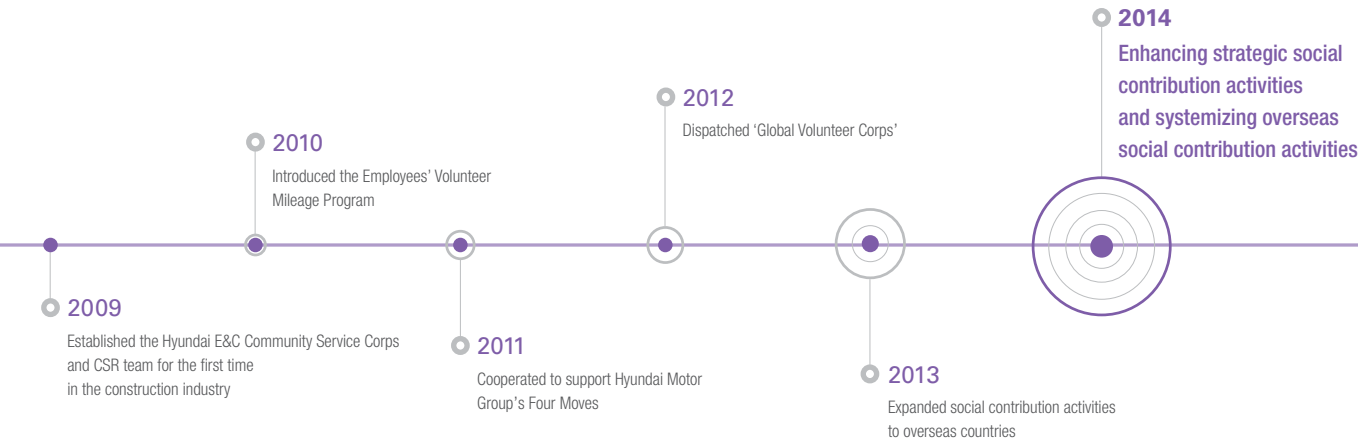
We provide activity costs for volunteer works through a social contribution returner policy and encourage employees by awarding outstanding volunteers at the end of each year.

### • Current Status of Overseas Social Contribution Activities

Continent	Country	Supporting Activity	Supporting Period
Central Asia	Kazakhstan	Establishment of education and welfare center and dispatchment of global volunteer corps	2012 - 2013
	Philippines	Establishment of communication center for low income families in San Isidro	2011 - 2012
Southeast Asia	Vietnam	Establishment of middle school in communities near Muong Duong power plant	2012 - 2013
		House repair of low income families in impoverished areas in Hoa Binh	2012 - present
	Indonesia	Establishment of community center for low income families near Thai Binh	2013 - 2014
		Improvement of sanitary facilities for water quality near Peusangan site	2012 - present
Latin America	Bangladesh	Support for the establishment of elementary school in Dhaka	2013 - 2014
	Columbia	Athletic scholarship in impoverished areas near Bogota	2012 - 2013
		Athletic scholarship for low income families in Chia	2012 - 2014
Middle East	Libya	Donation of restoration & relief fund for Libya	2011 - 2011
	Kuwait	Ecosystem protection campaign near Bubiyan site	2013 - 2014
Africa	Mozambique	Support for the establishment of elementary and middle schools	2012 - present
	Kenya	Improvement of drinking water near refugee areas	2013 - present



### • Milestone of Hyundai E&C's Social Contribution Activities



## Sharing Love

'Sharing Love' activities are social contribution activities for the social welfare, which mainly focus on improving the residential environment of low income families and the public interest of local communities and overseas underdeveloped countries, according to the construction industry characteristic of operating business around the world. Hyundai E&C is enhancing support for education, environment, culture, improvement of the residential environment and social welfare in developing countries especially in which it operates the business. We supported to establish a community center in the Philippines in 2011 and dispatched the 'Hillstate Global Volunteer Corps' consisting of employees and university students for the first time in the Korean construction industry in 2012. We are extending the scope of supports to countries such as Vietnam, Bangladesh, and Africa in 2013 and 2014 and have supporting 14 regions in 11 countries as of 2013.

We have launched a 'Sharing Love Fund' campaign for the vulnerable class in local communities since 2009. In 2013, we donated 320 million KRW and participated various social contribution activities for the vulnerable around the world. We will implement various public services such as community-related social contribution activities through the active participation of the company and employees.



## Sharing Hope

'Sharing Hope' activities are our social contribution activities that support educational scholarship programs for domestic and overseas children and teenagers. In 2010, for the first time in the Korean construction industry, we operated a scholarship program ('Green Trees, Wings of Hope') for children who lost their parents from construction disasters and need financial support. Since 2009, we have been visiting underfired children during every summer/winter vacation to deliver 'Lunchboxes of Hope'. We have not only delivered lunchboxes, but also provided a comprehensive mentoring program which supports about 400 children emotionally, educationally, and culturally. We will expand our support by creating a 'Hyundai E&C Dream School Mentoring Support Corps' using employees' talents.

Also, we have operated 'Volunteer Corps for Fixing Home (Home Repair Road)' to prevent flood damages for houses of mountain regions, which can be damaged by disasters. The group consists of our employees and college students of engineering major. They fix houses of seniors who live alone, draw murals, help laundries, and shoot portraits. In 2013, we expanded areas to help and fixed about 200 houses. In 2014, we will continue to improve the residential environment of local communities for the preparation of disasters and the safety enhancement through the 'Home Repair Road Volunteer Corps'.



## Sharing Culture

'Sharing Culture' activities are social contribution activities focused on the promotion of cultural arts, protection of cultural assets, and conservation of natural treasure. Since we signed the agreement for 'One Keeper for Every Cultural Asset' with the Culture Heritage Administrations in 2005, we have supported the restoration of Geumcheongyo (a bridge within Changdeok Palace, a UNESCO World Heritage Site) for four years and plan to complete the work in 2014. Furthermore, a total of 2,404 employees have participated in the restoration of ancient palaces for 73 times in last four years and we will continue the activity. To conserve natural treasure, we have implemented the 'Han River Ecology Protection Activities' since 2013. And, we have promoted a project to build a volunteer center in the Mt. Baekdu National Park for four consecutive years. Followed by the 1st volunteer center in Mt. Jiri and the 2nd in Mt. Bukhan, the 3rd in the Taean National Park will be opened in 2014.

Activities of Community Service Corps [http://www.hdec.kr/sustainability/share\\_activity.asp](http://www.hdec.kr/sustainability/share_activity.asp)



# 2013 HDEC Social Contribution Highlights

## Collecting Coins of Love [Sharing Love Fund]

2,700 employees of Hyundai E&C voluntarily donated a total of 320 million KRW for the domestic and overseas vulnerable class through the 'Sharing Love Fund'. All donated funds were used to improve the quality of drinking water in Kenya and Indonesia, to support multicultural families' independence, to fix houses of low income households, and to provide financial supports for operations and rehabilitations of children with severe disabilities.

PHOTO 01 - Collecting Coins of Love

## Overseas Social Contribution Activities

[Sharing Love]

By utilizing technologies and capabilities as a construction company, Hyundai E&C promotes social contribution activities in 14 regions of 11 countries including Kenya, Indonesia, Vietnam, Bangladesh, and Columbia.

In Vietnam, we built a middle school in Muong Duong for free and sponsored a house repair project for low income families in Hoa binh. We also built a middle school in Dhaka, Bangladesh and supported educational scholarship program. In Indonesia and Kenya, we implemented projects to improve the quality of drinking water and offered education on hygiene. Additionally, we supported educations on safety, hygiene, and housing for low income families in Columbia. We strive to improve the welfare and education in impoverished areas of the world through our global social contribution activities.

PHOTO 02 - Educational Support on Housing in Columbia

PHOTO 03 - Improving Drinking Water Quality Project in Kenya

PHOTO 04 - Groundbreaking Ceremony for Home Improvement Project for Impoverished Areas in Vietnam (in the presence of Hanoi branch)

## Lunchboxes of Sharing Love [Sharing Hope]

Since 2009, we have delivered 'Lunchboxes of Hope' to children of low income families. We not only deliver lunchboxes, but also provide a mentoring program which supports children emotionally, educationally, and culturally to share hope. We will expand the program into the 'Hyundai E&C Dream School Mentoring Support Corps' in accordance with talents of employees.

PHOTO 05 - Lunchboxes of Hope



## Home Repair Road [Sharing hope]

We have been operating 'Home Repair Road (Volunteer Corps for Fixing Home)' to prevent flood damages for houses of mountain regions, which can be damaged by disasters. The group consists of our employees and college students of engineering major. They fix houses of seniors who live alone, draw murals, help laundries, and shoot portraits. In 2013, we expanded areas to help and fixed about 200 houses. In 2014, we will continue to improve the residential environment of local communities for the preparation of disasters and the safety enhancement through the 'Home Repair Road Volunteer Corps'.

PHOTO 06 - Home Repair Road

## Cultural Assets Keeper [Sharing Culture]

To preserve cultural assets for a long time, we have actively implemented 'Cultural Assets Keeper' activities since 2005, such as the restoration of Geumcheongyo within Changdeok Palace by utilizing our outstanding civil engineering and construction capabilities. A total of 2,404 employees have participated in the restoration of ancient palaces for 73 times in last four years and we will continue the activity.

PHOTO 07 - Irrigation Ceremony of Geumcheon in Changdeokkung

## Establishment of the Volunteer Center in National Parks [Sharing Culture]

We have implemented various 'Natural Treasure Keeper' activities in accordance with characteristics of the construction industry and demands of the society. By signing a 'MOU for conservation of national parks and mountain ranges of the Korean Peninsula' with the Ministry of Environment and the Korea National Park Service, we established volunteer centers in Mt. Jiri and Mt. Bukhan, will open the 3rd volunteer center in the Tae'an National Park and are providing trainings to enhance volunteers' professional capabilities.

PHOTO 08 - Opening Ceremony of the Volunteer Center in Mt. Bukhan

## Han River Ecology Protection Activities

[Sharing Culture]

In order to preserve the natural treasure, we have promoted 'Han River Ecology Protection Activities' since 2013, where Han River is the lifeline of Seoul. Our employee volunteers take care of flower beds and clean up the environment at Hangang Park in Jamwon and Ttukseom areas.

PHOTO 09 - Han River Ecology Protection Activities



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Financial Performance

(Condensed) Separate Statements of Income
 (Unit: million KRW)

Description	2011	2012	2013
Sales	10,104,552	10,433,442	10,591,308
Cost of sales	9,242,199	9,604,835	9,762,976
Gross profit	862,353	828,607	828,332
Operating income	496,979	415,634	475,744
Income before income tax expense	611,573	450,604	472,808
Net income	503,313	347,019	360,278

(Condensed) Separate Statements of Financial Position
 (Unit: million KRW)

Description	2011	2012	2013
Current assets	6,952,511	7,404,995	8,297,022
Non-current assets	3,731,156	3,650,190	3,604,405
Total assets	10,683,667	11,055,185	11,901,427
Current liabilities	4,697,796	4,786,586	5,152,864
Non-current liabilities	1,668,114	1,752,414	2,064,737
Total liabilities	6,365,910	6,539,000	7,217,601
Capital stock	557,273	557,273	557,273
Other contributed capital	828,181	828,181	828,181
Components of other capital	149,114	96,528	(30,776)
Retained earnings	2,783,189	3,034,203	3,329,148
Total equity	4,317,757	4,516,185	4,683,826

Financial Stability (Based on Separate Data)
 (Unit: %)

Description	2011	2012	2013
Current ratio	147.9	156.3	160.9
Debt ratio	147.4	168.0	183.2
Net worth ratio	40.4	37.3	35.3

**Tax Policy**\_\_\_Hyundai E&C strictly complies with tax laws and related regulations in all 57 countries where it operates business. In order to support the business operation and customer services more effectively, Hyundai E&C strives to pay tax efficiently within the legal limits by optimizing its domestic and overseas business structures. Hyundai E&C maintains an honest and positive relationship with the tax authorities of each country such as a National Tax Service, pays its tax faithfully in accordance with each country's tax laws every year, and focuses on transparently disclosing all tax-related data. Every year, we specify the information of the corporate tax, deferred corporate tax, and effective tax rate on the audit report and disclose the information through the Data Analysis, Retrieval and Transfer System (dart.fss.or.kr). In 2013, the effective tax rate was 25.24% which is a 2.17% increase from the previous year's 23.07%.



Sustainability Management KPIs

Area	KPI	2011	2012	2013	2014 (goal/plan/prospect)
Economy	Overseas orders received (cumulative) (thousand USD)	83,011,407	93,537,034	104,439,091	115,822,411
	Percentage of overseas orders received (%)	41.2	69.0	74.5	74.7
	Board attendance rate of external directors (%)	100	100	97.75	100
Environment	Domestic GHG emissions target (tCO <sub>2</sub> -e)	438,650	396,720	373,276	428,043
	Overseas GHG emissions target (tCO <sub>2</sub> -e)*	252,030	286,243	303,299	382,718
	Total HSE training participants (person)	3,208	4,305	4,002	4,381
	HSE training satisfaction (%)	85.8	80.7	83.3	85.5
R&D	R&D human resource (person)	89	105	122	176
	Number of patent applications (case)	40	51	55	75
Customer management	Customer satisfaction (point)	95.3	94.3	94.4	94.7
Employees	Newly recruited employees (person)	478	487	519	380
	Annual average training hours per employee (hour)	174.9	123.0	146.0	151.0
	Educational expenditure per person (KRW)	1,190,000	926,994	1,047,000	1,180,000
OHS	Number of site inspections (time)	663	1,172	1,251	1,201
	Accident rate (%)	0.14	0.14	0.20	0.14
Supply chain management	Revenue generation due to the Overseas Expansion Training Program (100 million KRW)	6,272	2,551	1,118	2,311
	Number of benefiting suppliers of the Overseas Expansion Training Program (company)	412	97	104	99
Social contribution	Donations (100 million KRW)	16.0	18.9	45.5	54.0
	Annual company-wide goal of employees' volunteer mileage program (mile per person)	8	8	8	10

\* For GHG emissions data, data of the domestic headquarters and all domestic sites are collected. For overseas sites, however, GHG emissions of all sites are calculated based on the data of main overseas sites to increase the credibility. We will gradually expand the scope of data collection.

To the readers of the "2014 Hyundai E&C Sustainability Report"

Responsibility and Objective

The Institute for Industrial Policy Studies (hereafter “Auditor”) was engaged by Hyundai E&C to review information specified in its "2014 Hyundai E&C Sustainability Report" (hereafter “Report”) to provide an independent third-party assurance on the reported content. On the basis of the above, the Auditor presents the following independent statement of assurance.

Hyundai E&C is responsible for all information and claims contained in the Report regarding the establishment of its sustainability management goals, performance management, etc. The responsibility of the Auditor is to deliver the findings from its assurance undertaking to the management of Hyundai E&C. The key objective of the assurance is to check whether there are any material bias or errors present in the Report; assess whether the underlying data collection system is in proper working order; while undertaking in an overall review of the Company's process for identifying issues of material importance to sustainability management as well as the produced results so that the Auditor may deliver recommendations that can help improve the quality of future reporting.

Assurance Type and Level

The Report was reviewed against the following criteria and guidelines: (1) AA1000 Assurance Standards (2008)\*; (2) Global Reporting Initiative's (GRI) G3.1 Sustainability Reporting Guidelines\*\*; and (3) B.E.S.T Sustainability Reporting Guidelines\*\*\*

- Assurance Scope: Contents of the "2014 Sustainability Report" by Hyundai E&C
- Assurance Type & Level: Type II, Moderate
- Assurance Criteria:
  - "IPS Assurance Manual" to verify compliance against AA1000AS (2008) standard's three core principles
  - "IPS Performance Indicators Assurance Criteria" to assess the reliability of performance indicators
  - GRI G3.1 Guideline and B.E.S.T Guideline's “reporting level”

Work Undertaken and Scope

The Auditor confirmed 1) the inclusivity, materiality, and responsiveness of the reported content; 2) the reliability of the reported performance data; 3) the Report's level of compliance against GRI's G3.1 Sustainability Reporting Guidelines; and 4) the level of compliance relative to the B.E.S.T Reporting Guidelines through the process outlined below.

- Review of the Company's processes for identifying material issues and outcomes
- Review of the Company's stakeholder engagement processes
- Interviews with persons responsible for each performance dimension and the collection of performance data to determine the adequacy of the reported content
- On-site review (Hyundai E&C's Head Office) to assess systems and processes in place for the collection and reporting of raw performance data
- Review of underlying reference data on key economic, social, and environmental performance
- Sample testing of materiality issues to ascertain the completeness and accuracy of information contained in the Report
- Review of the Report's compliance against GRI/ B.E.S.T reporting guidelines

Limitations

The scope of this undertaking was limited to:

- Interviews with individuals responsible for different performance dimensions and the collection of performance data; review of the adequacy of the reported data
- On-site review of Hyundai E&C's Head Office
- Assurance based on relevant data and information available for the relevant reporting period
- Review of the reliability of reported performance data
- This undertaking does not include data on green-house gas emissions, which is subject to a separate review

Assurance Findings

The Auditor did not find any material misstatements or bias contained in the Report.

**[ Inclusivity ] Is the Company's stakeholder engagement strategy-setting and related processes adequate?**

It is the Auditor's view that Hyundai E&C is aware of the importance of stakeholder engagement in its sustainability management initiative and has worked to build a process for stakeholder engagement in order to incorporate the collected views toward its business management activities. The Auditor noted efforts

\* AA1000AS is a sustainability assurance standard developed by the UK-based Institute of Social and Ethical Accountability (AccountAbility) in November 1999 to assure organization-wide sustainability performance and accountability by improving the quality of accounting, auditing and reporting practices in the social and business ethics domain. The revised 2008 version has been in effect since 2010.

\*\* The GRI G3.1 Guideline was established by the GRI, convened by the Coalition for Environmentally Responsible Economies (CERES) and UNEP in 1997. Following the G3 Guideline, which was introduced in Oct. 2006, the G3.1 Guideline was released in Mar. 2011, with expanded and supplementary guidance on human rights, gender, and the local community. The 4th revised G4 version was introduced in May. 2013.

\*\*\* The B.E.S.T Guideline was jointly developed by the Ministry of Commerce, Industry, and Energy (MOCIE), the Korea Chamber of Commerce and Industry (KCCI), and the Institute for Industrial Policy Studies (IPS) in 2006 as a sustainability reporting and assurance guideline, and provides for five levels of reporting rigor (Level 1 - 5).



Assurance Findings

by the Company to assess stakeholder views by establishing engagement channels for six major stakeholder groups identified to be of importance to Hyundai E&C. The Auditor took particular note of the variety of communication channels being run by the Company for its key stakeholder groups (ex. Junior Board, supplier deliberation council, Hillstate Styler program, etc.) to assess core stakeholder demands so that they can be reflected into its business activities. Moreover, after defining stakeholder-specific engagement policies, Hyundai E&C has worked to better share its sustainability management outcomes with its stakeholders in keeping with the principle of inclusivity.

[Materiality] Does the Report contain information of the highest material importance to Hyundai E&C stakeholders across the economic, social, and environmental dimensions?

It is the Auditor's view that the Report does not omit or exclude issues of importance to the sustainability management activities of Hyundai E&C. The Auditor confirmed efforts by the Company to identify and report on issues of material importance to its stakeholders via a three-step process (compiling an "issue pool", listing up key issues, final selection of material issues) to identify issues that may impact the sustainability of Hyundai E&C, and provide a status update on how the issues are being managed as well as their outcomes. Notably, Hyundai E&C has defined 20 top core issues as having material importance to the Company based on the level of impact to internal stakeholders and level of interest among external stakeholders, and classified them into one of the five dimensions of sustainability management to structure a "table of contents" for the Report, while working to provide a complete account of its sustainability activities and outcomes in line with the principle of materiality.

[Responsiveness] Does the Report provide an adequate response to stakeholder demands and interests?

The Auditor found Hyundai E&C to be responding adequately to issues of concern and interest to its stakeholders. It has established various communication channels specific to relevant stakeholder groups, while trying to report on the Company's response to issues identified to be important via stakeholder engagement well as their end results. Notably, as part of an effort to better identify the demands and views of its stakeholders while reinforcing the Company's responsiveness, Hyundai E&C was found operating numerous stakeholder channels, such as public hearings with HR persons responsible for employee evaluation, customer/supplier satisfaction surveys etc., which is in line with the principle of responsiveness.

[Level of Compliance to Reporting Guidelines]

The Auditor found the Report to correspond to an "A+" reporting level relative to the GRI G3.1 Guidelines. Also, in view of the coverage and reliability of the information provided, the Report was found to fulfill 90.6% of requirements to qualify for a "Level 4" Report relative to the B.E.S.T Guidelines.

[Reliability of Performance Indicators]

After reviewing the performance indicators stated in the Report, which correspond with the top 20 core issues, the Auditor found the underlying data collection system to be adequate and failed to find any material errors that can either bias the Company's judgment or compromise the reliability of its data.

Recommendations

The Auditor found the "2014 Sustainability Report" by Hyundai E&C commendable in the following respects. The Report (1) sets out the direction for the Company's sustainability management while taking into account high level mega trend analysis as well as the business environment of the construction sector; (2) provides "integrated" reporting of the Company's sustainability management activities and outcomes with links between financial and non-financial information; (3) provides a detailed account centered around key material issues, making it easier to understand for both internal and external stakeholders. For future reports, the Auditor recommends considering the following.

- Apply new reporting framework and guidelines while strengthening the level of DMA disclosure
- Track "qualitative" sustainability management activities using "quantitative" indicators while also strengthening reporting coverage
- Strengthen monitoring on the Company's response to stakeholder demands and expectations

Independence

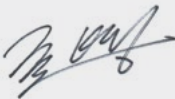
Apart from this independent assurance undertaking, the Auditor was not involved in the preparation of any part of the Report, and has no commercial affiliation with Hyundai E&C that might compromise our independence.

Qualifications of the Auditor

Commissioned by Hyundai E&C as the Auditor for this assurance undertaking, the Institute for Industrial Policy Studies (IPS) was established in 1993 and has since developed into a specialized institution with broad expertise in the areas of business ethics, CSR, and sustainability management since 2002.

June 19, 2014

Lee Yoon-Cheol  
Chairman, The Institute for  
Industrial Policy Studies



AA1000  
Licensed Assurance Provider  
000-24



# Greenhouse Gas Verification Statement

Introduction

DNV Certification, Ltd. ("DNV") was commissioned by HYUNDAI Engineering & Construction Co., Ltd. ("HYUNDAI Engineering & Construction") to verify the HYUNDAI Engineering & Construction's Greenhouse Gas Inventory Report for the calendar year 2013 ("the report") based upon a limited level of assurance. HYUNDAI Engineering & Construction is responsible for the preparation of the GHG emissions data on the basis set out within the Guidelines for the Operation of Target Management Scheme (Notification No. 2012-211 of Ministry of Environment) and the principles set out in ISO 14064-1:2006. Our responsibility in performing this work is to the management of HYUNDAI Engineering & Construction only and in accordance with terms of reference agreed with them. DNV expressly disclaims any liability or responsibility for any decisions, whether investment or otherwise, based upon this assurance statement.

Scope of Assurance

The emissions data covered by our examination comprise Direct emissions (Scope 1 emissions), Energy indirect emissions (Scope 2 emissions) and Other indirect emissions (Scope 3 emissions) :

- Reporting period under verification : Calendar Year 2013
- Organizational boundary for reporting : HYUNDAI Engineering & Construction Co., Ltd.

Organizational Boundaries	Address / Remark	Verification activity
Buildings	Headquarter(Address: Hyundai Bldg. 140-2, Kye-dong, Jongno-gu, Seoul, Korea) and 3 buildings	Desk Review, Site visit,
Domestic construction sites	166 sites of Plant, Power Plant, Civil, Building	Data sampling verification

Verification Approach

The verification has been conducted by DNV from 7<sup>th</sup> May through 28<sup>th</sup> May 2014 and performed in accordance with the verification principles and tasks outlined in ISO 14064-3:2006 and the Guidelines for the Operation of Target Management Scheme (Notification No. 2012-211 of Ministry of Environment). We planned and performed our work so as to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a limited verification opinion concerning the completeness of the emission inventory as well as the reported emission figures in ton CO2 equivalent. As part of the verification process:

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

Conclusions

As a result of the work described above, in our opinion nothing has come to our attention that would cause us to believe that the GHG emissions data set out in HYUNDAI Engineering & Construction's report are not fairly stated. The GHG Emissions of HYUNDAI Engineering & Construction for the year 2013 were confirmed as below;

• Greenhouse Gas Emissions of HYUNDAI Engineering & Construction Co., Ltd. of Yr 2013 (Unit: ton-CO <sub>2</sub> equivalent)					
	Direct emissions (Scope 1)	Indirect emissions (Scope 2)	Other indirect emissions (Scope 3)	Total emissions	Reductions compared to the yr 2012
Yr 2012	16,342	36,134	327,639	380,115	
Yr 2013	14,059	37,488	321,730	373,277	6,838

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

May 28, 2014

Park Se-Hee  
Lead Verifier



Ahn In-Kyoon  
Country Manager  
DNV Certification, Ltd.



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



GRI Index

● Completely Reported    ① Partially Reported    ○ Not Reported					
Index	Indicators	ISO 26000	Page	Level of Reporting	Remarks
Strategy and Analysis					
1.1	Message from CEO	6.2	2~3	●	
1.2	Description of opportunities and challenges		2~3, 8~11, 28~29	●	
Organizational Profile					
2.1	Name of the organization	-	6	●	
2.2	Primary brands, products, and/or services	-	6~7	●	
2.3	Operational structure of the organization	6.2	6~7	●	
2.4	Location of organization's headquarters	-	Cover	●	
2.5	Names of countries with major operations	-	6~7	●	
2.6	Nature of ownership and legal form	-	24~25	●	
2.7	Markets served	-	6~7	●	
2.8	Scale of the reporting organization	-	6~7	●	
2.9	Significant changes during the reporting period regarding size, structure, or ownership	-	6~7, 24~25	●	
2.10	Awards received	-	85	●	
Report Parameters					
3.1	Reporting period	-	About This Report	●	
3.2	Date of most recent previous report	-	80	●	AUG 2013
3.3	Reporting cycle	-	About This Report	●	
3.4	Contact point for questions regarding the report or its contents	-	Cover	●	
3.5	Process for defining report content	-	22~23	●	
3.6	Boundary of the report	-	About This Report	●	
3.7	State any specific limitations on the scope or boundary of the report	-	About This Report	●	
3.8	Basis for reporting that can significantly affect comparability from period to period and/or between organizations	-	About This Report	●	
3.9	Data measurement techniques and the bases of calculations	-	About This Report	●	
3.10	Re-statements of information provided in earlier reports	-	-	●	Not applicable
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	-	About This Report	●	
3.12	GRI Content Index	-	80~83	●	
3.13	Policy and current practice with regard to seeking external assurance for the report	7.5.3	About This Report, 77~78	●	
Governance, Commitments, and Engagement					
4.1	Governance structure of the organization	6.2	24~25	●	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer		24	●	
4.3	Board composition		24~25	●	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body		24~25, 28	●	
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives		24~25	●	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided		24~25	●	
4.7	Process for determining the qualifications, and expertise of the members of the highest governance body in the economic, environmental and social fields		24~25	●	
4.8	Statements of mission or values, codes of conduct, and principles		4~5, 14~15, 26	●	
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance		28	●	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance		25	●	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization		26~29	●	

● Completely Reported    ① Partially Reported    ○ Not Reported					
Index	Indicators	ISO 26000	Page	Level of Reporting	Remarks
4.12	Externally developed principles or other initiatives to which the organization subscribes or endorses	6.2	34–35	●	
4.13	Memberships in associations (such as industry associations) and / or national / international advocacy organizations		85	●	
4.14	List of stakeholder groups engaged by the organization		23	●	
4.15	Basis for identification and selection of stakeholders with whom to engage		23	●	
4.16	Approaches to stakeholder engagement		23	●	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns		22–23	●	
Economic Performance Indexes					
DMA	Disclosure on Management Approach		17, 18, 43, 44	●	
EC1	Direct economic value generated and distributed	6.8, 6.8.3, 6.8.7, 6.8.9	7, 23, 75	●	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	6.5.5	8–13, 34–35	●	
EC3	Coverage of the organization's defined benefit plan obligations	6.4.4, 6.8	57	●	
EC4	Significant financial assistance received from Government	-	-	●	Not applicable
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	6.4.4, 6.8	55	①	
EC6	Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation	6.6.6, 6.8, 6.8.5, 6.8.7	65	●	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	6.8, 6.8.5, 6.8.7	-	○	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	6.3.9, 6.8, 6.8.3, 6.8.4, 6.8.5, 6.8.6 6.8.7, 6.8.9	64–73	●	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	6.3.9, 6.6.6, 6.6.7, 6.7.8, 6.8, 6.8.5, 6.8.6, 6.8.7, 6.8.9	23, 69–71	●	
Environmental Performance Indicators					
DMA	Disclosure on Management Approach		31, 32, 36	●	
EN1	Materials used by weight or volume	6.5, 6.5.4	40	●	
EN2	Percentage of materials used that are recycled input materials		41	●	
EN3	Direct energy consumption by primary energy source		40, 79	●	
EN4	Indirect energy consumption by primary source		40, 79	●	
CRE1	Building Energy Intensity		40	①	
EN5	Energy saved due to conservation and efficiency improvements		35, 40, 48	●	
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives		35, 40, 48	●	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved		35	●	
EN8	Total water withdrawal by source		38, 40	●	
EN9	Water sources significantly affected by withdrawal of water		-	●	Not applicable
EN10	Percentage and total volume of water recycled and reused	6.5, 6.5.6	38, 40	●	
CRE2	Building water intensity		40	①	
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		39	●	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas		39	●	
EN13	Habitats protected or restored	6.5, 6.5.5	39	●	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity		39	●	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk		39	●	
EN16	Total direct and indirect greenhouse gas emissions by weight	6.5, 6.5.5	35, 41, 79	●	
EN17	Other relevant indirect greenhouse gas emissions by weight		35, 41, 79	●	
CRE3	Greenhouse gas emissions intensity from buildings		41	①	



GRI Index

● Completely Reported    ◐ Partially Reported    ○ Not Reported

Index	Indicators	ISO 26000	Page	Level of Reporting	Remarks
CRE4	Greenhouse gas emissions intensity from new construction and redevelopment	6.5, 6.5.5	35, 41, 79	●	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved		34, 35	●	
EN19	Emissions of ozone-depleting substances by weight		-	●	Not applicable
EN20	NOx, SOx, and other significant air emissions by type and weight		-	●	Not applicable
EN21	Total water discharge by quality and destination		38, 41	●	
EN22	Total weight of waste by type and disposal method	6.5, 6.5.3	39, 41	●	
CRE5	Land and other assets remediated and in need of remediation for the existing or intended land use according to applicable legal designations		-	●	Not applicable
EN23	Total number and volume of significant spills		-	●	Not applicable
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally		-	●	Not applicable
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff		-	●	Not applicable
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	6.5, 6.5.4, 6.6.6, 6.7.5	36~41	●	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category		-	●	Not applicable
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations		-	●	Not applicable
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce		37	●	
EN30	Total environmental protection expenditures and investments by type		38	●	

Labor Practices and Decent Work Performance Indicators

DMA	Disclosure on Management Approach		53, 54, 57, 60	●	
LA1	Total workforce by employment type, employment contract, and region	6.4, 6.4.3	55	◐	
LA2	Total number and rate of employee turnover		55, 59	●	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.4, 6.4.3, 6.4.4	57	●	
LA4	Percentage of employees covered by collective bargaining agreements	6.4, 6.4.3, 6.4.4, 6.4.5, 6.3.10	58	●	
LA5	Minimum notice period(s) regarding significant operational changes	6.4, 6.4.3, 6.4.4, 6.4.5	58	●	
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees		58	●	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities	6.4, 6.4.6	60~61	●	
CRE6	Percentage of the organization operating in verified compliance with an internationally recognized health and safety management system.		60~61	●	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	6.4, 6.4.6, 6.8, 6.8.3, 6.8.4, 6.8.8	57, 61	●	
LA9	Health and safety topics covered in formal agreements with trade unions	6.4, 6.4.6	58, 60, 61	●	
LA10	Average hours of training per year per employee by employee category	6.4, 6.4.7	56	◐	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	6.4, 6.4.7, 6.8.5	55, 56	●	
LA12	Percentage of employees receiving regular performance and career development reviews		56	●	
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	6.3.7, 6.3.10, 6.4, 6.4.3	24, 55	●	
LA14	Ratio of basic salary of men to women by employee category	6.3.7, 6.3.10, 6.4, 6.4.3, 6.4.4	56	●	
LA15	Return to work and retention rates after parental leave, by gender	-	57	●	

Human Rights Performance Indicators

DMA	Disclosure on Management Approach		53, 54	●	
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening	6.3, 6.3.3, 6.3.5, 6.6.6	26, 27, 64, 65	●	
HR2	Percentage of significant suppliers and contractors that have undergone human rights screening		26, 27, 64, 65	●	
HR3	Employee training on policies and procedures concerning aspects of human rights	6.3, 6.3.5	27	◐	

● Completely Reported    ◐ Partially Reported    ○ Not Reported

Index	Indicators	ISO 26000	Page	Level of Reporting	Remarks
HR4	Total number of incidents of discrimination and corrective actions taken	6.3, 6.3.6, 6.3.7, 6.3.10, 6.4.3	-	●	Not applicable
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	6.3, 6.3.3, 6.3.4, 6.3.5, 6.3.8, 6.3.10, 6.4.3, 6.4.5	58	●	
HR6	Abolition of child labor	6.3, 6.3.3, 6.3.4, 6.3.5, 6.3.7, 6.3.10	55	●	
HR7	Elimination of all forms of forced or compulsory labor	6.3, 6.3.3, 6.3.4, 6.3.5, 6.3.7, 6.3.10	55	●	
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	6.3, 6.3.5, 6.4.3, 6.6.6	-	○	
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	6.3, 6.3.6, 6.3.7, 6.3.8, 6.6.7	-	●	Not applicable
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	-	-	○	
HR11	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms	-	-	●	Not applicable

Society Performance Indicators

DMA	Disclosure on Management Approach		63, 69	●	
S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities	6.3.9, 6.8, 6.8.5, 6.8.7, 6.6.7	69~73	●	
S02	Percentage and total number of business units analyzed for risks related to corruption		27	●	
S03	Percentage of employees trained in organization's anticorruption policies and procedures	6.6, 6.6.3	27	●	
S04	Actions taken in response to incidents of corruption		-	○	
S05	Public policy positions and participation in public policy development and lobbying	6.6, 6.6.4, 6.8.3	-	●	Not applicable
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country		-	●	Not applicable
S07	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes	6.6, 6.6.5, 6.6.7	-	●	Not applicable
S08	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	6.6, 6.6.7, 6.8.7	-	●	Not applicable
S09	Operations with significant potential or actual negative impacts on local communities	-	69~73	●	
CRE7	Number of persons voluntarily and involuntarily displaced and/or resettled by development, broken down by project	-	-	○	
S010	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	-	69~73	●	

Product Responsibility Performance Indicators

DMA	Disclosure on Management Approach		50	●	
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	6.3.9, 6.6.6, 6.7, 6.7.4, 6.7.5	50~51	◐	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle		-	●	Not applicable
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements		-	○	
CRE8	Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment	6.7, 6.7.3, 6.7.4, 6.7.5, 6.7.6, 6.7.9	49	●	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by result type		-	●	Not applicable
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	6.7, 6.7.4, 6.7.5, 6.7.6, 6.7.8, 6.7.9	51	●	
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications	6.7, 6.7.3, 6.7.6, 6.7.9	51	◐	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship		-	●	Not applicable
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	6.7, 6.7.7	-	●	Not applicable
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	6.7, 6.7.6	-	●	Not applicable





## Statement GRI Application Level Check

GRI hereby states that **Hyundai Engineering & Construction** has presented its report “2014 Hyundai Engineering & Construction Sustainability Report” to GRI’s Report Services which have concluded that the report fulfills the requirement of Application Level A+.

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

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

Amsterdam, 7 July 2014

Ásthildur Hjaltadóttir  
Director Services  
Global Reporting Initiative



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

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

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 27 June 2014. GRI explicitly excludes the statement being applied to any later changes to such material.

## Major Awards and Accolades

### 2014 Major Awards

Award	Description	Host / Provider
2014 Money Today Overseas Construction Awards	Best of the Best (Pioneer category)	Money Today
2014 Money Today Korea Residential Service Awards	Best of the Best (Planning Design category)	Money Today
2014 Annual Asia Economy Apartment Brand Awards	Grand Prize (High-class category)	Asia Economy

### 2013 Major Awards

Award	Description	Host / Provider
2012 Construction Cooperation Advancement Awards	Minister's Accommodation for Contribution	Construction Economy
2013 Money Today Overseas Construction Awards	Minister's Award, Grand Prize	Money Today
2013 Money Today Korea Residential Service Awards	Minister's Award, Overall Grand Prize (Private Sector category)	Money Today
2013 Annual Asia Economy Apartment Brand Awards	Grand Prize (High-class category)	Asia Economy
First-half HanKyung Residential Culture Awards	Grand Prize (Apartment category)	HanKyung
2013 MaeKyung Good Apartment for Living Awards	Prize of Excellence (General Apartment of Large Contractors category)	MaeKyung
2013 Korea Jungang Daily Eco-friendly Construction Industry Awards	Grand Prize (General Building category)	Joongang Daily
HanKyung Business Well-being Apartment Awards	Customer Satisfaction	HanKyung Business
2012 Money Today Korea Luxury Housing Awards	Best of the Best	Money Today
2013 Asia Construction Awards	Overall Grand Prize (Shared Growth category)	Asia Economy
5th Aju Economy Construction Awards	Overall Grand Prize (Overseas Construction category)	Aju Economy
2013 Asia Today Green Construction Awards	Chairman's Award (Civil Engineering category)	Asia Economy
2013 Green Housing Awards	Grand Prize (Green Energy category)	Hankook Daily
2013 eDaily Construction Industry Awards	Grand Prize (Civil Engineering category)	eDaily
9th Korea Civil Engineering & Construction Technology Awards	Best of the Best (Office Building Construction category)	MaeKyung
2013 Construction Economy Advertisement Awards	Grand Prize (Corporate PR category)	Construction Economy
2013 Korea's Representative Apartment Awards	MLTM Minister's Prize, Grand Prize (Environment-Friendliness category)	Hankook Economy TV
2013 Second-half HanKyung Residential Culture Awards	Grand Prize (Apartment category)	HanKyung
2013 Herald Economy Green Residence Awards	Overall Grand Prize (Overseas Construction category)	Herald Economy
4th Korea Green Construction Awards	Grand Prize (Construction category)	Seoul Newspaper



# Membership

## Association Memberships

International Tunneling and Underground Space Association	Korea Remodeling Association
Construction Association of Korea	Korea Housing Association
Architectural Institute of Korea	The Korea Railway Association
Korea Electric Association	Korea Plant Industries Association
Korean Society of Civil Engineers	Korea Institute of Plant Engineering & Construction
Building Smart Korea	Korea Ports & Harbours Association
Korea Construction IT Convergence Institute	Korea Environmental Industry Association
Korea National Commission on Large Dams	Korean Institute of BIM
Korea Road & Transportation Association	International Contractors Association of Korea

※ Partial list: 119 business/academic association memberships in total

## Acknowledgements

<b>Kang Ki-Ho</b>	HSE Planning Team	<b>Song Geun-Il</b>	Procurement Planning Team
<b>Kang Young-Min</b>	Green & Environment Team	<b>Song Jin-Geol</b>	Building Works Management & Administration Team
<b>Kwon Young-Pil</b>	Project Risk Management Team	<b>Shin Young-Seok</b>	Business Analysis Team
<b>Kim Da-Young</b>	Building Works Marketing Team	<b>Um Jeong-Sik</b>	Human Resources Development Team
<b>Kim Sun-Kyung</b>	Domestic Business Planning Team	<b>Yea Chang-Hae</b>	Power & Energy Management & Administration Team
<b>Kim Se-Won</b>	Welfare Management Team	<b>Yun Seung-Hyeon</b>	Investor Relations Team
<b>Kim Yoon</b>	Design PR Team	<b>Lee Kyung-Ho</b>	Building Works Mechanical Team
<b>Kim Jae-Hun</b>	General Affairs Team	<b>Lee Yo-Soo</b>	Business Strategy Team
<b>Kim Tae-Hee</b>	HSE Planning Team	<b>Lee Jae-Wook</b>	Building Works Housing Design Team
<b>Kim Hyun-Koo</b>	Tax Team	<b>Lee Jeong-Hui</b>	Procurement Planning Team
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## Contact Us

The 2014 Hyundai Engineering & Construction Sustainability Report is also available on our website (<http://en.hdec.kr>). Should you want more information or have any enquiries, please do not hesitate to contact us via the contact information below. We appreciate your feedback.

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