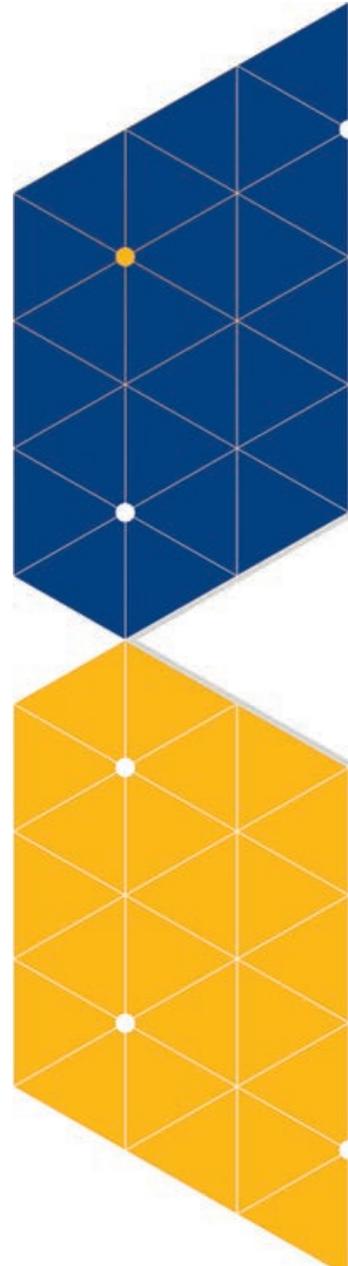


# WE BUILD TOMORROW

2015 HYUNDAI E&C SUSTAINABILITY REPORT



# WE BUILD TOMORROW

2015 HYUNDAI E&C SUSTAINABILITY REPORT

## ABOUT THIS REPORT

### Characteristics of This Report

This report is the sixth Sustainability Report of Hyundai E&C that suggests company-wide sustainability management strategies based on the Creating Shared Value (CSV) model and mainly consists of Value Creating Process to realize the strategies. In addition, we have enhanced the communication with stakeholders by disclosing stakeholder interests and importance for each of the five sustainable management areas as well as including Key Performance Indicators (KPIs).

### Reporting Period & Boundary

This report covers Hyundai E&C's economic, environmental, and social activities and performances of the headquarters as well as domestic and overseas sites from January 1, 2014 to December 31, 2014. In addition, we partially included meaningful activities and performances until May 2015. For the quantitative performance, data of the recent 3 years is reported so that the yearly development can be analyzed.

## VALUE CREATION

Creating Shared Value

### Reporting Standard

To communicate our sustainability achievements to stakeholders more transparently, this report was prepared in accordance with the Comprehensive option of the Global Reporting Initiative (GRI) G4 guidelines. 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 its financial data based on the Korean International Financial Reporting Standards (K-IFRS).

### Assurance

In order to secure the credibility and fairness of the writing and contents of the report, a third-party assurance was conducted by an external, independent specialized agency and the results are available on p. 74-75 of this report.



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# 2015 HYUNDAI ENGINEERING & CONSTRUCTION SUSTAINABILITY REPORT

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# WE BUILD TOMORROW

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

In May 2014, for the first in the global construction industry, Hyundai E&C established the sustainability management strategy based on the Creating Shared Value (CSV) model and defined the five areas of sustainability: strategic management, environmental management, technology management, talent management, and social management. Hence, Hyundai E&C is building a world where the company and the society can accomplish the shared growth.

### VALUE CREATION

Creating Shared Value



## 5 SUSTAINABILITY ASPECTS

### 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 by creating global values.

### ENVIRONMENTAL MANAGEMENT

Environmental issues due to the climate change and resource scarcity provide risks and 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 in extremes. Hyundai E&C ensures the customer satisfaction by differentiating the technology capability.

### TALENT MANAGEMENT

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.

### SOCIAL MANAGEMENT

Suppliers are the most important companions and local communities are the base of business activities. Hyundai E&C accomplishes the shared growth with the society by empowering the entire value chain.

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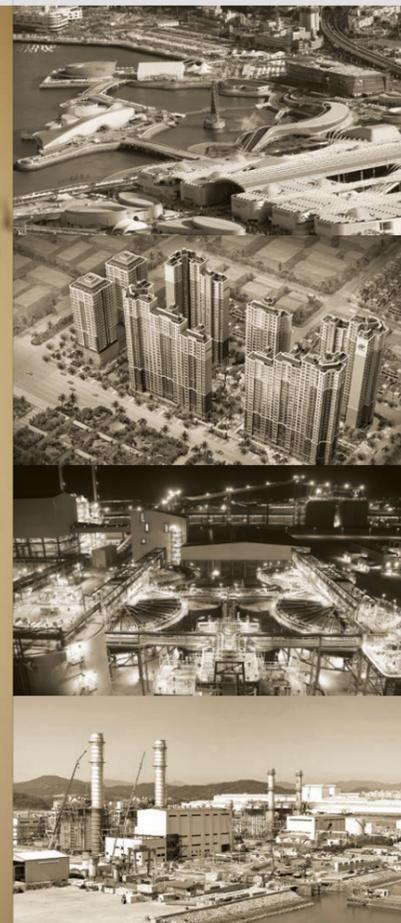
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#### 2015 COVER STORY

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

# Message from the CEO



## Accomplishment of Global Sustainability Management

Last year, even with intensified competition and emerging market risks as well as falling oil prices in foreign markets, Hyundai E&C's corporate sustainability management has clinched a most valuable accomplishment. Since entered the foreign market for the first among Korean construction companies in 1965, we established a new record of USD 100 billion in overseas orders received (cumulative) in November 2013. Moreover, Hyundai E&C is leading the Korean construction wave winning overseas orders worth more than USD 10 billion annually for 5 consecutive years up to the year 2014. Beside these financial performances, Hyundai E&C is currently concentrating all of its capability for sustainability management activities such as the transparent management, environment-friendly business operation, and win-win management with suppliers, together with an active social contribution thus stabilizing our position as a global company.

Hyundai E&C is the first construction company to be included in the Dow Jones Sustainability Index (DJSI) for 5 consecutive years as well as has been selected as the world's sustainability leader in the construction sector in the years 2011, 2013, and 2014. I believe this achievement is a recognition that our innovative and future-oriented performances are most outstanding among global construction companies in aspects of the commitment to the society and sustainability. We should also take note that the Engineering News-Records (ENR), a worldwide renowned Engineering & Construction magazine, has rated Hyundai E&C as the 13th on 'The Top International Contractors 2014' based on its overseas sales. Hyundai E&C is expected to enter the 10th ranking in the years to come.

## Improvement of Business Environment and Innovation of Corporate Culture

The main business focus of Hyundai E&C this year is our company's structural 'improvement and innovation of the corporate culture.' For a stable and sustainable growth, the improvement of business environment should precede. Our goal is to diversify our business environment as well as to advance our business management system through the expansion of the value chain by stepping further beyond the form of EPC business. In order to overcome the current crisis, Hyundai E&C seeks its own identity and DNA differentiated from other companies. With solidarity and a challenging spirit in our hearts, Hyundai E&C, as a future-oriented company, will continuously pioneer the business market by responding to changes and searching for solutions.

Since being incorporated into Hyundai Motor Group in the year 2011, Hyundai E&C has constantly been evolving. In the aspect of managerial strategy, we have focused on the profitability and liquidity rather than on the turnover as well as on the diversification of markets and work types. In addition, Hyundai E&C has established a new management system to enable a distributed risk management thus thoroughly prepared to respond to changes. A continued interest and encouragement on the process of Hyundai E&C's change and innovation would be most appreciated.

Hyundai E&C will continuously carry out its duty and responsibility of being a leading global sustainable company. As a business partner, furthermore, we will continuously develop and execute various programs that assist our suppliers to expand to overseas markets. Hence, Hyundai E&C will establish a successful model of a win-win management between large corporations and medium and small corporations.

As companions of Hyundai E&C, your constant support and encouragement are always appreciated.

Thank you.

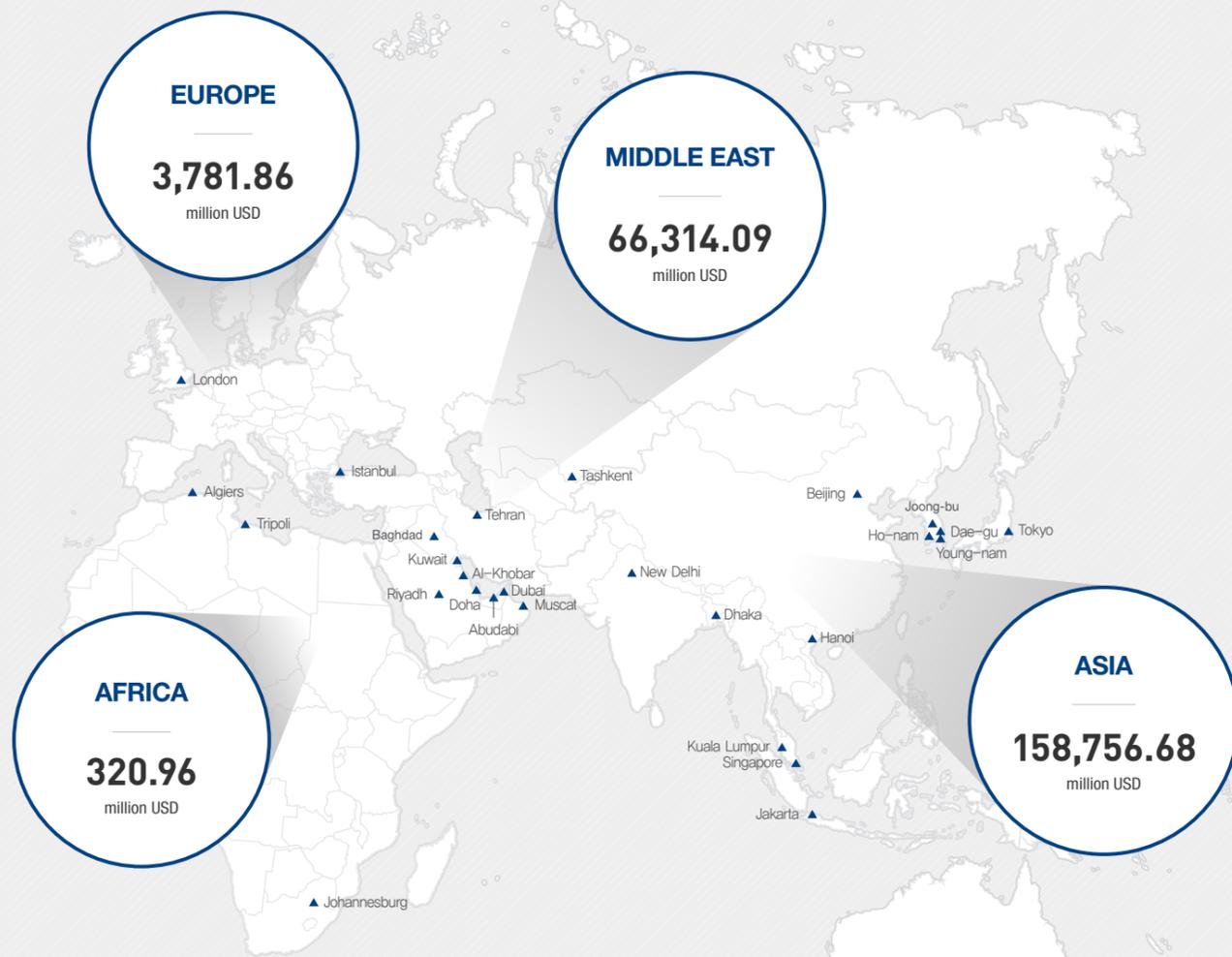
July 2015  
President & CEO of Hyundai E&C | Jung Soo-Hyun

Hyundai E&C has consistently put its best effort to facilitate a better and more eudemonic society based on the policy of Trust management, Site management, and Transparent management.

I wish to express my sincerest thanks to those who have unceasingly supported and attended to Hyundai E&C enabling us to grow with sustainability and conduct ourselves with complete social responsibility.

As the first construction company in Korea, Hyundai E&C has consistently put its best effort to facilitate a better and more eudemonic society based on its policies of Trust management, Site management, and Transparent management that have grown for the past 68 years.

# Business at a Glance



## COMPANY OVERVIEW & BUSINESS PORTFOLIO

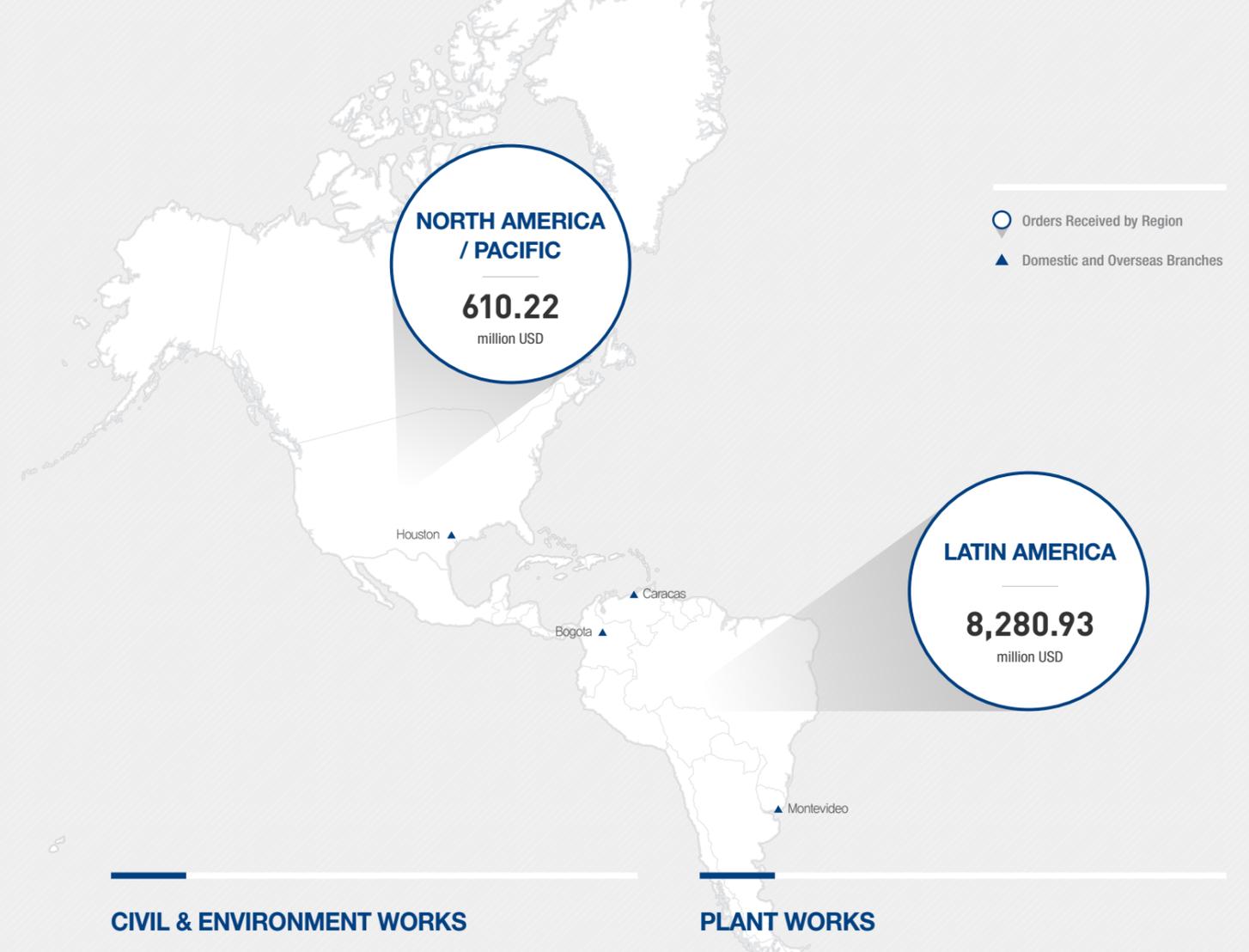
Hyundai E&C creates tomorrow with stakeholders around the world providing a base for a better life backed by its outstanding technology and proven business execution ability. Leading the global construction market and contributing to the world's development, we have expanded businesses to emerging markets in Latin America, Africa, and Commonwealth of Independent States (CIS) based on the stable business foundation in Korea, Asia, and the Middle East. Therefore, Hyundai E&C has been growing as a company which owns a bigger possibility and competitiveness.

As of May 2015, total 5,615 employees are working at the headquarters, 4 domestic and 27 overseas branches, and 161 domestic and 80 overseas sites.

## MAJOR FINANCIAL PERFORMANCE IN 2014

Orders Received	<b>27,167.3</b> billion KRW
Revenue	<b>17,387.0</b> billion KRW
Operating Income	<b>958.9</b> billion KRW
Net Profit	<b>586.7</b> billion KRW
Credit Rating*	<b>AA-</b>

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



## CIVIL & ENVIRONMENT WORKS

Hyundai E&C will lead the development of the mankind with the differentiated technology.

The Civil & Environment Works Division has led the global infrastructure and environment business markets backed by the best technology and abundant experiences accumulated for 68 years. By successfully implementing various projects such as land development, ports, rail ways, roads and bridges, water resources, and, environment, Hyundai E&C has enhanced its reputation as a Core Infra Solution Leader which is pioneers the era and comprehensively provides the core infra construction for the economic development of the world.

## BUILDING WORKS

Hyundai E&C realizes the human-centered future space through the challenge and passion.

With the infinite imagination, Hyundai E&C's Building Works Division makes an imaginary cutting-edge space come true, where human, information, environment, and technology coexist. The Building Works Division builds environment-friendly green buildings and high-rise buildings as well as promotes mixed development business throughout all construction fields such as residential, commercial, medical, business, educational, and cultural buildings. Moreover, the Division leads the paradigm of the construction market and actively explores new overseas markets. Therefore, Hyundai E&C will grow to a Constructor & Developer that guides a new construction culture of 21st century at the frontline.

## PLANT WORKS

Hyundai E&C pioneers the global plant market based on the technology, experience and strong execution ability.

Based on a variety of business performances acquired in overseas markets and competent technical staffs as well as know-hows, the Plant Works Division is implementing industrial facility and nuclear energy businesses such as mega-scale petrochemical plants, steelworks & refineries, and LNG terminals, etc. Hyundai E&C will step forward as a pioneer of the global plant market by diversifying business models, expanding to new higher value-added markets with core technology, and reinforcing its capability in Engineering, Procurement, and Construction.

## POWER & ENERGY WORKS

Hyundai E&C will open the page of an era of the cutting-edge, future environmental energy network.

The Power & Energy Works Division is developing various power and energy markets such as power transmission and industrial electricity based on its advanced engineering technology and competitiveness in executing business. Furthermore, Hyundai E&C has dominated a competitive edge in power generation and desalination plant markets. The Power & Energy Works Division will strategically enter markets in Africa, Latin America, Southeastern Asia, and CIS countries based on the Middle East market as well as aggressively secure the technology capability for highly profitable products and promote the shared growth with affiliates. Hence, Hyundai E&C will stand taller as a Total Power & Utility Provider in the world.

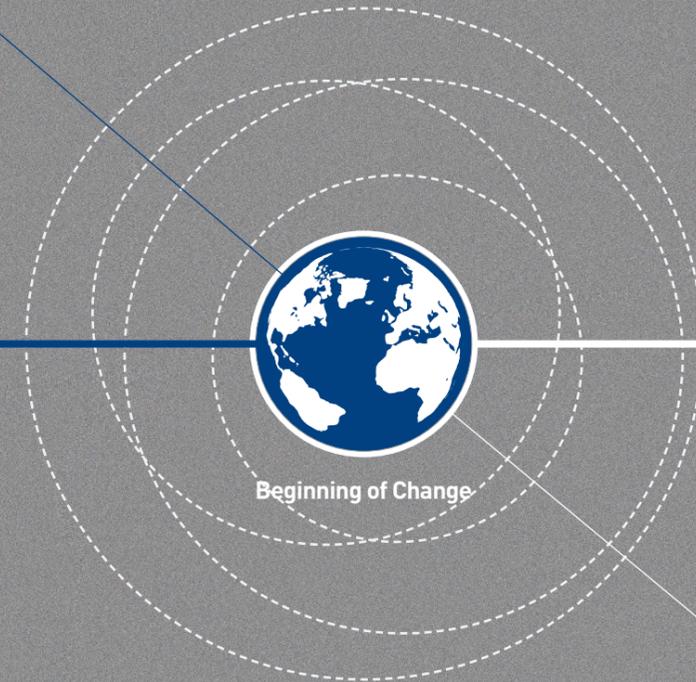
# HYUNDAI E&C BIG PICTURE

## Towards Value Creation



### Challenge of Hyundai E&C for the Sustainable Future of Company and Society

The world's sustainability is threatened by global climate changes, population growth, energy and water scarcity, and resource depletion. Therefore, Hyundai E&C has continued to create the global value by providing sustainable construction products and environment-friendly technology services as well as taken a new step for a challenge to solve problems of the world. Hyundai E&C is now becoming a new history of the sustainable construction of the world, beyond Korea.



**BIG PICTURE 1** - Megatrend Analysis

**BIG PICTURE 2** - Hyundai E&C's Sustainability Management & CSV Strategy

**BIG PICTURE 3** - Hyundai E&C's Value Creation Process

# BIG PICTURE 1

## Megatrend Analysis

Through the analysis about megatrends, Hyundai E&C has defined the urbanization, water scarcity/pollution, energy & fuel, and material resource scarcity as the four megatrends of the construction industry. Hyundai E&C has identified and integrated risk/opportunity into the business thus endeavored to respond to future changes.



### Four Megatrends of Construction Industry



#### URBANIZATION

Intensified concentration of the city population and the rise of urban poor



#### WATER SCARCITY / POLLUTION

Threats on the growth and expansion of the businesses due to water scarcity



#### ENERGY / FUEL

Sudden changes in energy policy, supply, and fuel prices



#### MATERIAL RESOURCE SCARCITY

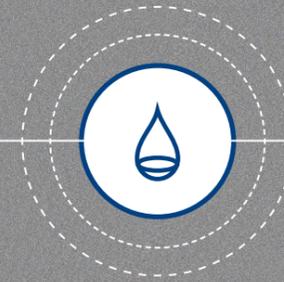
Intensified scarcity of resources such as metal, biomass, agricultural products, and water

### 2030 Megatrend Outlook



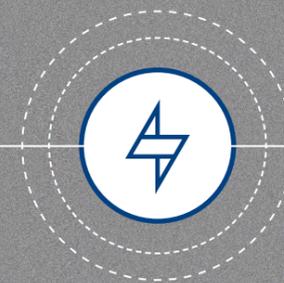
60%

60% of world population living in urban areas, 10% increase in urban population from 50% of 2013 < UN Population Division >



283%

283% increase in water demand in South Africa compared to 2005, 40% increase in industrial water demand in China < 2030 Water Resources Group >



15%

15% increase in world oil consumption compared to 2010 due to the increase of transportation in emerging markets in 2030 < IEA >



83 billion ton

The extraction amount of mineral/metal/biomass reaching 83 billion tons < KPMG >

Identification of risk/opportunity through future analysis of megatrends

TECHNOLOGY

WATER SCARCITY / POLLUTION

URBANIZATION

ENERGY / FUEL

MATERIAL RESOURCE SCARCITY

# BIG PICTURE 1

## Megatrend Analysis

Through the analysis about megatrend, the urbanization, water scarcity/pollution, resource scarcity as the four megatrends, Hyundai E&C has identified and integrated into the business thus endeavored to



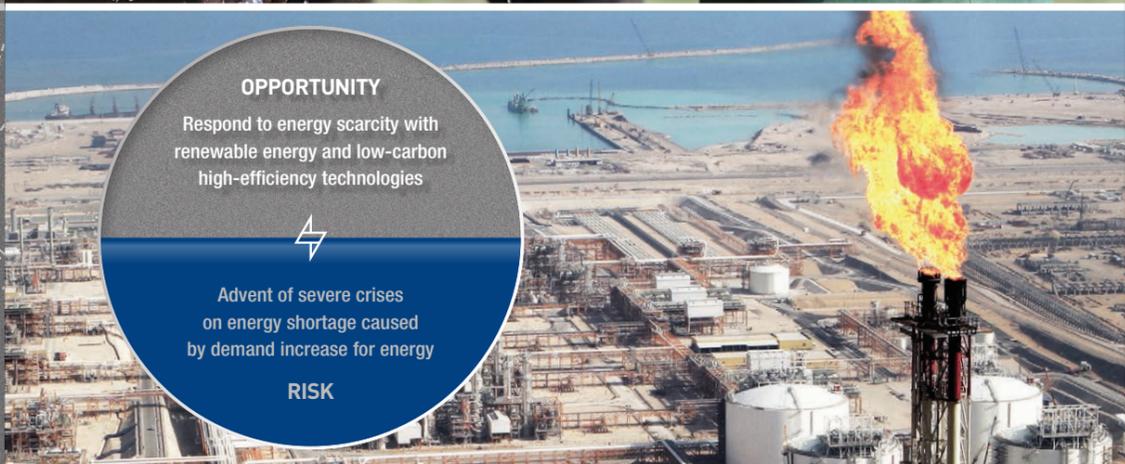
**OPPORTUNITY**  
Provide large/smart infrastructure in accordance with expansion of the urban areas

**RISK**  
Intensified socio-economic problems in urban areas due to population growth



**OPPORTUNITY**  
Overcome environmental risks through water treatment and environmental restoration technologies

**RISK**  
Outbreak of security threats on water supply between businesses and markets



**OPPORTUNITY**  
Respond to energy scarcity with renewable energy and low-carbon high-efficiency technologies

**RISK**  
Advent of severe crises on energy shortage caused by demand increase for energy



**OPPORTUNITY**  
Prepare for resource-restricted age by developing waste-recycling technologies and alternate materials

**RISK**  
World-wide excessive competitions on securing resources

Research & Development for Each Megatrend



SOLUTION 01

Development of large/smart infrastructure technologies



SOLUTION 02

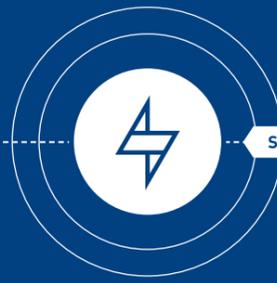
Development of water treatment and environmental restoration technologies



**R&D Direction**

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

**TECHNOLOGY**



SOLUTION 03

Development of renewable energy and low-carbon high-efficiency technologies



SOLUTION 04

Development of waste-recycling technologies and alternate materials



WATER SCARCITY / POLLUTION

URBANIZATION

ENERGY / FUEL

MATERIAL RESOURCE SCARCITY

# BIG PICTURE 2

## Hyundai E&C's Sustainability Management & CSV Strategy

In order to promote its long-term growth as well as the prosperity of mankind, Hyundai E&C has established the sustainability management strategy based on the Creating Shared Value (CSV) model. Hence, Hyundai E&C is building a world where the company and the society grow together with its five sustainability areas.

### Five Sustainability Areas

### Creating Shared Value (CSV) DMA



**STRATEGIC MANAGEMENT**

**ENVIRONMENTAL MANAGEMENT**

**TECHNOLOGY MANAGEMENT**

**TALENT MANAGEMENT**

**SOCIAL 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 by creating global values.

Environmental issues due to the climate change and resource scarcity provide risks and opportunities.

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

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

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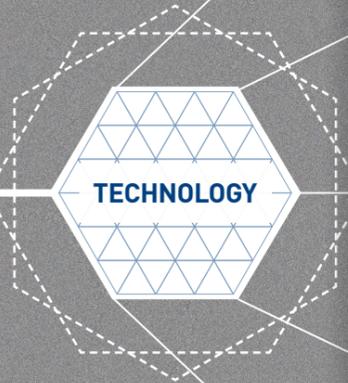
Hyundai E&C accomplishes the shared growth with the society by empowering the entire value chain.

**HYUNDAI E&C**

# BIG PICTURE 2

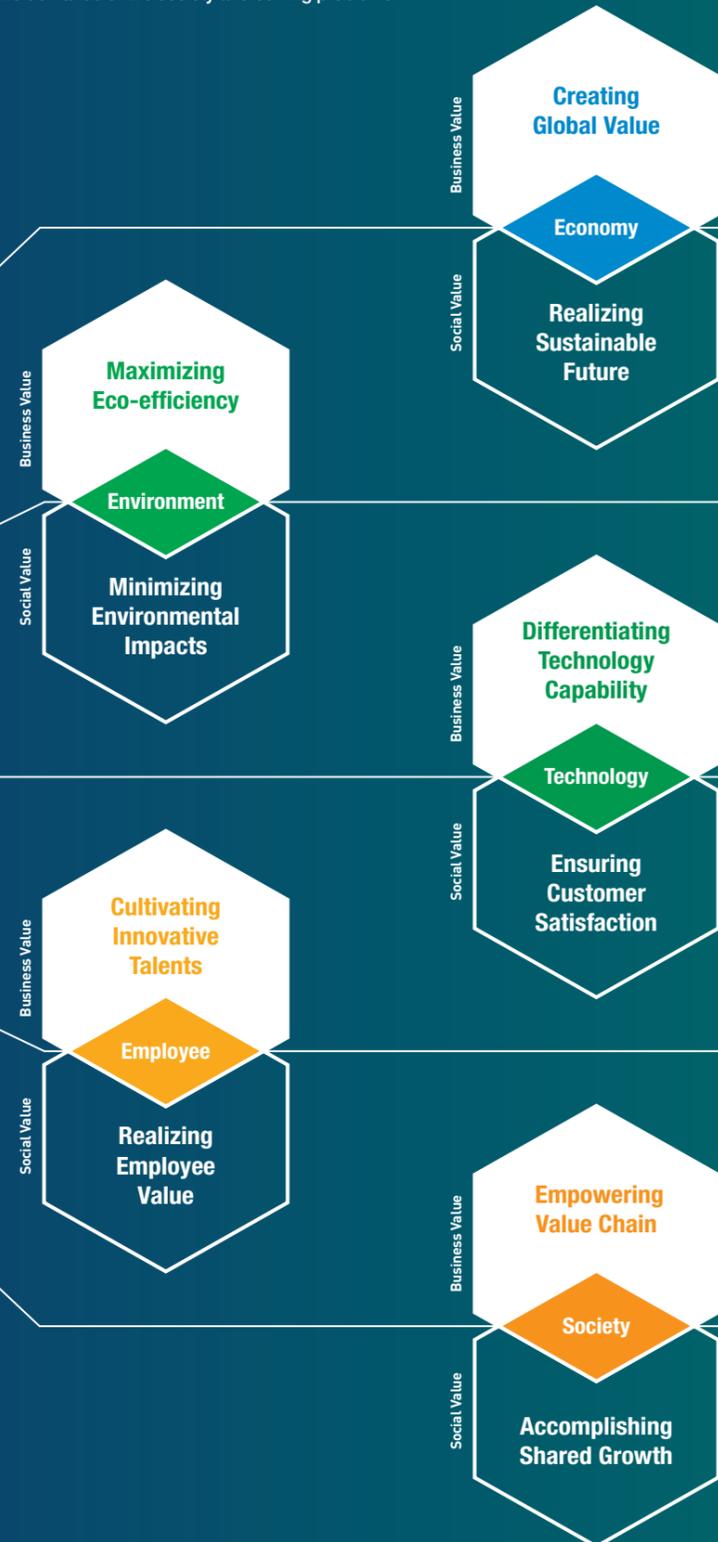
## Hyundai E&C's Sustainability Management & CSV Strategy

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### Creating Shared Value (CSV) Model

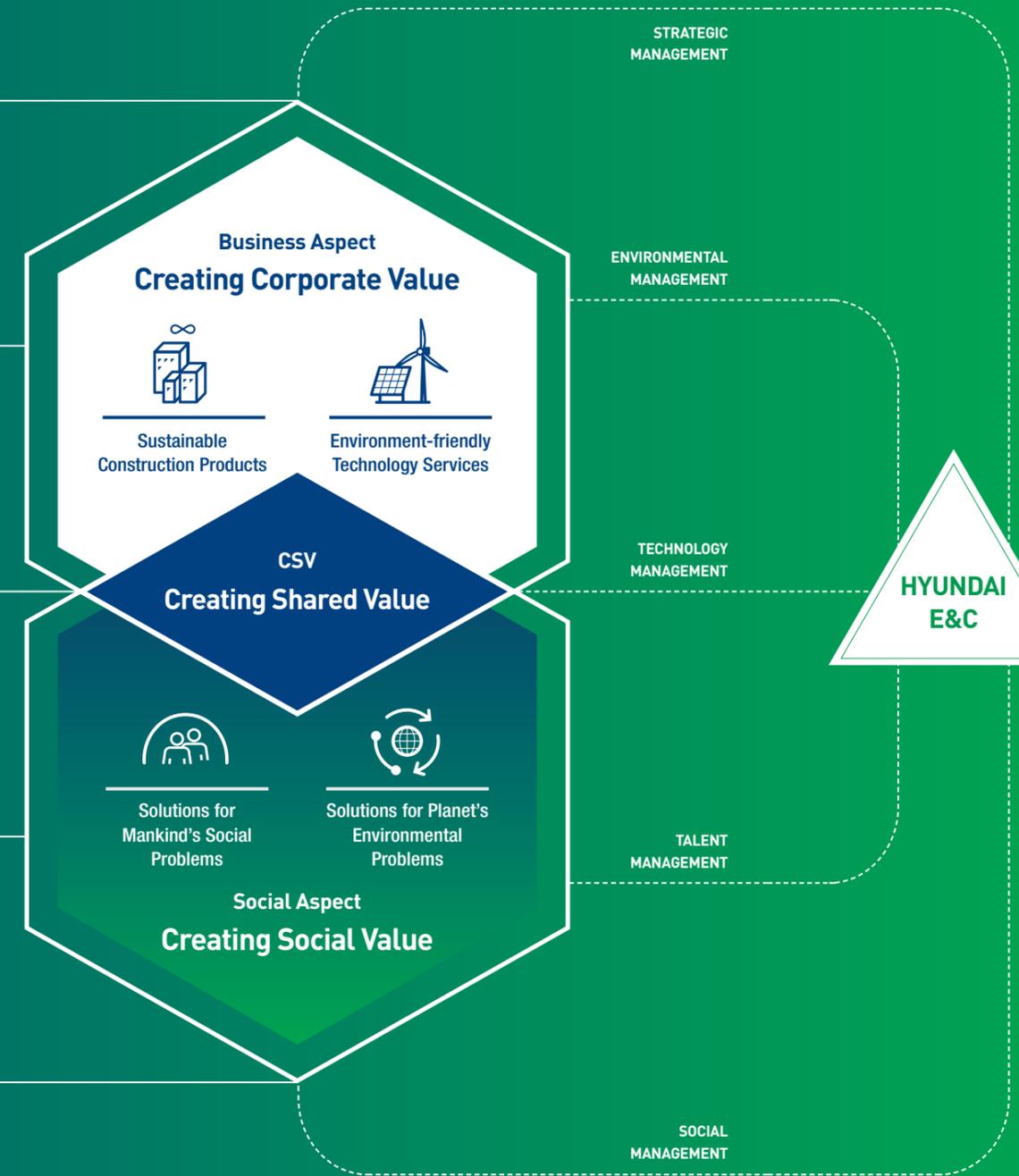
CSV : The management principle by which economic value and social value are created simultaneously by accepting the demands of the society and solving problems.



### Hyundai E&C's Creating Shared Value (CSV) Model

Mission & Vision

## Creating Sustainable Habitat For Human



### Provision of Solution

Backed by the indomitable challenging spirit, Hyundai E&C provides advanced construction products and technology services. Therefore, Hyundai E&C, as a sustainable global integrated engineering company, provides solutions for environmental/social problems of the world.

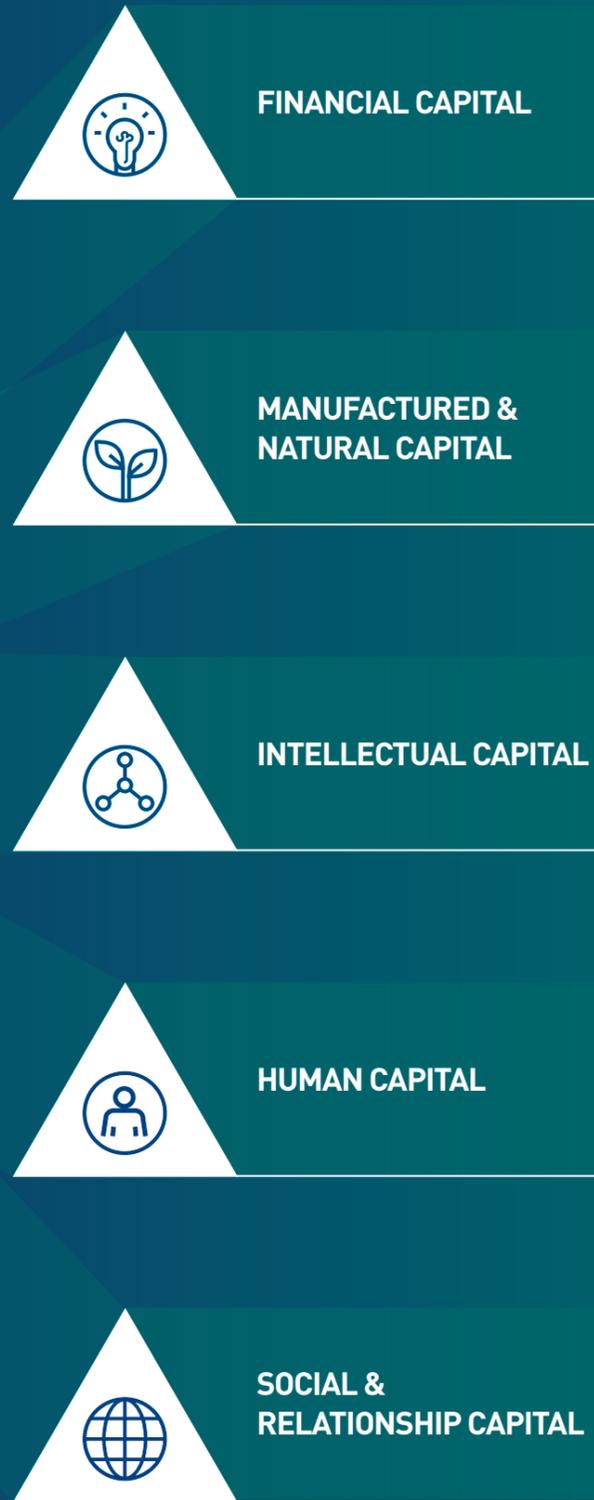
# BIG PICTURE 3

## Hyundai E&C's Value Creation Process

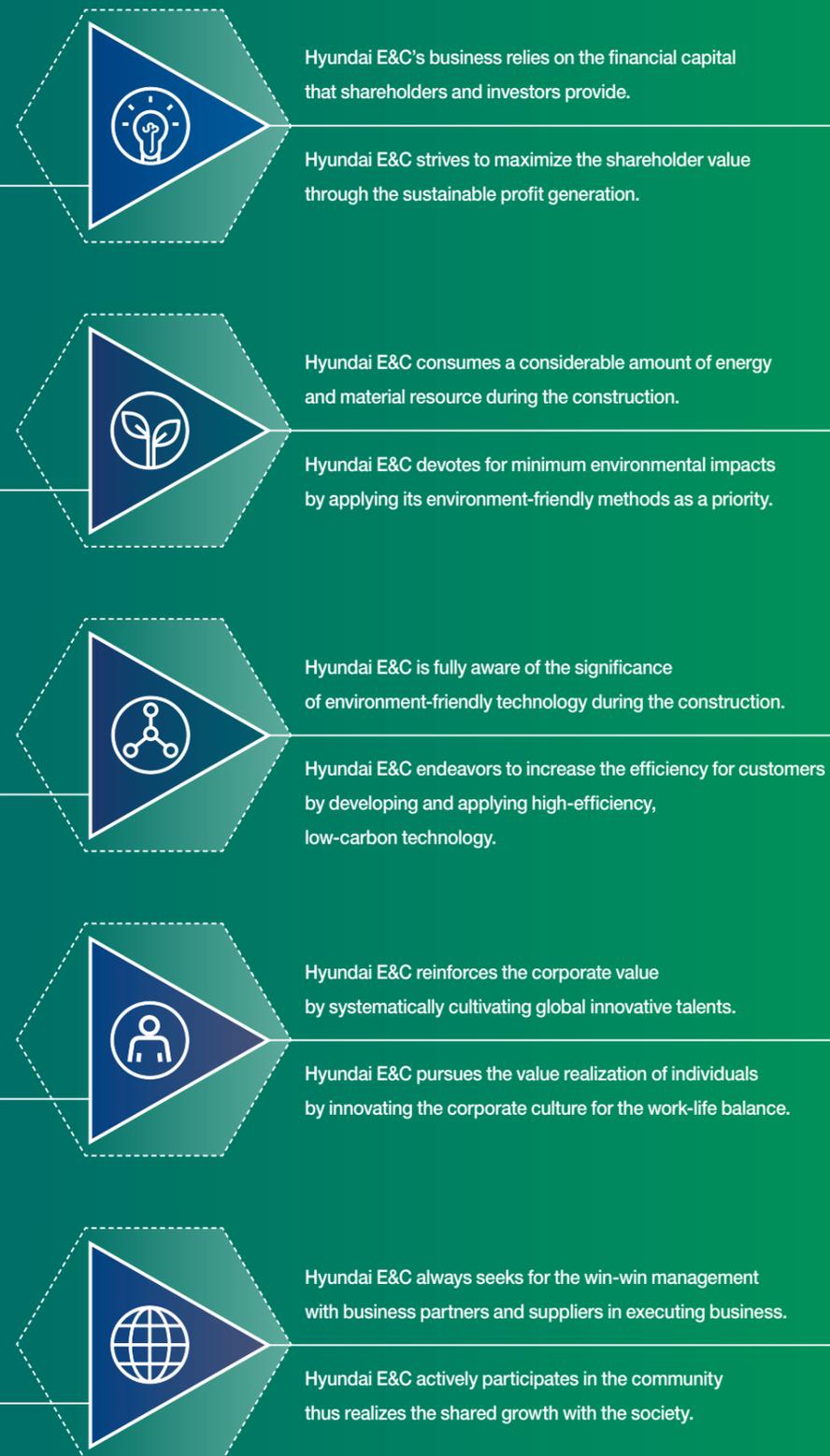
Sustainable value creation can be realized through a capability to identify and effectively respond to business challenges as well as opportunities. Hyundai E&C is enhancing the value of the entire society through the corporate growth by considering impacts of financial capital as well as manufactured & natural, intellectual, human, and social & relationship capital.



### Five Corporate Capital Areas



### Impact Analysis



### Five Sustainability Agendas



# BIG PICTURE 3

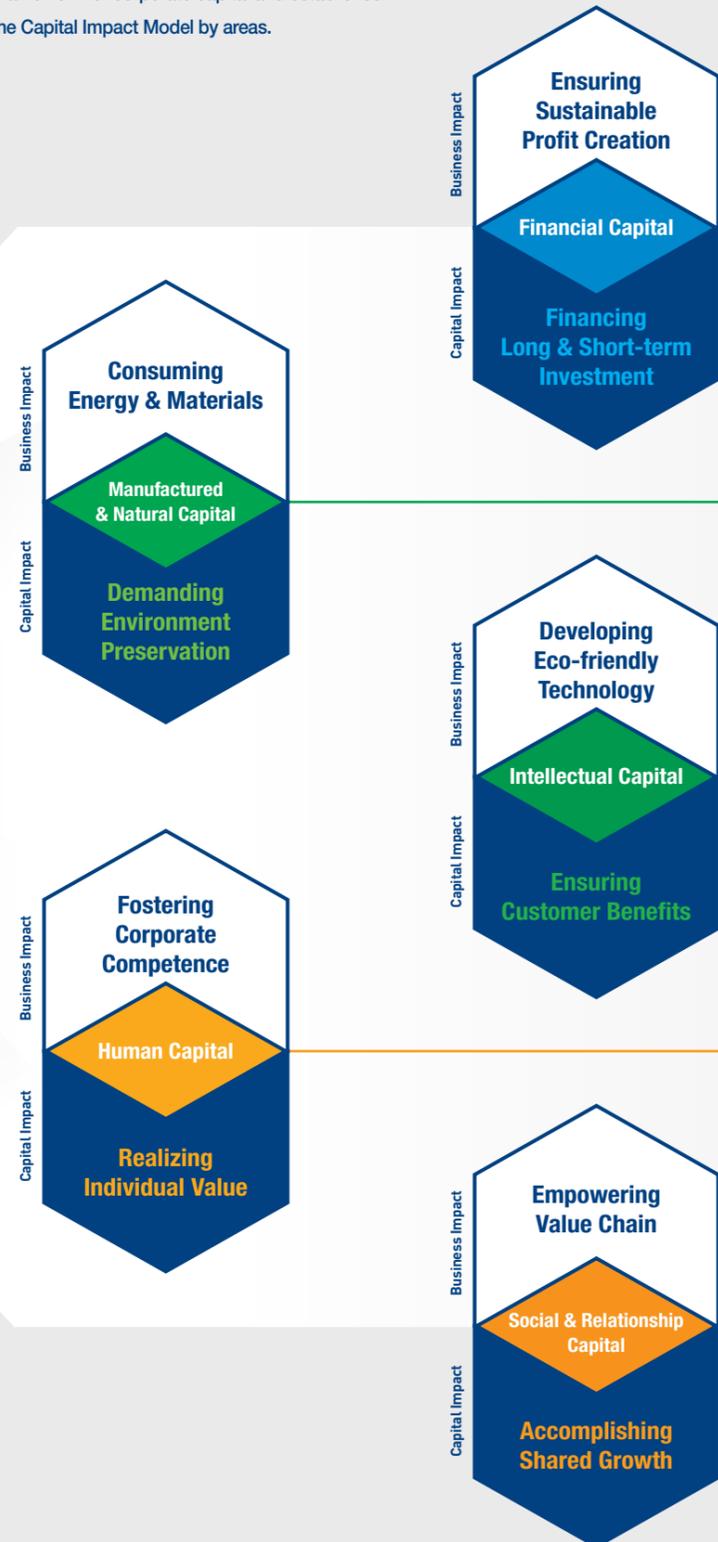
## Hyundai E&C's Value Creation Process

Sustainable value creation can be realized through a capability to identify and effectively respond to business challenges as well as opportunities. Hyundai E&C is enhancing the value of its business through the corporate growth by considering the integration of financial capital as well as manufactured, intellectual, human, and social & relationship capital.



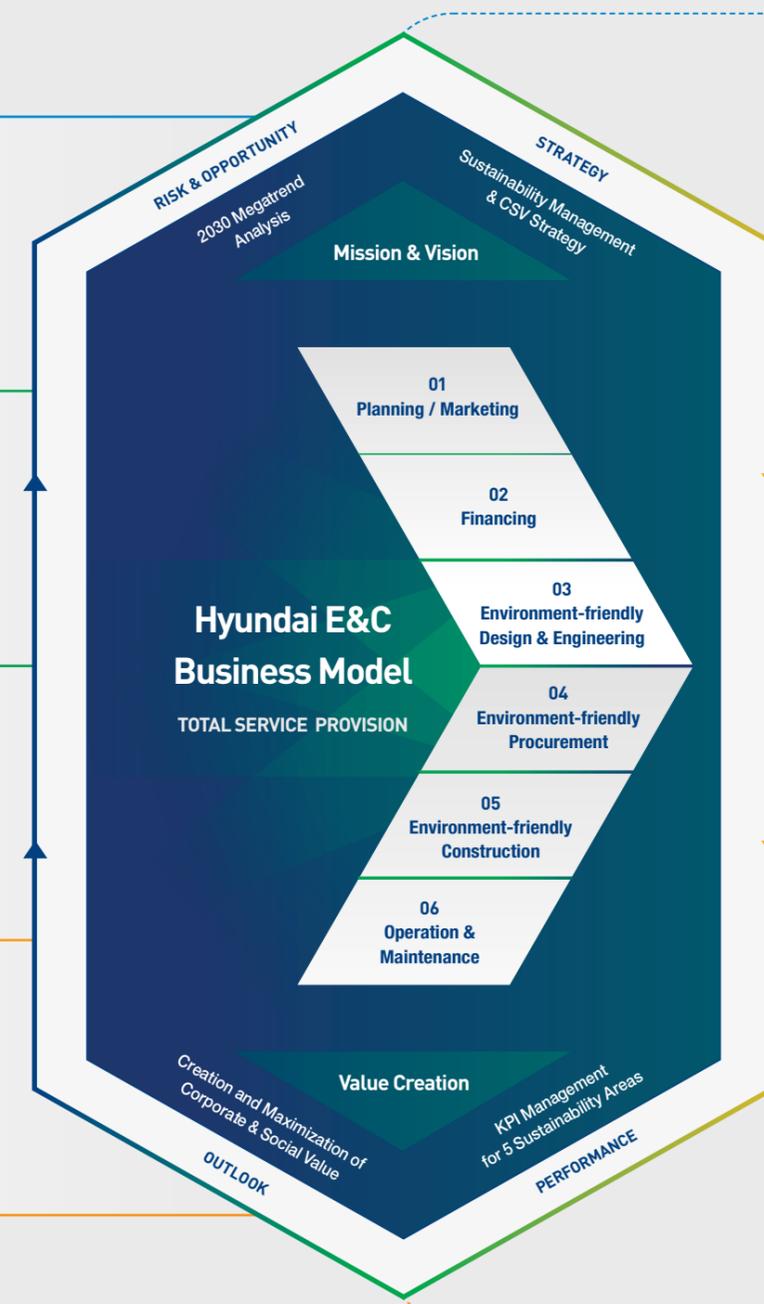
### Capital Impact Model

Hyundai E&C has defined the five capital areas based on the International Integrated Reporting Council (IIRC) Framework for corporate capital and established the Capital Impact Model by areas.



### Hyundai E&C's Value Creation Process

## Creating Sustainable Habitat For Human



### Five Sustainability Agendas



**Hyundai E&C Value Creation** Hyundai E&C creates values through its concrete business model and competitive advantages for Creating Shared Value – the integration of corporate value and social value.

# ECONOMIC VALUE CREATION

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



The Federation of Korean Industries Tower

## STRATEGY

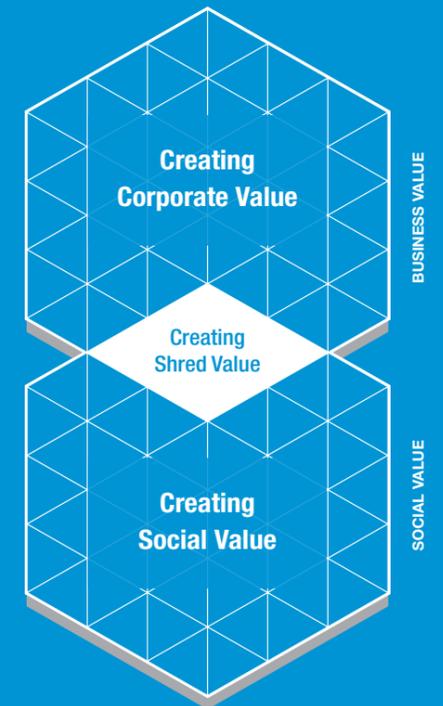
# SUSTAINABILITY MANAGEMENT

Creating Shared Value

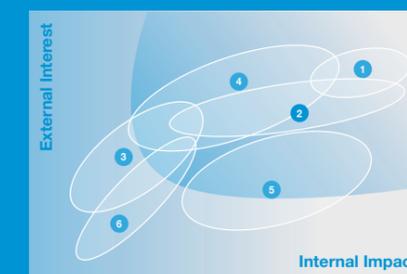
**Hyundai E&C** pursues the sustainable growth of the company and society through the creation of shared value.

Our Approach

Hyundai E&C has been building the history of the Korean construction industry over its long history of 68 years. Since its foundation in 1947, Hyundai E&C has been a representative company of Korea creating a base for the national economic development and improving the quality of life of the Korean. Now, we are to open a new page of challenge for the entire mankind. While creating corporate values around the world through environment-friendly products and advanced technology services, we will step forward as a global integrated engineering company by providing solutions for climate change, population growth, energy and water scarcity, and resource depletion that the earth is being confronted with.



### Key Sustainable Issues in Sustainability Management



1	Sustainability Management	p.14-22
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3	Environmental Management	p.35-46
4	Technology Management	p.47-53
5	Talent Management	p.55-62
6	Social Management	p.63-71

# Corporate Philosophy & Vision

WEB  
[http://en.hdec.kr/passion/intro\\_vision.asp](http://en.hdec.kr/passion/intro_vision.asp)

Based on the management philosophy of the late Chairman, Chung Ju-young, the founder of Hyundai Motor Group, Hyundai E&C has been greatly contributing to the national economy and infrastructure to enrich the lives of the Korean. Hyundai E&C is becoming a global construction company sharing the management philosophy and core values with Hyundai Motor Group.



## The Group's Management Philosophy

Based on the Group's management philosophy, "to realize the dream of humanity by creating a new future through creative thinking and endless challenges," Hyundai E&C is growing into a global leading construction company through creative perspective, positive thinking, and unwavering drive.

## The Group's Core Values

The Group's five core values provide every member of the Group with detailed practice guidelines as a standard of their action and decision making. To realize future visions through Success DNA inherent of the Group, the faith and future-oriented values have been shared with and internalized into the Group. Thus, Hyundai E&C will create an advanced corporate culture as a global company by enhancing the communal spirit and solidarity of the Group.



01

### Customer

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

03

### Collaboration

We create synergy through a sense of 'togetherness' that is fostered by mutual communication and cooperation within the company and with our business partners.

05

### Globality

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

02

### Challenge

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

04

### People

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

### 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 corporate 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 potential 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

## Group Vision

TOGETHER FOR A BETTER FUTURE

## HYUNDAI E&C Vision

A Company that Builds Tomorrow Together

WE BUILD TOMORROW

For the vision of '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,' Hyundai E&C has endeavored to generate the best values through the harmonious and sustainable growth with stakeholders.

## Hyundai E&C's Mission

01

### 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

03

### 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

02

### Through cross-business synergy

Prepare the basis for environment-friendly growth

Enhance partnership with relevant industries to expand business areas

04

### 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



## Strategic Approach of Hyundai E&C

Hyundai E&C has established strategies such as 'Building Business Foundation for Future Growth,' 'Strengthening Global Business Competencies,' and 'Advancement of Risk Management System' and has consistently executed the strategies by improving the business environment and innovating the corporate culture. Efforts such as to fortify core technology and expand the value chain have been the foundation of future growth business. Our global business competencies also have been reinforced through the rearrangement of the organizational structure and cultivation of global talents. Moreover, we have sought to advance the risk response capabilities by improving the risk management system. The devotion of Hyundai E&C and its performances have contributed to achieving the Group's vision and taking a big step as a global construction leader.

# Sustainability Management System

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

Hyundai E&C implements the sustainability management based on Creating Shared Value (CSV) to build a sustainable tomorrow for the world. Carefully listening to stakeholder opinions through various communication channels, we actively reflect their voices to the corporate management.

## HYUNDAI E&C Sustainability Management & CSV Strategy

Hyundai E&C has recognized socio-environmental issues that the world is confronted with, such as climate change, population growth, energy and water scarcity, and resource depletion, as crucial threats to the survival of the mankind. As a global integrated engineering company, we faithfully deliver the mission to provide the 'Sustainable Habitat for Human' with sustainable construction products and environmental construction technology. In May 2014, we established the sustainability management strategy

based on the Creating Shared Value (CSV) model for the first in the global construction industry. The CSV model is the management principle which economic value and social value are created by accepting the demands of the society and solving problems. The corporate sustainability management has been actively implemented with a sustainability management TFT within the five sustainability areas: strategic management, environment management, technology management, talent management, and social management.

<p><b>01</b>  <b>Strategic Management</b>                  Hyundai E&amp;C realizes a sustainable future by creating global values.</p>	<p><b>02</b>  <b>Environmental Management</b>                  Hyundai E&amp;C minimizes environmental impacts by maximizing the eco-efficiency.</p>	<p><b>03</b>  <b>Technology Management</b>                  Hyundai E&amp;C ensures the customer satisfaction by differentiating the technology capability.</p>
<p><b>04</b>  <b>Talent Management</b>                  Hyundai E&amp;C realizes employee values by cultivating innovative talents.</p>	<p><b>05</b>  <b>Social Management</b>                  Hyundai E&amp;C accomplishes the shared growth with the society by empowering the entire value chain.</p>	

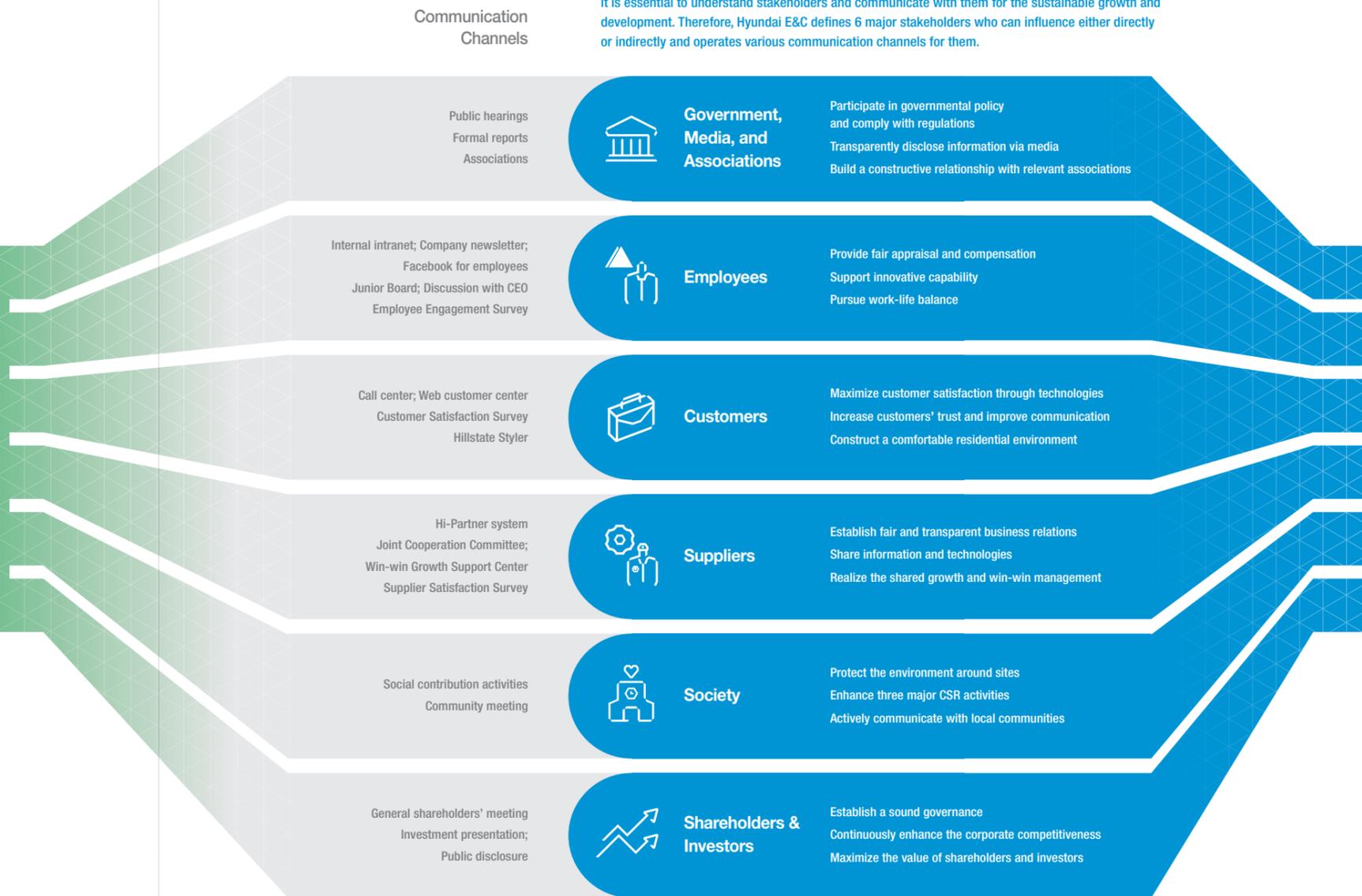
### Hyundai E&C Leads the Global Construction Industry as a Sustainability Giant



Hyundai E&C achieved a great honor to be selected as the Industry Group Leader of the Construction & Engineering Industry in the Dow Jones Sustainability Index (DJSI), the most authoritative sustainability index in the world. Following the achievements in 2011 and 2013, it is the third time to be the Industry Group Leader and our future values as the leading global construction company are also recognized. The DJSI is the investment index developed by Dow Jones, the largest financial information company, and RobecoSAM, a Swiss assessment company. It annually evaluates the economic, environmental, and social sustainability of the largest 2,500 companies by industries and announces the evaluation result. Outstanding competitiveness of Hyundai E&C has been highly valued through the DJSI and expected to contribute to securing the liquidity and expanding businesses to new markets. Hyundai E&C will continue to enhance its position as the representative global integrated engineering company of the world through the company-wide sustainability management.

## Stakeholder Engagement

It is essential to understand stakeholders and communicate with them for the sustainable growth and development. Therefore, Hyundai E&C defines 6 major stakeholders who can influence either directly or indirectly and operates various communication channels for them.



### Distribution of Stakeholder Interests

 <b>Government</b> Corporate tax payment <b>216.0</b> billion KRW	 <b>Employees</b> Total of annual wages <b>524.9</b> billion KRW	 <b>Suppliers</b> Procurement and subcontracting expenses <b>8,295.9</b> billion KRW	 <b>Society</b> Social contribution expenses <b>6.15</b> billion KRW	 <b>Shareholders &amp; Investors</b> Dividends payment <b>124.5</b> billion KRW
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# Sustainability Issues

Following the GRI G4 guidelines, the international guidelines for sustainability report, Hyundai E&C defined material issues that influence the corporate sustainability and determined key contents to report. In order to secure the accountability of the issue selection process and evaluation result, we conducted an internal and external environment analysis and materiality test based on principles of inclusiveness, materiality, and responsiveness which AA 1000 standard requires.

## STEP 01

### Identification

Identification of sustainability issues through internal and external environment analysis

#### PRINCIPLE: Inclusiveness

Hyundai E&C identified total 44 sustainability issues by analyzing the external environment through the benchmarking of global standards, analysis of the domestic and global construction industry, and media research. Also, the internal managerial environment has been reflected through analyzing management data.

**Benchmarking of global standards:** Conduct benchmarking on key sustainability management trends by analysis on GRI G4, ISO 26000, UNGC, and DJSI

**Review of domestic and global construction industry:** Identify material issues in relevant industry by analyzing sustainability issues that domestic and overseas construction companies report

**Media Research:** Analyze total 3,738 articles that domestic press reported in 2014 in order to understand the society's expectation for Hyundai E&C

**Review on internal management data:** Review the internal management data and interview responsible personnel in order to reflect internally material issues about the corporate management environment

## STEP 02

### Prioritization

Prioritization of issues identified through the materiality test

#### PRINCIPLE: Materiality

Hyundai E&C analyzed the materiality of each issue in aspects of external interest and internal impact by implementing the online survey about sustainability issues of the company which total 3,477 internal and external stakeholders participated in.

#### Stakeholder Survey

**Purpose:**  
To identify major interests and expectations of various stakeholders

**Period:**  
MAR 4, 2015 ~ MAR 11, 2015 (8 days)

**Survey Channel:**  
HDEC website, Hillstate website, Internal Groupware, email

**Utilization:**  
Review on the sustainability management approach, development of the Sustainability Report

## STEP 03

### Validation

Validation of material issues

#### PRINCIPLE: Responsiveness

Hyundai E&C thoroughly reviewed if issues identified have an important influence on the company. Comprehensively considering the connection to management strategy and validity of issues, we reclassified issues into three categories: 20 core sustainability issues, 30 material issues, and general issues.

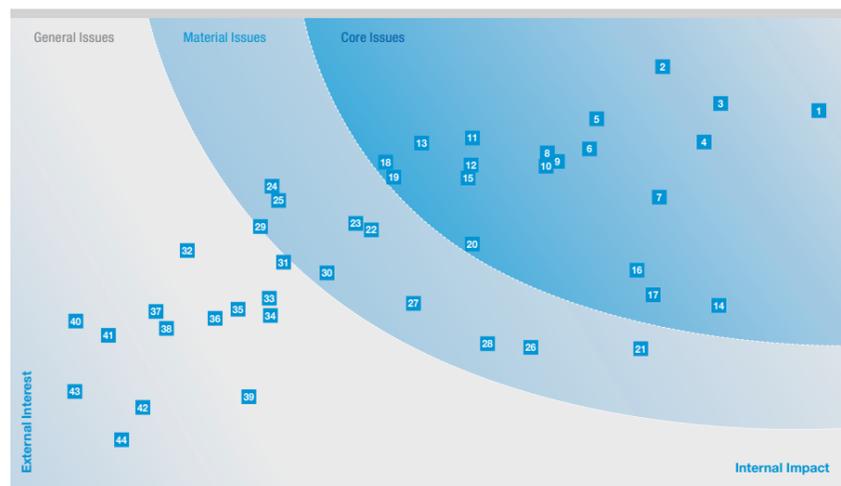
In planning this report, we focused mainly on the 20 core sustainability issues that have the highest importance as well as strived to satisfy our stakeholders' right to know by including material and general issues.

### Key Issues

\* General Standard Disclosure Aspects of GRI G4 Aspect that are applied to all organizations.

Strategy & Agenda	GRI G4 Aspect	Sustainability Issues
<b>STRATEGY</b> Sustainability Management	Strategy and Analysis*, Organizational Profile*, Identifid Material Aspects And Boundaries*, Stakeholder Engagement*	1 Long-term corporate vision, 4 Sustainability management Sustainability management system, Stakeholder engagement, Distribution of stakeholder interests, Materiality test
<b>AGENDA 01</b> Strategic Management	Governance*, Ethics and Integrity*, Economic Performance, Indirect Economic Impacts	5 Fostering new growth business, 6 Diversification of business abroad, 8 Business ethics, 9 Risk management, 10 Creation of economic outcome, 13 Fair trade, 15 Law compliance, 30 Local law compliance, 31 Value-creation process, 33 Sound corporate governance
<b>AGENDA 02</b> Environmental Management	Materials, Energy, Water, Biodiversity, Emissions, Efflents and Waste	16 Environmental management system, 19 Environmental pollution prevention, 25 Resource efficiency, 29 Minimizing environmental impact, 32 Energy, 36 Waste, 37 GHG, 38 Response to climate change, 40 Equipment/transportation, 41 Water, 43 Biodiversity
<b>AGENDA 03</b> Technology Management	Products and Services, Marketing Communications, Customer Privacy	2 Source technology secured, 3 Customer satisfaction, 11 Customer awareness, 12 Environment-friendly R&D, 23 Privacy protection, 24 Low carbon, resource efficient technology, 27 Products and services
<b>AGENDA 04</b> Talent Management	Employment, Labor/Management Relations, Occupational Health and Safety, Training and Education, Diversity and Equal Opportunity, Equal remuneration for women and men	7 Safety management, 14 Appraisal and compensation, 16 Development of human resource, 17 Work-life balance, 20 Custom of labor relations, 21 Employee benefits, 26 Equal opportunity, 39 Human right protection
<b>AGENDA 05</b> Social Management	Supplier, Local Communities	22 Sustainability in supply chain, 28 Supplier evaluation, 34 Social contribution, 35 Education and supports in supply chain, 42 Engaging with local communities, 44 Employee volunteer activities

### Materiality Matrix



## Sustainability Performance and KPIs

Sustainability Aspect	Sustainability Issue	KPI	2012	2013	2014	2015 Goal/Plan/ Prospect
Strategic Management	Sustainable Value Creation	Revenues (100 million KRW)	133,248	139,383	173,870	192,000
		Overseas orders received (cumulative, 100 million USD)	935.37	1,044.39	1,155.27	1,264.79
	Sound and Transparent Management	Number of overseas hotlines (hotline)	26	27	27	27

Environmental Management	Maximizing Eco-efficiency	Total HSE training participants (person)	4,305	4,002	4,167	5,322
		HSE training satisfaction (%)	80.7	83.3	94.5	95.0
	Minimizing Environmental Impacts	GHG emissions (tCO <sub>2</sub> -e)	436,752	390,111	377,749	425,005

Technology Management	Differentiating Technology Capability	R&D human resource (person)	105	122	166	183
		Number of patent applications (case)	51	55	75	90
	Customer Satisfaction through Innovation	Customer satisfaction rate (point)	94.3	94.4	96.3	95.0

Talent Management	Cultivating Innovative Talents	Annual average training hours per FTE (hour)	136	143	115	120
		Educational expenditure per FTE (million KRW)	1.00	1.02	0.94	1.14
	Work-life Balance	Financial support for complimentary medical check-up (100 million KRW)	17.0	17.1	18.6	19.0
		Number of benefiting employees/employee families of complimentary medical check-up (person)	5,082	4,988	5,681	7,098
	Safe Work Environment	Number of site inspections (time)	1,172	1,251	1,691	3,475
		Accident rate (%)	0.14	0.21	0.27	0.17

Social Management	Sustainable Supply Chain Management	Number of benefiting suppliers of Overseas Expansion Training Program (company)	104	99	122	120
		Revenue generation due to Overseas Expansion Training Program (100 million KRW)	2,551	1,118	3,826	3,760
	Shared Growth with Suppliers	Amount of Win-win Growth Fund (100 million KRW)	111	151	145	150
		Number of benefiting suppliers of Overseas Site Participation Program (company)	13	29	24	17
	Strategic Social Contribution	Donations at headquarters (100 million KRW)	18.9	45.5	61.5	26.0
		Annual company-wide goal of employees' volunteer mileage program (mile per person)	8	8	10	10

## AGENDA 01

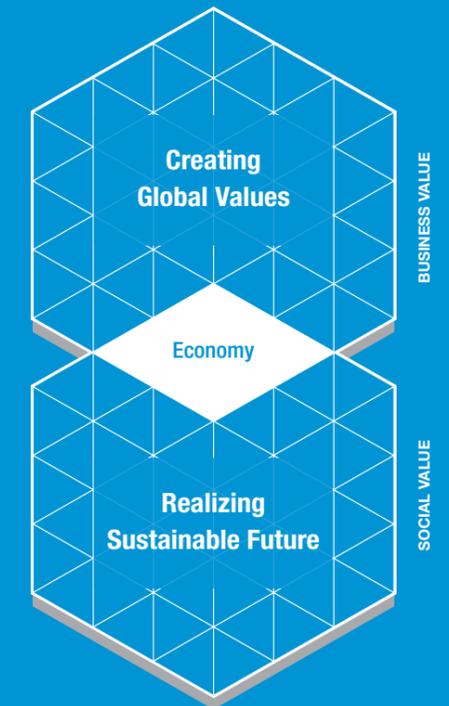
# STRATEGIC MANAGEMENT

Creating Shared Value

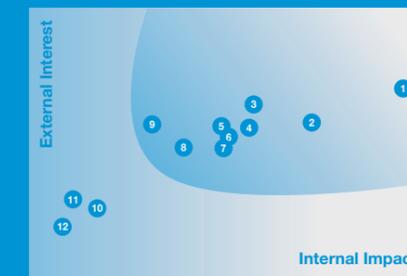
**Hyundai E&C** realizes a sustainable future by creating global values.

Our Approach

The world is the land of infinite possibility and the stage where dreams of Hyundai E&C are realized. Backed by the outstanding competitiveness in construction, we have become the leading construction company through advancing business portfolios, developing new growth businesses, and expanding business to emerging markets. Furthermore, establishing a sound corporate governance and transparent ethical management system, Hyundai E&C has been realizing the sustainability management.



### Key Sustainable Issues in Strategic Management



- |                                      |         |                                |         |
|--------------------------------------|---------|--------------------------------|---------|
| 1 Long-term corporate vision         | p.16-17 | 7 Creation of economic outcome | p.24-27 |
| 2 Sustainability management          | p.18-21 | 8 Fair trade                   | p.31    |
| 3 Fostering new growth business      | p.24-27 | 9 Law compliance               | p.30-31 |
| 4 Diversification of business abroad | p.24-27 | 10 Local law compliance        | p.30-31 |
| 5 Business ethics                    | p.30-31 | 11 Value creating process      | p.24-27 |
| 6 Risk management                    | p.32-33 | 12 Sound corporate governance  | p.28-29 |

# Sustainable Value Creation

**BOUNDARY**

HDEC Supplier Customer Community Other

**WEB**

http://www.hdec.kr/challenge

**MANAGEMENT APPROACH**

In order to realize the vision as a 'Global Integrated Engineering Company,' Hyundai E&C advances the business portfolio and seeks to develop new growth business and diversify overseas markets. We are creating economic values through the sustainable growth, cost innovation, and process improvement.

**Successful Overseas Expansion** \_\_\_Hyundai E&C received overseas orders of 10 billion USD in 2010 for the first in the Korean construction industry and received overseas orders exceeding 100 billion USD (cumulative) in 2013 thus opened up a new era. We wrote a new history of the global construction industry by receiving overseas orders of more than 11 billion USD in 2014 as well as accomplishing the record of overseas orders received of more than 10 billion USD for three consecutive years. Since the first construction of Pattani-Narathiwat Highway in Thailand in 1965, Hyundai E&C has executed overseas projects in 58 countries in not only Asia and the Middle East but Africa, Latin America, Commonwealth of Independent States (CIS), and North America. As of the end of 2014, we have received total 803 orders (cumulative) of more than 115.5 billion USD positioning ourselves as a global leading construction company. These achievements are fruits of Hyundai E&C's efforts to consistently develop new growth engines and further receive higher value-added overseas orders by enhancing the business portfolio.

**Enhancement of Global Awareness** \_\_\_According to the worldwide renowned engineering and construction magazine 'Engineering News-Records (ENR, United States),' Hyundai E&C ranked 13th in the 'Top 250 International Contractors 2014' which is the best rank among Korean construction companies. The achievement reflects Hyundai E&C's devotion to diversify its business portfolio and aggressive efforts for expanding to overseas emerging markets despite intensifying competition and external risks. We will constantly implement advanced strategies and generate practical performances thus will grow further into the world's leading company beyond the best construction company of Korea.

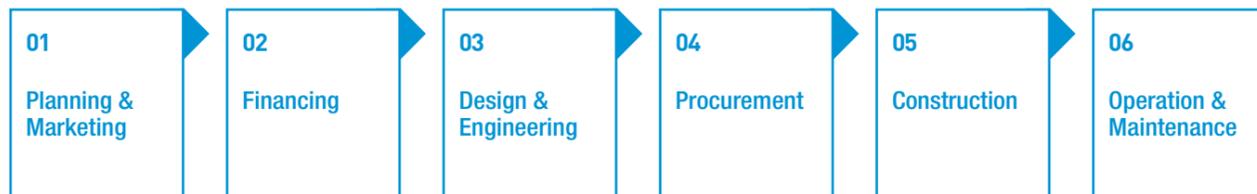
**Advancement of Business Model** \_\_\_Due to changes of the global market environment, new convergence businesses such as environmental business, renewable energy, offshore, and desalination plant have been emerging. Therefore, it has been considered as an important capability to provide a Total Service that is a comprehensive service throughout the entire value chain of the construction industry: business planning, financing, engineering, procurement, construction, operation, and maintenance. Through the constant advancement of business models and abundant experience and advanced technology acquired from 803 projects executed in 58 countries, Hyundai E&C will stand tall as a Total Service Provider entering higher value-added businesses, such as precon service and construction management.

**Global Competitiveness**

"Engineering News-Records"  
 US Engineering & Construction magazine



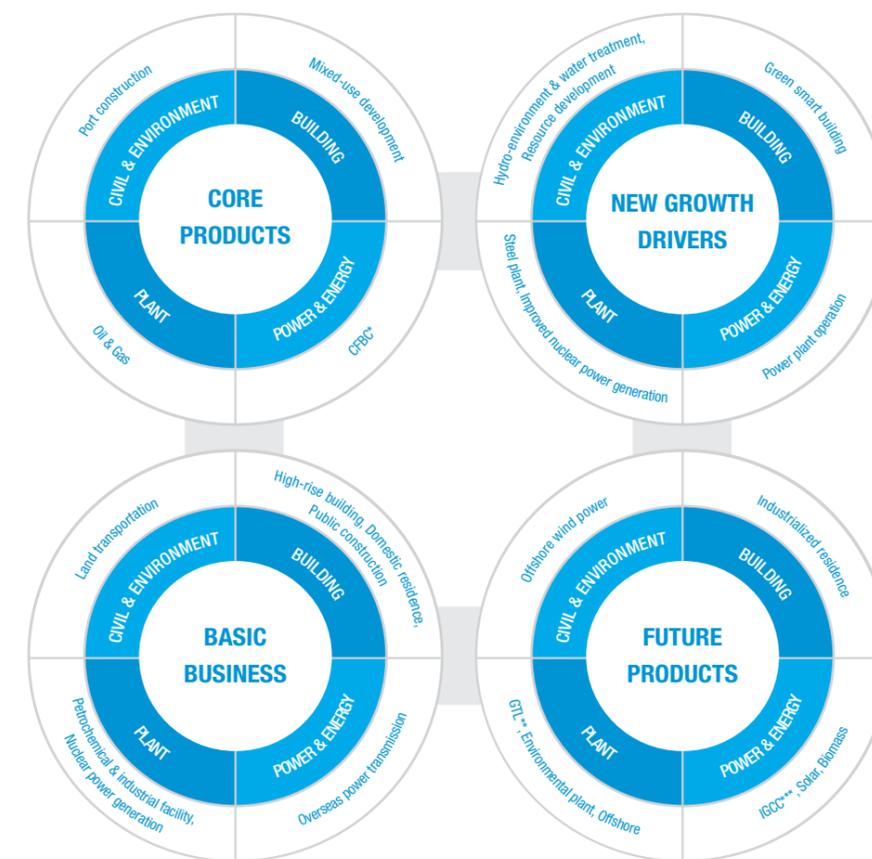
**Business Strategy**



**TOTAL SERVICE PROVIDER**

**Diversification of Business Portfolio** \_\_\_Hyundai E&C has a competitive and balanced business portfolio through strength analysis of each business area and business portfolio strategy based on the nature and prospect of each market. The business portfolio strategy consists of core product by areas, new growth engine business, basic business, and future product. We have fortified core products and basic businesses to further secure the competitive edge and maximized the corporate capability by constantly developing new growth engine business and future products. Backed by the balanced business portfolio, Hyundai E&C has sustainably grown in spite of changes of external environment such as falling oil prices and exchange fluctuation. We will continue to enhance the business capability and global competitiveness with the close cooperation between business divisions based on diverse business experiences and know-hows.

**Business Portfolio Conceptual Map**



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

**Hyundai E&C Heightens Its Reputation as a Global Construction Company Lighting Up the Stagnant Construction Market**

**Achieving overseas orders of 10 billion USD for three consecutive years**  
 Despite the depression of domestic and overseas construction business, Hyundai E&C has proved its capability as the first construction company of Korea by receiving overseas orders of more than 10 billion USD for three consecutive years. In 2014, we accomplished a drastic increase in the growth rate by more than 20% compared to the previous year and achieved following significant performances: new orders of 27,167.3 billion KRW, sales of 17,387 billion KRW, and operating income of 958.9 billion KRW. Thus, Hyundai E&C has been differentiated from domestic competitors that have been suffering from earning shocks due to the stagnant construction market and falling oil prices. The achievements are results of receiving large-scale orders in Latin America and CSI regions, increasing the proportion of high-quality overseas projects, and persistently reducing costs. Hyundai E&C will continue to increase the growth rate through consistently managing risks and carefully selecting profit-driven orders.

## Sustainable Value Creation

### Expansion of New Growth Business & New Markets

**Development of New Growth Drivers** With a Strategic Planning Group, we have strived to show substantial performance in enhancing core products and developing new growth engine. In 2014, we executed mid- to long-term development strategies which were newly set after the establishment of the Strategic Planning Group while expanding and rearranging the organization to secure new growth engines. Therefore, the detailed plans of each business division have been actively promoted. Moreover, we are conducting the continuous monitoring on market trends to identify new growth engines created by social and economic changes such as oil price fluctuation, global warming, and aging. Also, we have been implementing the expansion strategy by stages to enter construction-related markets.

In 2015, Hyundai E&C will aggressively identify and deliver pilot projects to create actual performances with pre-established strategies and find an optimized solution that balances the corporate interest and future growth.

**Overseas Expansion Strategy** In order to further apply our business experience acquired from the Middle East market to Africa, Latin America, and Eastern Europe, we have endeavored to create the base for the business expansion while selecting Latin America, sub-Saharan Africa, and Commonwealth of Independent States (CIS) regions as key emerging markets.

In 2014, we continuously strived to establish a balanced regional portfolio by entering the Chilean and Dutch markets. With strategies to enter emerging markets not only based on the outstanding business competitiveness but also through new business models such as project financing, Hyundai E&C is actively expanding its business overseas to emerging markets as well as developed markets such as Europe.

In addition, to proactively minimize and prevent business risks that can occur through the overseas business expansion, we have innovated the PRM (Project Risk Management) Team to the PRM Sub-Division building a global risk management system. The efficient risk management system will be a stable foundation for the sustainable growth by establishing a virtuous cycle that brings a market expansion, successful business execution, and more business opportunities in the market.

**Enhancement of Overseas Expansion** Hyundai E&C is currently operating 27 overseas branches and liaison offices around the world. Since established the branch in Bogota, Colombia in 2010, we have actively sought to expand the business to the entire Latin America with aggressive marketing. As a result, we received orders of Puerto La Cruz oil refinery in Venezuela worth 3.4 billion USD and Chacao Bridge in Chile that is worth of 648 million USD. Our business in Africa has been also fostered through the order of the enlargement construction of the Azito power plant in Cote d'Ivoire in 2013 and orders of Jinja Bridge in Uganda and two combined cycle power plants in Algeria in 2014. By constructing the 3rd Bosphorus Bridge, moreover, Hyundai E&C took a huge step into the European construction market that has been dominated by European companies. We also achieved a significant performance to export our nuclear technology to Europe for the first in the domestic nuclear R&D field by receiving the Upgrade of Oyster research reactor in Netherland.

#### Strategies for Major Emerging Markets

##### Major Emerging Markets 01

##### Commonwealth of Independent States (CIS) - 12 countries

Russia, Ukraine, Belarus, Moldova, Kazakhstan, Uzbekistan, Turkmenistan, Tajikistan, Kyrgyzstan, Armenia, Republic of Azerbaijan, Georgia

##### Major Emerging Markets 02

##### Sub-Saharan Africa

#### Strategies for Emerging Markets

- ▶ Continue the effort to expand to the Latin American market
- ▶ Establish customized strategies by regions to receive orders
- ▶ Select profitable projects and strengthen the risk management capability

##### Major Emerging Markets 03

##### Latin America

### Hyundai E&C Creates a New Paradigm Tied up with World's Leading Companies



MOU Signing Ceremony of Hyundai E&C and GE

#### "Hyundai E&C Has Accelerated to Dominate the Global Energy and Infrastructure Markets with GE."

In February 2015, Hyundai E&C signed a MOU (Memorandum of Understanding) with GE, which is a global leading company in areas of infrastructure and cutting-edge technology, thus consolidated a foundation for further aggressive overseas business. The two companies agreed to jointly expand to construction, power generation, hospital, and infra businesses and establish a cooperative work network so that they can share strategic approaches of each project. In addition, based on the firm credibility of Hyundai E&C and GE in the world, the two companies will actively identify business opportunities like project financing (PF) through Export Credit Agency (ECA) of each country and seek to diversify the business portfolios in various areas such as plants and water treatment facilities in emerging markets.



MOU Signing Ceremony of Hyundai E&C and Abeinsa

#### "Hyundai E&C Writes a New History of the Global Plant Market with the Strategic Cooperation with Abeinsa."

In order to dominate the global market where competitions are intensifying, Hyundai E&C signed a MOU (Memorandum of Understanding) with Abeinsa of Spain in December 2014. Hyundai E&C and Abeinsa have been nominated as the first and second best companies in the field of electricity by Engineering News-Records (ENR), a worldwide renowned Construction and Engineering magazine. Through the MOU, it is expected for the two companies to generate a great synergy by cooperating for plant business around the world. Hyundai E&C will aggressively seek to enter the solar concentrating plant market in Latin America and Africa and lead the global plant market by receiving orders of Integrated Solar Combined Cycle (ISCC) plants through the integration of Hyundai E&C's advanced technology for combined cycle power plants and Abeinsa's solar power generation technology.

### Hyundai E&C Is Becoming a New Leader of Emerging Markets through Aggressive Market Diversification Strategy



Signing Ceremony of Refinery Plant in Venezuela

#### "Hyundai E&C Is Drawing a Bright Future in Latin America with Successive Orders Won in Venezuela."

Hyundai E&C has been successfully executing the business in the Latin American market by receiving orders of a refinery plant from PDVSA in November 2014 which is worth of 4,900 billion KRW followed by an order of Front End Engineering Design (FEED). PDVSA is a Venezuelan state-owned oil and natural gas company. The 'Expansion and facility upgrade of Puerto La Cruz Refinery Plant' is the third project among large-scale projects that Hyundai E&C has won in Venezuela since it entered the market in 2012. It is also the proof of the advanced construction capability and technology Hyundai E&C has shown in the market. We will actively foster the refinery plant business through this opportunity and concentrate on expanding business into Latin American regions and diversifying portfolios through our outstanding technology and capability.



Uzbekistan Talimarjan Thermal Power Plant (UZTAM)

#### "Hyundai E&C Consolidates a Foothold though Uzbekistani Construction Market to Take a Step into the Central Asia."

In March 2013, Hyundai E&C opened up a gate to Central Asia by successfully entering the Uzbekistani construction market receiving an order of the largest-scale Talimarjan Thermal Power Plant. For the best construction quality, we established a branch in Tashkent to develop a close and cooperative relationship with clients and a constructive bond of trust. Hyundai E&C has been also teaching its advanced technology to local suppliers for successful project implementation thus building the capability as a global management company. Backed by the successful implementation of the project, we will receive additional projects in Uzbekistan thus further heighten our reputation in the entire Central Asian region.

# Sound Corporate Governance

**BOUNDARY**

HDEC Supplier Customer Community Other

**WEB**

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

## Board of Directors

[Financial Supervisory Service's Data Analysis, Retrieval and Transfer System \(DART\)](#)

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

### MANAGEMENT APPROACH

Hyundai E&C concentrates its capability on maintaining the sound corporate governance. We strive to create shareholder values and balance interests of internal and external stakeholder through the value creating management, global future management, and sustainability management under the monitoring of the independent Board of Directors.

**Function and Operation of the Board of Directors** The Board of Directors is the main decision making body that resolves issues clarified on the regulations and corporate article as well as issues about the corporate operation. It also monitors the performance of directors and the management and strives to maximize the corporate value and enhance stakeholders' trust. We also have regular and temporary board meetings. In 2014, we held 14 board meetings and discussed about total 37 agendas such as the approval of business with subsidiaries. Information regarding the BOD's articles of association, responsibilities, and resolutions can be found on Hyundai E&C's website. In addition, we regularly report the BOD-related information which we have a duty to disclose through the Data Analysis, Retrieval, and Transfer System (DART) of the Financial Supervisory Service.

**Composition and Independence of the Board of Directors** Hyundai E&C operates a Board of Directors (BOD) that is chaired by the CEO and is composed of total seven members: one executive director, two non-executive directors, and four external directors. To guarantee the independence of the BOD, external directors hold a majority of the board and an independent lead director is appointed. The independent lead director is responsible for monitoring the CEO's managerial activities, mediating conflicts between internal and outside directors, and collecting and proposing the outside directors' opinions, etc.

#### Current Status of the Board of Directors

(As of MAY 2015)

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

**Nomination and Remuneration of Directors** Hyundai E&C has standards for nominating directors and appoints directors at the general shareholders' meeting with recommendations from the BOD and the Outside Director Nominating Committee. When recommending and electing external directors, we comply with legal qualifications including commercial laws and appoint an external director among candidates who own expertise and experiences in law, finance/accounting, and construction, etc. Remuneration of directors including the severance pay is provided within the limit that is approved annually at the general shareholders' meeting. Overall remuneration status of directors and committees is disclosed on quarterly/biannual/annual accounts.

#### Attendance Rate of External Directors

(As of 2014)

100%

## Committees under the BOD

Especially, when the total remuneration of a director exceeds 500 million KRW, the amount paid and methodology are disclosed in a clear and transparent manner.

**Responsibility of Outside Directors** The external directors enhance the transparency and fairness of the corporate management and provide advices and relevant expertise for material decision making of the company. Moreover, they faithfully deliver their duties as advisors and facilitators for the corporate management by objectively monitoring management activities. Also, outside directors are independent from the management in accordance with relevant laws such as the commercial law while Hyundai E&C strives for directors' successful performance of duty by regularly inviting them to domestic and overseas sites and providing information necessary for work.

In order to improve the BOD independence, secure the efficiency of decision making, and maximize shareholders' value, Hyundai E&C has established and operated three committees under the BOD: Audit Committee, Outside Director Nominating Committee, and Ethical Management Committee.

#### Current Status of Committees under the BOD

(As of MAY 2015)

Committee	Composition	Functions
Audit Committee	Chairman Shin Hyun-Yoon + three External directors	- Audit the legality of business activities carried out by the BOD and the management - Review integrity and feasibility of the company's financial activities - Review and control internal audit; Appoint external auditor - Summon extraordinary meeting of shareholders
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 Shareholder Rights

Shareholders, the owners of Hyundai E&C, have rights to have a share in the profits and to vote according to related legislations including the commercial law. Hyundai E&C focuses on preserving shareholders' rights in any cases that affect the status of the company or create a significant impact on shareholder rights, such as change of the Articles of Incorporation, mergers or split offs, and changes in capital, etc. The decision making is delivered at the general shareholders' meeting. To secure the shareholders' right to know, Hyundai E&C also shares important managerial information through various channels such as the corporate disclosure system, website, and general shareholders' meeting in a timely and accurate manner.

#### Major Shareholders



# Enhancement of Ethical Management

BOUNDARY

HDEC Supplier Customer Community Other

WEB

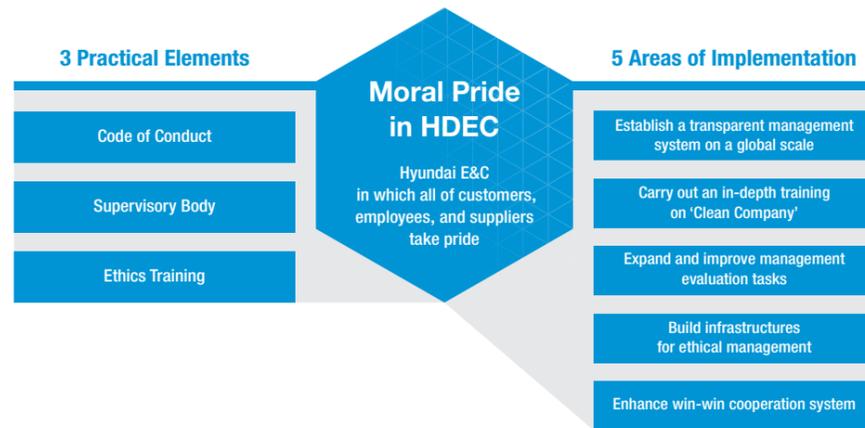
http://en.hdec.kr/sustainability/moral.asp

## MANAGEMENT APPROACH

In order to earn trust from stakeholders, Hyundai E&C aggressively conducts ethical management activities and complies with fair trade regulations in all countries where it operates business. We have been taking the lead to establish an ethical corporate culture throughout the company including all employees, subsidiaries, suppliers, and business partners.

**HDEC Green CSR Declaration** To share the vision of the ethical management with all employees and stakeholders establishing the ethical management, Hyundai E&C has made sincere efforts to consolidate the ethical management system and internalize an ethical awareness with the HDEC Green CSR Declaration. The HDEC Green CSR Declaration is applied to not only all employees but subsidiaries and suppliers. Furthermore, it is regularly reviewed to reflect various needs of stakeholders and industry trends that are rapidly changing.

### Ethical Management System



**Ethical Management Education and Campaign** In order to execute the sustainability management by strengthening the ethical management system, Hyundai E&C established mid- to long-term implementation plans for the ethical management in August 2014 and has constantly advanced the ethical management at the corporate level. In addition, all employees have pledged to comply with principles of the ethical management at the annual convention on the compliance management since 2014. We provide all employees including the CEO and the management with biannual company-wide ethical management educations for the ethical culture. Furthermore, in September 2014, we created an ethical management message board within the groupware and have posted ethical management Q&As mainly about actual cases to promote employees' execution of the ethical management.

**Ethical Management Survey** Hyundai E&C assessed the level of ethical management execution in the company and identified improvements by areas through an ethical management survey for all employees in April 2015. The survey results about four areas (ethical management policy, code of ethics and guidelines, report of unethical behavior, and ethical training/campaign) will be used as a reference to figure out obstacles in realizing the ethical management and to identify and implement improvement tasks.

**Improvement of Ethical Management Activities** Based on the improvement tasks identified through the ethical management survey, Hyundai E&C has systematically executed improvement activities for the ethical management. In May 2015, we established 'Antitrust Policy of Hyundai Engineering & Construction' thus expressed our will to practice the responsible and sustainable management in all countries and regions where the company operates.

### Ethical Management Practice Pledge



### Regular Ethical Management Education



### Type of Reports via Cyber Audit Office

(Domestic and overseas)



## Autonomous Compliance Program for Fair Trade

**Operation of Cyber Audit Office** For the awareness about the ethical management and appropriate execution, we are operating the Cyber Audit Office (<http://audit.hdec.kr>). Offering various information such as Code of Ethics, relevant internal policies, and online education, the Cyber Audit Office receives reports about the corruption and unfair trade and recommendations to improve policies in real-time as well as handles them in a transparent manner. Besides, by operating overseas hotlines by countries as well as a Cyber Audit Office website in English, we have encouraged reports from overseas sites. All reports are non-disclosed thus the informant's identity and confidentiality are strictly protected.

To establish an environment for the fair and transparent trade, Hyundai E&C operates an autonomous compliance program which is an internal law-abiding system. In 2014, we expanded and conducted preventive educations over six times in order to internalize employees' autonomous awareness about the fair trade compliance. Also, we spread recent fair trade issues and clear behavioral standards for the compliance with fair trade regulations through the internal message board. We will further strive to prevent violations of laws by operating key components of the autonomous compliance program all year-round and reinforcing internal inspections.

### 7 Key Components of 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 Autonomous Compliance System** To fortify the employees' awareness about fair trade, we have identified and implemented seven different core elements of the autonomous compliance program. For the effective implementation, we regularly hold Autonomous Compliance Conference to share trends of fair trade policies. Additionally, Hyundai E&C has concentrated its efforts on the proactive prevention of violations by monitoring business departments with the high possibility of violation.

**Reinforcement of Fair Trade Training** We have endeavored to enhance employees' awareness about autonomous compliance with fair trade by providing and expanding our mandatory fair trade training. In 2014, we reinforced the preventive system against fair trade for responsible personnel of each work risks through trainings about subcontracting, inside trade, and fair trade and checklist training by works. In 2015, we will further strengthen the fair trade culture through expanding preventive educations by external specialists and implementing trainings by in-house instructors for each trainee group.

### Fair Trade Training



### Fair Trade Training Programs

01	02	03	04
<b>Overview of the Subcontracting Act</b> For domestic project managers and management team leaders	<b>Prevention of Inside Trade</b> For responsible personnel of procurement and general affairs, etc.	<b>Prevention of Cartel</b> For employees and management working in contracts and sales	<b>Labeling and Advertisement</b> For responsible personnel of housing sales and PR
Fair Transactions in Subcontracting Act; Recent trends in policy making and legal executions	Regulations related to inside trade in accordance with Monopoly Regulation and Fair Trade Act; Code of Conduct	Laws and cases of bid rigging; Code of Conduct	Understanding and violation of Act on Fair Labeling and Advertising

# Strategic Risk Management

BOUNDARY

HDEC Supplier Customer Community Other

WEB

http://en.hdec.kr/sustainability/sustainability.asp

## Risk Management System

### Risk Management System



### MANAGEMENT APPROACH

Hyundai E&C stably operates its business by proactively identifying risk factors with the enhanced company-wide risk management system. In addition, we always explore new business opportunities to realize the sustainable business.

**Advancement of Risk Management System**\_\_\_As the proportion of overseas projects increases, the importance of the company-wide risk management has been increasing as well. Since restructured the risk management organization and identified the 20 key risks in 2012, Hyundai E&C has strived to strictly manage risks. We will further advance the integrated risk management system by expanding the scope of the risk management to the entire project life cycle.

**IT-based Risk Management System**\_\_\_In order to effectively control the information created during the processes of identification, analysis, assessment, and response of risks, Hyundai E&C has established and operated an IT-based risk management system. In 2014, the order evaluation management system was newly developed to simplify the order evaluation process and build a database of relevant materials and evaluation results.

**Establishment of Risk Analysis and Assessment System**\_\_\_Since 2013, Hyundai E&C has established and operated a Risk Breakdown Structure (RBS), the risk management standards for the entire company distributing a checklist of all projects for each project type. Also, we have conducted risk assessments with experts for the systematic risk analysis and management. The results of the risk assessments are utilized as basic materials for establishing management strategy and making decisions. Furthermore, the results are databased in the IT system so that it can be a reference for decision making of similar projects.

**Enhancement of Risk Response and Reporting System**\_\_\_To minimize risks, Hyundai E&C has operated the risk response system which is a basis of planning, monitoring, and evaluating the operation of risk response plans. In addition, we have a risk reporting system for more prompt and effective response by comprehensively analyzing the seriousness, possibility, and impacts and proactively defining reporting process and targets according to the analysis. We will persistently prepare countermeasures and enhance reporting processes by scenarios for further expeditious risk response.

### Risk Reporting System



## Definition of Risks

### Risk Assessment Meeting



**Corporate Risks**\_\_\_For effective risk response, we comprehensively consider factors such as business areas, markets to operate business, macroeconomic environment, and characteristics of stakeholders. Thus, risks are managed and classified into three categories: corporate risks, project risks, and long-term strategic risks. A corporate risk is highly significant since it can influence management targets of Hyundai E&C among various managerial environments exposed to the outside of the company. Corporate risks are divided into country risks and company & market risks. Country risks include political, sociocultural, and environmental risks that can occur from domestic and overseas external changes and are managed at the corporate level. Company & market risks include usual market, business, and financial risks.

**Project Risks**\_\_\_ Among various uncertain factors that can occur during receiving or executing orders, a project risk refers to a material risk affecting the achievement of project targets. Hyundai E&C has conducted a series of activities to raise the possibility to achieve project targets by comprehensively managing various project risks such as engineering risks, measurement risks, and procurement risks which are directly related to projects.

**Long-term Strategic Risks**\_\_\_A long-term strategic risk is one of Trend Movers that affect the managerial environment in the macro perspective. Therefore, it is material since it may significantly influence the future of Hyundai E&C's business. We have assigned the management of long-term strategic risks to the Research and Development (R&D) Division as well as defined the urbanization, water scarcity/environmental pollution, energy/fuel scarcity, and resource depletion as the four megatrends, which are closely related to the construction industry. Hyundai E&C endeavors to identify risk/opportunity factors through the future analysis by megatrends and to integrate them into the business.

**Reinforcement of Risk Management Process at Order Stage**\_\_\_An active risk management at early stages is necessary since the project risks often occur at the early stage of receiving an order. Therefore, since May 2014, Hyundai E&C has systematically managed risks at the order stage by operating an integrated order evaluation process. Also, we have reinforced the risk management by developing improvement plans for the evaluation and developing the order evaluation system. In 2015, we will increase the efficiency of the risk management at the order stage through further improvement of the order evaluation process. Especially, we will concentrate our efforts on the risk management for overseas projects which greatly affect the corporate profitability.

**Monitoring of company-wide Key Risk Indicators**\_\_\_To promptly and systematically respond to various risks, Hyundai E&C has conducted monthly risk analysis with the regular scenario mapping about the 20 key risks. In addition, we have established a risk response system where we can immediately react to unusual activities by identifying key risk indicators (KRIs) for each key risk as well as developing a response manual for each relevant organization. In 2015, we will fortify the efficiency of risk management by carefully identifying key risks that require a more strict management as the managerial environment changes.

## Key Risk Management Activities

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

01	Rise of raw material 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 global QC standards	12	Diminished ties with suppliers	17	Occupational accidents
03	Intensified competition	08	Liquidity crisis	13	Changes in construction industry policies and regulations	18	Information and technology leak
04	Weakening of brand awareness	09	Changes in 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

# ENVIRONMENTAL VALUE CREATION

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



Zawia Combined Cycle Power Plant

## AGENDA 02

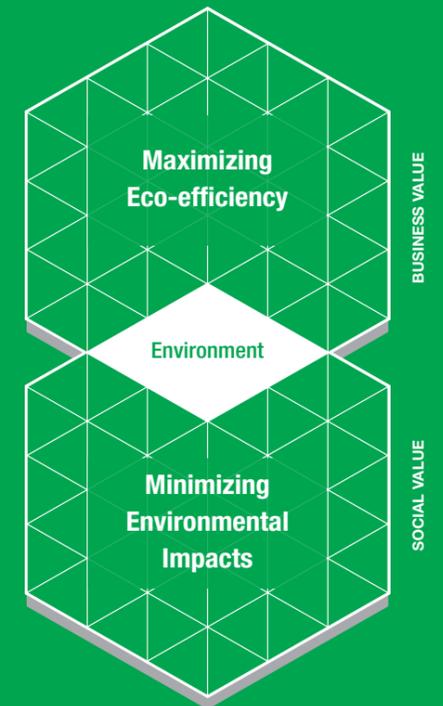
# ENVIRONMENTAL MANAGEMENT

Creating Shared Value

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

Our Approach

Environmental issues such as climate change, energy and water scarcity, and resource depletion that companies are confronted with have emerged as new challenges and, at the same time, opportunities. Under the vision of '2020 Global Green One Pioneer,' Hyundai E&C has established strategies and goals for the environmental management and strived to improve the environmental efficiency through the systematic management. We have realized our environmental management with the environmental performance management system throughout all construction stages: technology development, engineering, procurement, transportation, construction, deconstruction, and operation.



### Key Sustainability Issues in Environmental Management



- |                                   |         |                              |         |
|-----------------------------------|---------|------------------------------|---------|
| 1 Environmental management system | p.36-37 | 7 Greenhouse Gases           | p.38-39 |
| 2 Pollution prevention            | p.44    | 8 Response to climate change | p.38-39 |
| 3 Resource efficiency             | p.36-37 | 9 Water                      | p.46    |
| 4 Minimizing environmental impact | p.40    | 10 Equipment/transportation  | p.43    |
| 5 Energy                          | p.46    | 11 Biodiversity              | p.45    |
| 6 Waste                           | p.46    |                              |         |

# Maximizing Eco-efficiency

**BOUNDARY**

HDEC    Supplier    Customer    Community    Other

**WEB**

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

## MANAGEMENT APPROACH

The construction industry is highly resource intensive which consumes a quantity of resources. The corporate competitiveness is directly related to corporate activities to optimize the environmental efficiency by developing high-efficiency technology and managing resources effectively. Therefore, Hyundai E&C has established the environmental management system and continuously managed reduction targets by business stages thus stood tall as an environment-friendly construction company that pioneers the resource-restricted era.

**Establishment of Integrated Management System for Safety, Health & Environment** In order to effectively respond to climate change and global environmental issues, Hyundai E&C has combined OHSAS 18001 (Safety and Health), ISO 14001 (Environmental Management System), KSI 7001 & 7002 (Green Management System), and ISO 50001 (Energy Management System) since 2012. Thus, we have established an Integrated Management System for Safety, Health, and Environment and implemented the environmental management with corporate plans and targets. In 2014, Hyundai E&C established plans and targets for each site based on corporate safety, health, environment, and energy plans and targets. Therefore, we thoroughly managed them according to the implementation plan reinforcing the overseas environmental performance management system. Additionally, we have promoted the on-site environmental management by various efforts, such as settling the Integrated Management System for Safety, Health, and Environment and rearranging the on-site waste management system. In 2015, Hyundai E&C will maximize the environmental efficiency as it is 'a top priority of the corporate management value to become an environment-friendly company.' Moreover, we will proactively respond to changes in the management system such as ISO 14001 (Environmental Management System) and OHSAS 18001 (Safety and Health) that will be revised.

## Environmental Management System

### Integrated Environmental Performance Management System

\* HRPMS : Hyundai Research Project Management System



**Performance Management of Environmental Management** By establishing environmental management targets for each site and using the Integrated Environmental Performance Management System, we have constantly managed environmental performances. Performances of the environmental management are reported to the top management biannually and reflected to establishing management plans and targets for the following year while being used as references to identify improvement tasks. Especially, we have significantly improved the efficiency of the environmental performance management through the integrated management by connecting various systems such as GHG & Energy Management System, Waste Management System and violations against environmental regulations through the H-PMS (Hyundai-Project Management System, an IT-based Integrated Environmental Performance Management System). Furthermore, we have devoted to prevent environmental risks and reduce the pollution. For fortifying the corporate-wide environmental performance monitoring system, the H-PMS has been integrated sequentially with procurement, training (e-HRD), social contribution, and HRPMS systems. Therefore, we have also undertaken a task to combine the procurement system (Enterprise Resource Planning, ERP) to the H-PMS from the end of 2014. Hyundai E&C will maximize outcomes of the environmental management through the corporate-wide and systematic performance management.

**Inspection of Environmental Management Activities** To enhance the internal capability and encourage the employees' participation, Hyundai E&C has annually conducted regular inspections on all sites. The results are included in the KPIs of on-site and HSE managers and the score of each site is included in the evaluation of the completion. Based on the result, moreover, incentives are given to sites that acquired an outstanding score. In 2014, to strengthen the responsibility for the environmental management, the application of the HSE management inspection result was expanded to KPIs of Head of Operations, Head of HSE Jurisdiction, PD, and all chiefs of construction parts including a chief of the government affairs part. Besides, we have improved the efficiency of the system by conducting in-depth inspections at domestic sites for two to three days and additional inspections at overseas sites which implemented the HSE management inappropriately. In 2015, we will further reflect the inspection score by increasing the percentage from 30% to 40% and fortify the activity inspection to check the management status through interviewing on-site supervisors and employees.

**Environmental Management Training** Hyundai E&C has provided various systematic trainings to its employees to increase employees' understanding about the environmental management and expand the environment management activity. In 2014, we increased the quantity and improved the quality of HSE trainings by developing curriculums by skills and including not only our employees such as site managers, administrators, and technicians but suppliers' employees to trainee groups. Moreover, we have strived to raise employees' awareness about the environmental management focusing on latest environmental issues such as the government's GHG & Energy Target Scheme which applies from 2015. Thus, total 5,625 employees received trainings for 10,179 hours in 2014. For 2015, we will further encourage the active participation of employees by diversifying trainees of the GHG & Energy Target Scheme training and implementing the credit system.

## Management Policy & Goal Environmental Management Roadmap

	2013	2014	2015
<b>HSE Policy</b>	<p><b>Realization of Low Carbon Green Growth</b></p> <ul style="list-style-type: none"> <li>Establish a global green management system</li> <li>Establish green management performance management processes</li> <li>Expand communication with stakeholders</li> </ul>	<p><b>Implementation of HSE Basics and Principles</b></p> <ul style="list-style-type: none"> <li>Implement environmental management through efficient environment and energy management</li> <li>Improve process efficiency through optimization of HSE system</li> <li>Pursue collaboration and communication through best HSE service</li> <li>Establish a proactive prevention system through risk management</li> </ul>	<p><b>HSE* as the Most Valuable Asset for Successful Corporate Management</b></p> <ul style="list-style-type: none"> <li>Execute the responsible HSE Management System led by top management</li> <li>Develop the HSE System focusing on preventive measures</li> <li>Establish the HSE paradigm complying with all HSE basics and principles</li> <li>Execute the HSE Management System to develop cooperative partnerships with all sub-contractors</li> </ul>
<b>HSE Goal</b>	<ul style="list-style-type: none"> <li>Expand the company-wide green management system</li> <li>Systematically manage energy consumption and GHG emissions</li> <li>Enhance information transparency</li> </ul>	<ul style="list-style-type: none"> <li>Utilize performance management system to reduce GHG Emissions and Energy Consumption</li> <li>Achieve 'ZERO' critical accident'</li> <li>Comply with HSE standard work procedures</li> <li>Maximize internal customers' satisfaction through active communication</li> </ul>	<ul style="list-style-type: none"> <li>Establish GHG/energy reduction system</li> <li>Achieve 'ZERO' fatal accidents &amp; environmental incidents</li> <li>Eliminate risks through proactive measures</li> <li>Enhance the HSE Management System</li> </ul>
<b>Environmental Management Roadmap</b>	<p><b>Global Leading Environmental Company</b></p> <ul style="list-style-type: none"> <li>Become a global, representative environmental company</li> <li>Improve profitability based on the company's core technologies and global environmental markets</li> </ul>	<p><b>Environment-friendly Company Valuing Principles and Basics</b></p> <ul style="list-style-type: none"> <li>Implement environmental management through efficient environment and energy management</li> <li>Strengthen response strategies to GHG Target Management System</li> <li>Increase opportunities to communicate on environmental issues with stakeholders</li> <li>Provide environmental education to employees and develop talents</li> </ul>	<p><b>Environment-friendly Company as the Most Valuable Asset for Successful Corporate Management</b></p> <ul style="list-style-type: none"> <li>Minimize environmental impacts</li> <li>Respond to Energy &amp; GHG Target Management System</li> <li>Increase opportunities to communicate on environmental issues with stakeholders</li> </ul>

\* HSE: Health, Safety, and Environment

### Hyundai E&C Has Become a Green Management Leader that the Whole World Recognizes



### 2014 CDP Korea Carbon Management Honors Club Award

In November 2014, Hyundai E&C proved its capability as global green management leader being nominated as a member of 'Carbon Management Honors Club.' The Korea Carbon Management Honors Club Award was held by Carbon Disclosure Project (CDP) Korea and companies that have done excellent works to respond to climate change received awards. The CDP index is one of the most reliable sustainability management index in the world with Dow Jones Sustainability Index and Bloomberg Indexes. It annually analyzes major listed companies' activities to respond to climate change. Hyundai E&C received the perfect score (100 points) for Carbon Disclosure Leadership Index (CDLI) and 'Band A,' the highest level of the evaluation result, for its active response to climate change. We also acquired an Industry Award at 'Climate Change Grand Leaders Award' for the first time as a construction company. The award is given by Climate Change Center and is for local governments and domestic companies, organizations and individuals of various fields that have provided desirable examples of responding to climate change. By achieving these performances, Hyundai E&C's aggressive activities in responding to climate change have been highly valued. With the sustainable environmental management, we will continue to fulfill the corporate social responsibility that the society requires.

<Photo\_ 2014 CDP Korea Carbon Management Honors Club Award>

## Maximizing Eco-efficiency

### Strategic Response to Climate Change

Climate change is a material megatrend that directly affects environmental changes such as energy and water scarcity and destruction of the ecosystem. The accelerating industrialization in developing countries has caused the increase of carbon emissions around the world which is expected to further increase by 20% in 2030 from that of 2010. Due to characteristics of the construction industry, most GHG emissions and energy consumption occur from equipment used during the construction. Regulatory risks significantly influence the construction industry as well. Therefore, to be fully aware of and proactively respond to effects of climate change on the construction industry, Hyundai E&C has enhanced the leadership in the carbon management by establishing carbon management targets in accordance with the national GHG reduction targets, promoting reduction activities, and actively participating in the GHG policies of the government such as the GHG & Energy Target Scheme.

### Establishment of Carbon Management System

**Carbon Management Strategy**\_\_\_To achieve the vision of '2020 Global Green One Pioneer,' Hyundai E&C has aggressively executed carbon management strategies to reduce GHG emissions by 30% compared to the BAU (Business As Usual) by 2018 and to secure Zero-House technology by 2020. We also chose representative sites by business units and analyzed GHG reduction potential of each site in 2013 to accomplish mid- to long-term GHG reduction targets. In 2014, based on the analysis, we established corporate strategies to respond to the GHG Target Scheme. For implementing the strategies, we set up an annual reduction plan by predicting GHG emissions and identifying GHG reduction items. Hyundai E&C will continuously reduce GHG emissions by reflecting the reduction performance to KPI and improving the IT-based GHG management system, etc.

#### Carbon Management Strategy



**Reinforcement of Energy Management System**\_\_\_Since established the GHG inventory system in 2010, we have consolidated a thorough energy management system by reviewing the energy consumption occurred during every stage, from the planning to construction, and setting and monitoring energy reduction targets on a monthly basis. Particularly, Hyundai E&C achieved ISO 50001 (Energy Management System) certification in 2012 for the first among all construction companies in the world. It has been applied to each site to analyze the energy consumption and select and manage key energy sources, which enables the advanced energy management. Furthermore, the GHG system has been managed in H-PMS, an on-site integrated management system, since 2014. As a result, the energy management system at sites has become more efficient through the real-time data gathering and analysis about GHG emissions and energy consumption by energy sources. In 2015, we will further enhance the efficiency by improving the GHG management system as well as the data-entering system for on-site responsible personnel.

### Carbon Management Activities

**Leadership in Carbon Management**\_\_\_Since 2012, Hyundai E&C has participated in the Climate Disclosure Standard Board (CDSB) Working Group to establish measures to apply the Climate Change Reporting Framework (CCRF). Additionally, we contributed to create the GHG management guideline for the construction industry as a member of the GHG & Energy Target Scheme's council, which is to establish management standards. In 2013, we also participated in the revision of environmental regulations as an advisor, such as the Noise and Vibration Control Act, the Clean Air Conservation Act, and the Construction Technology Management Act. By participating in the GHG Target Scheme pilot project conducted by the Korea Infrastructure Safety & Technology Corporation in 2014, we revised the 'MRV (Monitoring, Reporting and Verification) Manual of GHG Emissions for Construction Industry.' The manual will be revised thus function as a construction industry's GHG methodology standard for the GHG & Energy Target Scheme. In 2015, Hyundai E&C will implement the site-centered carbon management by publishing the GHG reduction guideline for sites.

**GHG Emission Management**\_\_\_For the autonomous GHG emission management, Hyundai E&C annually calculates the corporate GHG emissions and conducts the third-party verification about the emission data and GHG management to monitor the GHG reduction status accurately. Especially, we have been a leading environment-friendly construction company in the world by voluntarily managing the comprehensive Scope III emissions as well as Scope I and II beyond the government requirement. In 2015, the GHG emission data from 2011 to 2014 was recalculated based on the 'MRV (Monitoring, Reporting and Verification) Guideline of GHG Emissions for Construction Industry.' We will continuously devote ourselves to aggressively reduce emissions by establishing predictive GHG emission models with new data.

**GHG Reduction Activities**\_\_\_Hyundai E&C's activities to reduce GHG emissions consist of the optimization of reduction items, Green Campaign, and trainings on the GHG & Energy Target Scheme. Firstly, we have identified items that help reduce emissions greatly by replacing office lightings with LED lights, changing to high-efficiency boilers, and improving air compressors, etc. The reduction items have been applied to sites through economic feasibility and effectiveness analysis. Secondly, Green Campaign, a representative GHG reducing campaign of Hyundai E&C, has been constantly implemented at the headquarters and all sites. At sites, various reduction items are being applied to reduce GHG emissions that can be generated during construction stages. At the headquarters, reduction activities are being promoted in daily lives of employees. Lastly, Hyundai E&C has enhanced employee trainings to reinforce the employees' awareness about the environmental management and successfully deliver the GHG & Energy Target Scheme. Since the first training session of 'Responding to GHG & Energy Target Scheme' in 2014, we have continuously fortified practical trainings thus omissions or errors during the data gathering at sites have been considerably decreasing.

#### 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

Green Campaign, which is a representative GHG reducing campaign of Hyundai E&C, has been actively implemented at the headquarters as well as all sites. Especially, reduction items that can be immediately applied to tasks have been developed to further reduce the energy consumption at sites. At the headquarters, daily reduction activities are being promoted, such as maintaining the proper indoor temperate and saving electricity for computers, lights, air conditioners, and heaters.

Thanks to systematic carbon management activities, Hyundai E&C reduced GHG emissions by 29,070 tCO<sub>2</sub>\* in 2014 and attained financial achievement of 18.97 billion KRW. Through the constant Green Campaign, we will build an environment-friendly workplace and aggressively reduce GHG emissions.

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

# Minimizing Environmental Impacts

**BOUNDARY**



**WEB**

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

**MANAGEMENT APPROACH**

As a global, leading integrated engineering company, Hyundai E&C has endeavored to minimize the environmental impacts that can occur during the business. We have established an environmental management system for all construction stages including technology development, engineering, procurement, transportation, construction, operation, and deconstruction. Moreover, we have been actively promoting various activities and strived to protect the environment by offsetting inevitable environmental impacts occurring during the construction.

## Environment-friendly Construction Process



**Hyundai E&C, as a Frontier against the Era of Resource Scarcity, Builds the Largest Underwater Oil Storage in the World**

In November 2014, Hyundai E&C won the Minister's Award from the Ministry of Land, Infrastructure, and Transport at the '2014 Construction Industry Awards' for the 'Jurong Rock Cavern Project (JRC1)' in Singapore. Through the project, our technology capability, practicality, and the contribution to

the economic development have been highly valued. Moreover, the excellence of Korean construction technology has been noted once again as well.

The 'Jurong Rock Cavern Project (JRC1)' is the first construction stage to build the largest oil storage cavern (capable for 183 million barrels of oil) in the world at Jurong Island, which is an 'oil hub' of Singapore. Hyundai E&C has used its cutting-edge technology to construct the oil storage of 9.3 million barrels and pier/operation facilities for a tanker on the underwater bedrock at a depth of 150 meters. By successfully implementing the project, we further tightened our hold in Singapore and it will be a firm foothold for us to dominate an advantageous position in receiving an order of the second stage construction of the storage.

<Photo\_ Jurong Rock Cavern Project (JRC1)>

## Development and Operation of Environment-friendly Technology

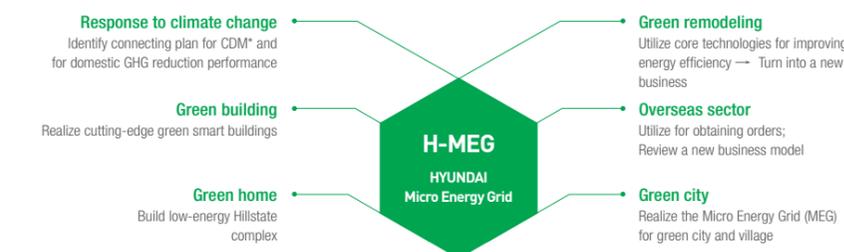
In the future construction market, 60% of buildings will be green home and green smart buildings and the global market size will grow to 7,800 trillion KRW by 2030. Hence, Hyundai E&C has developed environment-friendly construction technology and applied it to the engineering. To minimize the energy consumption occurring from the building operation, we have established a roadmap to commercialize the Zero-Energy technology by 2020 and developed innovative environmental technology according to our mid- to long-term plans.

**Environment-friendly Energy Technology** In order to reduce the energy consumption of buildings, we have developed various energy-reducing technology, such as green smart building, zero-energy house, green factory, Smart BEMS (Building Energy Management System), and zero-energy engineering optimization. The developed technology has been applied to domestic as well as overseas sites.

### Development of Environment-friendly Energy Technology

Task	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 plan for "Zero-energy" for heating and cooling by using the passive method
Solar Cooling & Heating and Hot-water Application Technology (JAN 2014-DEC 2016)	- Developing cooling & heating and hot-water application system using solar heat
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 approach 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)	- Reviewing the process of rationalization of factory energy and establishing strategies

**Development of H-MEG Technology** In December 2014, Hyundai E&C optimized the energy saving by improving the energy efficiency in every stage of energy production, saving, distribution, and consumption. Also, the H-MEG (Hyundai Micro Energy Grid) technology has been successfully developed, which is an integrated operational technology of a final stage to build a convergence Smart Green City. The H-MEG technology includes a building energy management system, energy assessment and optimized engineering processes, integrated Micro Energy Grid management solution, and target management solution for building energy based on the energy performance analysis. It has been highly valued as a core future technology that will significantly influence a new mega-scale green market such as green building, green remodeling, and green city.



\* CDM : Clean Development Mechanism

## Minimizing Environmental Impacts

### Development and Operation of Environment-friendly Technology

**Environment-friendly Engineering and Application** \_\_\_To apply environment-friendly elements from the engineering stage, we have identified the key approaches for the environment-friendly engineering: saving energy and water, caring the ecosystem, and creating pleasant living environment. Therefore, we have been developing environment-friendly equipment and efficiency technology.

#### Considerations of Environment-friendly Engineering

	Design Factors under Consideration	Major Technology
<b>Energy saving</b>	<ul style="list-style-type: none"> <li>Efficiency: Thermal insulation methods, thermal-insulating materials, energy-efficient windows and doors, waste heat recovery ventilation system, integrated energy management system, etc.</li> <li>Renewable energy generation: Photovoltaic, solar, thermal, tidal, wind, geothermal, biogas, hydrogen, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Building integrated photovoltaic (BIPV) system that ensures visibility</li> <li>Hyundai Energy Recovery Ventilation (HERV)</li> </ul>
<b>Water saving</b>	<ul style="list-style-type: none"> <li>Conservation: Water-efficient toilets, water meters, greywater recycling systems, rainwater harvesting systems, decompression valves, etc.</li> <li>Reuse: High-pressure filters, ammonia stripping, collection of high-concentration liquid compound fertilizers, etc.</li> </ul>	Rainwater harvesting system
<b>Consideration for the ecosystem</b>	<ul style="list-style-type: none"> <li>Topography: Fertile soil yard, contaminated soil washing technology, prevention of land subsidence</li> <li>Water quality: Installation of water shield, treatment of water contaminated from washing processes, treatment of organic wastewater, etc.</li> <li>Natural habitat: Recycling of damaged plants and trees, creation of escape paths, ecological wetlands, and an island of artificial-plants</li> </ul>	Eco-friendly construction and soil dredging processing technology
<b>Comfortable living environment</b>	<ul style="list-style-type: none"> <li>Indoor air quality: Environmental materials, composite sensors, energy &amp; environment management system, etc.</li> <li>Ventilation: Nature-friendly arrangements, topographic consideration, wind-resistant structure evaluation</li> <li>Thermal insulation: Thermal-insulating compound materials, external heat insulation systems, tunnel lining thermal insulation, etc.</li> <li>Noise: Acknowledge floor structure development, noise control, window, noise shield capability, predicting technology, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Total Energy &amp; Environment Management System (TEEMS)</li> <li>Verification for the final material's eco-friendly property</li> <li>Technology for reducing floor shock noise</li> </ul>

**Green Building Certification** \_\_\_Among buildings constructed by Hyundai E&C in 2014, eight projects received the Green Building Certification and three were certified by the Building Energy Efficiency Rating System. Moreover, three projects including the Green Smart Innovation Center achieved LEED Platinum (Leadership in Energy and Environmental Design) certification that is a standard benchmark for materials, resources, engineering, structures, and functions of high-functional environment-friendly buildings. To realize the sustainable development, Hyundai E&C will construct buildings that is environment-friendly throughout the whole life-cycle, from the planning to construction and repair & maintenance.



**Hyundai E&C Has Proven the Excellence of Technology Capability in the World with Its Cutting-edge 3D BIM Technology**

Hyundai E&C has aroused innovations to the construction market by introducing the Pre-construction Process that uses the BIM (Building Information Modeling) technology enabling the risk and cost reduction. The Process contains cutting-edge technology to implement the pre-construction virtually with the BIM technology that is especially optimized for highly difficult projects. Therefore, it efficiently manages

risks in advance, such as disputes, reconstruction, increasing production cost, and schedule delay, which can possibly occur during the actual construction. Also, it can increase the satisfaction for a project by improving project officers' understanding about the blueprint. Applying the Pre-construction Process, Hyundai E&C has reduced the production cost and construction period when constructing Hyundai Motor Complex Exhibition Hall and new LH office building in Jinju as well as Qatar National Museum where its atypical structure makes the construction extremely difficult. As a global leading construction company, we will enhance the technology capability by continuing the research and development for our information management system using the BIM and Fast Constructible Multi-trade Prefabrication thus further improve the profitability and reduce risks.

<Photo\_ Construction of Qatar National Museum>

### Environment-friendly Procurement

In order to minimize environmental impacts of material use, we have assessed the environment-friendliness of a material in the selection stage since 1997. Moreover, we have updated the list of environment-friendly materials and encouraged our suppliers to develop environment-friendly materials. Particularly, by signing a 'Voluntary Agreement on Environment-friendly Procurement' with the Ministry of Environment, we have been continuously enhancing the environment-friendly procurement process to produce and purchase environment-friendly products.

**Environment-friendly Procurement Process** \_\_\_According to HEGS (Hyundai Environmental Goods Standard) established in 2010, Hyundai E&C has classified and managed all purchased materials based on the standard. The environment-friendly products are classified into eight codes, HEGS 1 to 8. The code of a material that is to be purchased is entered into the Environment-friendly Procurement System when charging or ordering. At sites, data by codes is managed as individual performance of on-site and procurement managers. We also have constantly encouraged the environment-friendly procurement at sites helping managers who have insufficient performance. We will strive to minimize environmental impacts occurring from the use of materials by further expanding the environment-friendly procurement.

#### Environment-friendly Procurement Process

\* HEGS : Hyundai Environmental Goods Standard



**Environment-friendliness Assessment of Material** \_\_\_The environment-friendliness of a material is classified into and managed by three standards: harmfulness, infringement of regulations, and usage amount. Hyundai E&C has been doing the best to establish the environment-friendly supply chain by providing trainings to reduce the environmental harmfulness of a material when it is proved to be highly harmful. Additionally, we have devoted to develop alternative and less harmful materials/elements.

Since established a guideline on the operation of work vehicles in 2010 to reduce GHG emissions from the transportation of materials and the driving of heavy equipment, Hyundai E&C has distributed the vehicles guideline to not only its employees but all suppliers requiring a strict compliance with it.

**Environment-friendly Vehicles Guideline** \_\_\_A guideline on the operation of work vehicles defines 11 items for the economic driving to increase the fuel efficiency and also includes detailed guidelines for each item. Hyundai E&C complies with the guideline when operating vehicles and heavy equipment at the headquarters and all sites.

**Introduction of Environment-friendly Vehicles** \_\_\_Hyundai E&C has started to use energy-efficient hybrid cars since 2012 in order to reduce GHG emissions from work vehicles. We will aggressively contribute to the world's efforts toward GHG reduction by persistently increasing the number of environment-friendly cars.

### Environment-friendly Transportation

#### Environment-friendly Vehicles Guideline Poster



## Minimizing Environmental Impacts

We have made various efforts to reduce the energy and resource consumption, GHG emissions, and waste generation at sites to minimize environmental impacts that can occur during the construction process.

**On-site Resource Management**\_\_\_ In order to efficiently manage materials used during the construction process, the BIM (Building Information Modeling) has been introduced. Also, the energy and resource consumption data is gathered and managed by work types and emission sources on a monthly basis through the Integrated Environmental Performance Management System. The BIM system where every construction information is databased and connected can help reduce the use of unnecessary material by calculating accurate quantity and price of materials. Moreover, sites utilize rainwater storages and de-watering equipment that uses underground water to reduce the water consumption. Instead of a water tank car to prevent dust, in addition, we use sprinklers to consume less water during the construction.

**On-site Environment Management**\_\_\_ We have implemented the on-site environment management to minimize impacts on the environment around a site by categorizing the impacts into four elements: air, water quality, soil, and noise & vibration. Besides, standards for air pollutant emissions and installation of controlling facility have been established and applied to each site to prevent air pollution and enhance workers' health. Based on relevant regulations, we have strictly adhered to the wastewater quality standard for a water treatment facility as well. In 2014, we invested and spent 47.4 billion KRW for the environment protection, which is a 29.2% increase from 36.7 billion KRW of expense in 2013.

### On-site Management of Environmental Elements



#### Air quality

- Establish the air pollutant emissions standards and abatement facility installation standards
- Install dust barriers and automatic sprinklers



#### Soil contamination

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



#### Water quality

- Operate wastewater treatment facilities such as retaining walls, tunnels, and batch plants
- Conduct regular audit of wastewater management facilities and water quality
- Install diversion channels and grit chambers; Strictly manage oil facilities



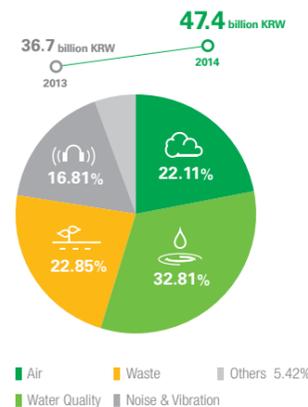
#### Noise & vibration

- Install sound-proof and vibration-proof facilities
- Use low-noise equipment
- Operate vehicles at low speed within sites
- Install sound-proof walls around sites
- Establish standards for the emissions of air polluting materials and install restraining facilities

**Reinforcement of On-site Inspection**\_\_\_ Hyundai E&C has monitored the level of on-site environment management by annually conducting independent external inspections and internal inspections by experts for all domestic and overseas sites. In 2014, total 145 inspections were implemented for 112 domestic sites and 33 overseas sites while enhancing the on-site inspection through the HSE Risk analysis by sites. Therefore, Hyundai E&C incurred zero accident in 2014 as well for three consecutive years. As the first among domestic construction companies, we have been publishing the International Environmental Management Standard for key countries such as Singapore, Saudi Arabia, UAE, Qatar, and Kuwait where we operate business. Furthermore, we won the 9th Best Practices Contest of Construction Environmental Management for our contribution to the development of the construction industry by 'improving the work efficiency through environmental guidelines by countries' in December 2013. We will continue to fortify the environment management by aggressively responding to environmental regulations of each country and systematically managing overseas sites through an active application of the guideline.

### Environment-friendly Construction

#### Expense and Investment for Environmental Protection in 2014



#### Publication of International Environmental Management Standard



### Ecosystem Protection Activities

- 01 Replace habitat** Transplant trees and plants; Create ecological wetlands by settling basins; Install an island of "artificial" plants; Develop natural streams and green areas
- 02 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
- 03 Consider alternative engineering** Change the construction location; Apply low-vibration construction methods; Downscale bridge foundations

**Protection of Ecosystem**\_\_\_ Due to climate change and intensifying environmental pollution, the biodiversity of the world is expected to decrease by 17% in 2030. Based on the Nagoya Protocol, Hyundai E&C has applied strict standards to protect the ecological environment and biodiversity around sites. Through proactive analysis of possible impacts on the environment surrounding a site at the planning stage, we have developed and applied engineering and construction methods that can help to protect the biodiversity and minimize topographic change and destruction of vegetation. In 2014, we thoroughly implemented the ecosystem protection measures at sites where protected species are inhabiting.

### Protected Species around Sites



### Environment-friendly Deconstruction

In order to minimize environmental impacts and waste generation during the deconstruction process, Hyundai E&C has realized the standardized environment-friendly deconstruction by establishing an efficient management system and regulations.

**Integrated Environmental Waste Management System**\_\_\_ Since July 2012, we have connected the waste management system of the Ministry of Environment, 'Allbaro System,' with our H-PMS System thus established and operated the Integrated Environmental Waste Management System at all domestic sites. Through the system, we have effectively controlled violation of regulations in advance. Also, it enables the real-time data gathering of total waste amount and price by business units, processes/work types, companies, and waste types, which has been used as a base material of budget compilation.

**Guideline on Environment-friendly Deconstruction**\_\_\_ Hyundai E&C has endeavored to minimize environmental impacts and accident occurrence during the deconstruction and demolition processes by complying with 'Guideline on Occupational Safety Standards for Deconstruction Work,' which is based on the Industrial Safety Standards. To minimize environmental impacts from waste, reduce the waste generation, and enhance the recycling, we have classified wastes by property types from the point of the waste generation. Furthermore, we proactively check the possible containment of harmful substances such as asbestos by establishing relevant guidelines thus protect employees from direct exposures. If the asbestos containment exceeds 1%, we commit the removal and disposal of asbestos to hazardous waste management specialists.

**Waste Disposal**\_\_\_ We have prevented the secondary environmental pollution through constant trainings and recycling measures for waste generated from the construction. For sites that discharge a large amount of waste or that are to be specially managed, we have established and applied targets for waste disposal and material recycling. Also, we sell recyclable wastes to recycling plants to enhance the resource utilization and put a priority on purchasing recycled materials and cyclic aggregate. Thanks to our efforts to minimize waste, the amount of waste discharged in 2014 significantly dropped to 458,256 tons from 625,147 tons of 2013, which is a 26.7% decrease.

## 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.

### OUTPUT

### INPUT

#### Energy Consumption (TJ)

Description	2012	2013	2014
Diesel	94.34	95.34	68.18
Gasoline	25.24	17.74	14.57
Kerosene	17.61	11.25	32.78
Oil subtotal	137.19	124.34	115.53
LNG	55.76	67.32	62.85
LPG	4.40	2.12	3.77
Gas subtotal	60.17	69.44	66.62
Lump coal (brown coal)	4.17	18.46	26.40
Ignition coal (wood coal)	0.85	0.45	0.46
Hot water (district heating)	0.01	0.01	-
Electric power	1,145.42	1,074.49	1,072.97
Others subtotal	1,150.44	1,093.40	1,099.83
<b>Total energy consumption</b>	<b>1,347.80</b>	<b>1,287.19</b>	<b>1,281.99</b>

#### Material Use

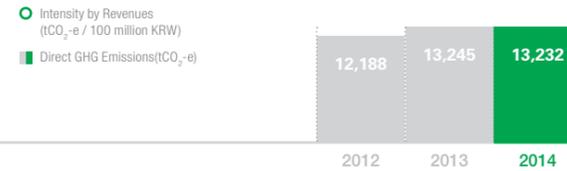
Description	2012	2013	2014
Steel(ton)	612,000	752,000	811,000
Ready-mixed concrete(m³)	2,293,475	2,457,581	2,431,544
Cement(ton)	88,134	86,185	81,706
Sand(m³)	6,435,000	8,586,000	8,894,000
Aggregate(m³)	7,716,000	6,436,000	7,660,000
Asphalt concrete(ton)	532,161	316,900	354,972
LO2(l)	1,813,310	1,891,813	1,961,952
Coal in medium-size lumps(kg)	1,675,660	2,308,170	3,057,317

※ Parts of material use have been recalculated as the management standard changed.

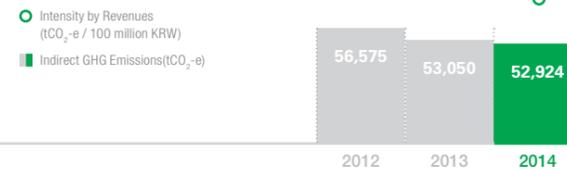
#### Water Usage (ton)

Type	2012	2013	2014
Tap Water	361	710	397
Surface Water	335	120	282
Underground Water	124	100	121
Rain Water	73	20	3
<b>Total Water Usage</b>	<b>893</b>	<b>950</b>	<b>803</b>

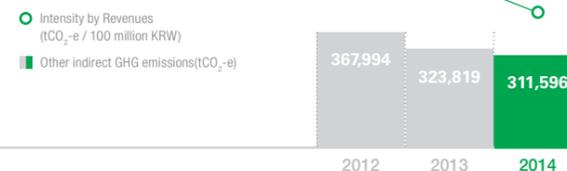
#### Direct GHG Emissions



#### Indirect GHG Emissions



#### Other Indirect GHG Emissions



※ GHG emissions in previous years were recalculated based on the revised MRV (Monitoring, Reporting and Verification) Manual of GHG Emissions for Construction Industry.

#### Waste Discharge (ton)

Description	2012	2013	2014
Waste discharge	254,875	613,302	452,021

#### Wastewater Discharge (ton)

Description	2012	2013	2014
Wastewater discharge	1,577,351	1,117,667	1,093,787

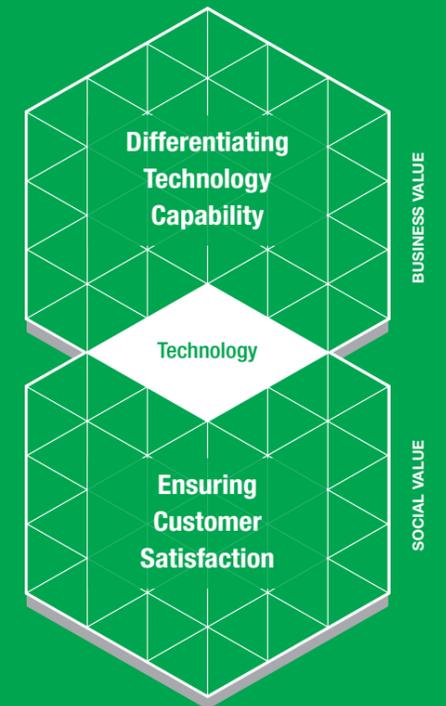
# TECHNOLOGY MANAGEMENT

Creating Shared Value

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

Our Approach

Technology is the driving force of Hyundai E&C's future while its innovative DNA is the key to make the impossible possible. We will create a better tomorrow of the earth through the development and application of high-efficiency and low-carbon source technology based on the analysis of mid- to long-term megatrends, such as the urbanization, energy, fuel, and resource scarcity, water shortage, and pollution. Hyundai E&C will fortify the global cooperation for R&D and further differentiate its technology capability. We will do the best to deliver a sincere customer satisfaction through the constant quality innovation.



#### Key Sustainability Issues in Technology Management



- |                         |         |   |         |
|-------------------------|---------|---|---------|
| 1 Source technology     | p.48-51 | 5 Privacy protection                        | p.53    |
| 2 Customer satisfaction | p.52-53 | 6 Low carbon, resource efficient technology | p.49-50 |
| 3 Customer awareness    | p.53    |   |         |
| 4 Eco-friendly R&D      | p.48-51 | 7 Products and services                     | p.50    |

## Differentiating Technology Capability

BOUNDARY

HDEC Supplier Customer Community Other

WEB

http://www.hdec.kr/md/field\_base.asp

### R&D Strategies

#### MANAGEMENT APPROACH

As the resource scarcity accelerates around the world, securing innovative source technology has become highly significant since it directly affects the corporate competitiveness. Hyundai E&C has endeavored to maximize the global technology capability through the development of source technology for new growth engines and future products by enhancing the global R&D network and cooperation with affiliates.

We have been striving to become a global construction company based on integrated engineering by aggressively reinforcing the future technological competitiveness and promoting the business-creating R&D. Especially, for 2015 is the first year of the R&D innovation, we have defined R&D Contents, R&D Role, and R&D Way as our values and devoted to secure differentiated capability of source technology.

Firstly, by innovating the R&D Contents, Hyundai E&C has aimed to greatly improve the capability of the organization and is doing the best to achieve R&D results through the technological cooperation with affiliates and global partners. Secondly, we have innovated and expanded the R&D Role from the development that was mainly focusing on element technology to the comprehensive technology management that is to create a future new growth paradigm and includes technology marketing, sales, and financing. Thirdly, we are becoming a global R&D COE (Center of Excellence) by innovating the R&D Way. The R&D approach to nurture internal talents has now changed to retain outstanding overseas talents for expanding our global innovation culture.

Therefore, Hyundai E&C is analyzing the four megatrends of urbanization, energy & fuel, resource depletion and water scarcity which are closely related to the construction industry and identifying research tasks that create future business based on the megatrend analysis. Also, we have concentrated our efforts on attaining source technology for new growth and future products by enhancing the global R&D capability through the expansion of our international network.

#### R&D Innovation Strategies

#### Securing Future Technology for New Business



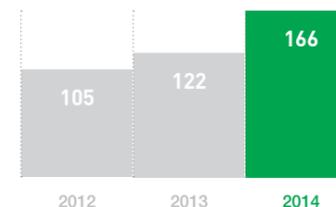
### Consolidation of R&D Foundation

**Reinforcement of R&D Capability** Under the goal of 'Securing Technologies to Become a Global Construction Leader based on Engineering,' Hyundai E&C reorganized and expanded the research institute to the 'Research and Development (R&D) Division' in 2011. Recruiting remarkable global talents, we have consolidated a foundation to secure innovative future technology with aggressive investment for research facilities.

Therefore, we invested total 29.9 billion KRW including 14.7 billion KRW for the R&D HR operation, 3.9 billion KRW for R&D, and 11.3 billion KRW for R&D capital in 2014. Hyundai E&C believes that competent R&D talents are the center of the corporate competitiveness. Therefore, we constantly attain outstanding global human resources and have established and implemented a special plan to enhance the global business and achieve the technology capability. As of 2014, the number of employees working in the R&D Division is 166, which is a 187% increase from 89 employees of the end of 2011.

#### R&D Division HR Status

(Unit: person / As of DEC 2014)



### R&D Capability Enhancement

**Increase in Investment for R&D Facilities** Since 2011, Hyundai E&C has persistently increased the investment to improve research facilities such as building new facilities, expanding laboratories, and replacing equipment. In November 2014, we invested 9 billion KRW to complete the construction of Green Smart Innovation Center, which is the ultimate integration of Hyundai E&C's cutting-edge environmental technology. The center is a zero-energy demonstration facility where the integrated control and operation are possible through the Smart BEMS (Building Energy Management System), which Hyundai E&C developed for the first in Korea. The Center will be a foundation to lead the field of intelligent environment-friendly building in the future. Moreover, we have invested 1.4 billion KRW to enhance functions of the structural test laboratory, wind tunnel laboratory, acoustic laboratory, and climate simulator by improving experimental equipment, etc. We further established a research foundation for the practical environmental and energy demonstration by building four additional demonstration centers as well. Hyundai E&C has endeavored to develop commercialized technology that can be immediately applied to on-going projects by testing the stability and suitability of technology at the centers. These efforts have helped us to achieve the top-notch technology and future competitiveness in the world throughout all business divisions reinforcing new growth engines.

**Acquirement of Source Technology** Since 2013, 'Job Invention Compensation System' for the patent application and registration has been promoted to identify internal intellectual property and to enhance the technology cooperation system. In March 2014, Technology Cooperation System, an IT-based internal cooperation platform, was established providing a foundation to apply patents and request for consulting. Thanks to these support systems, the number of patent registrations has significantly increased to 75. Also, four technologies such as 'Intelligent Multi Grouting (IMG) System' and 'Thermal hydrolysis technology of organic sludge using the direct heat-exchange process of flash steam and multi-tube heater with static mixer' achieved new certifications or extensions. Three green technologies including 'Biogas upgrading technology using V-PSA system for vehicular fuel' were also certified. As our capability in source technology has been improved, patent applications and registrations have been constantly increasing. In order to secure source technology, we have set goals of 90 patent applications, four new technology certifications (extensions), and two green technology certifications for 2015.

### Green Smart Future Has Been Realized through BEMS of Hyundai E&C

※ 2014: 1st Green Rank (the highest rank) in Green Building Certification  
 ※ 2015: Platinum Rank in LEED (Leadership in Energy and Environmental Design)



Green Smart Innovation Center

<b>1</b>	<b>5</b>	<b>100</b>	<b>58</b>	<b>57.4</b>
1st construction company to develop BEMS	5 participating affiliates (Hyundai Motor, Hyundai Steel, Hyundai Hysco, Hyundai Autoever, Hyundai Architects & Engineers Assoc)	100 key technologies	58 IPRs (Intellectual Property Rights)	57.4% energy reduction at offices

In December 2014, the construction of Green Smart Innovation Center (GSIC) was completed that Hyundai E&C planned and constructed by its own to establish the research infrastructure and develop business models through demonstrations. The GSIC is a cutting-edge building where more than 100 technology and 58 IPRs (Intellectual Property Rights) of Hyundai E&C have been utilized. It is a demonstration facility to develop greensmart technology for the pleasant environment of a building and energy saving. For the differentiation from other green demonstration facilities, we have applied the Smart BEMS (Building Energy Management System), which we developed by our own for the first time as a domestic construction company. As a result, we have realized the integrated operation and optimized control of Micro Energy Grid that covers from the energy production to energy saving and consumption. Through continuous technology development and monitoring, Hyundai E&C will secure the core technology in the green remodeling area and newly enter domestic and overseas businesses by commercializing our own cutting-edge technology. Additionally, the synergy with Hyundai Motor Group will be further improved through joint researches with affiliates, suppliers, and research facilities.

## Differentiating Technology Capability

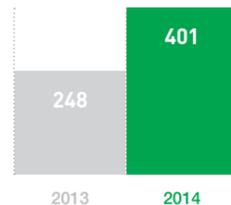
**Technology Commercialization**—Hyundai E&C has constantly improved the capability to receive and implement competitive orders through new technology certifications and its technology capability has been highly valued in the world as a result. In November 2013, we proposed the 'Contaminated Soil Remediation R&D Project' to Singapore for the first in the Korean construction industry where we were selected as the first research facility. Our outstanding technology has been recognized leading us to be the second research facility of the project. We expect to receive a number of new orders in Singapore such as a dredged soil purification project based on our research in the 'Contaminated Soil Remediation R&D Project.' Besides, our technology has been applied to various sites and contributed to receiving more orders and successfully implementing projects, such as 'Intelligent Multi-Grouting System (IMG),' 'Auto Controlled Injection System of Powder type Accelerator,' 'Vertical Pipe Cooling Method,' and 'Prefabricated Parallel Wire Strand (PPWS)' which we developed for the first in the nation. We are fully aware of that the ultimate purpose of the R&D is the technology commercialization through the application to business. Hence, we will further reinforce the practical technology capability in 2015 by increasing the target number of technology commercialization to 90, such as technology transfer and technology application to engineering/construction of domestic and overseas projects.

**Reinforcement of In-house Technical Consulting**—Through the expansion of in-house technical consulting and application of new technology and method, Hyundai E&C has intensified the cost competitiveness reducing cost and construction schedule. In 2014, we provided 148 technological supports to domestic and overseas sites. Also, the number of supports at the bidding stage has increased to 32 greatly contributing to receiving orders with our technology. The amount of cost reduction in 2013 increased to 40.1 billion KRW from 24.8 billion KRW of 2013 due to the enhancement of the technology capability and advancement of in-house technical consulting. In 2015, divisional and in-house technical supports are expected to reduce costs by 45 billion KRW.

**Reinforcement of Global R&D Cooperation**—In order to achieve future core technology and reinforce the R&D capability, we have built the R&D network with 25 world's leading agencies and promoted a wide scope of international joint researches and Connect & Development in 22 different fields. In 2014, we signed 11 joint research agreements with advanced research agencies such as National Renewable Energy Laboratory of the USA. Moreover, our employees have continuously visited global companies such as SIEMENS, Germany that own source technology to fortify the technology capability in new business areas and diversify our business portfolio.

### Cost Reduction by In-house Technical Consulting

(Unit: hundred million KRW)



### Expansion of R&D Network

#### Global Technology Cooperation in 2015

- UK**  
Loughborough Univ. : High-rise building  
Sheffield Univ. : High Performance Material
- France**  
Terrasol : Separated foundation
- Finland**  
VTT : Technological cooperation
- Germany**  
VOITH : Tidal power generation
- Denmark**  
Siemens : Off-shore wind coal gasification plant
- Australia**  
CSIRO : CCS (Carbon Capture & Storage)  
UWA : Off-shore wind power Plant



**Convergence Technology Development through Synergy with Hyundai Motor Group**—Hyundai E&C has constantly promoted joint R&Ds with Hyundai Motor Group affiliates and convergence technologies are being developed in fields such as energy, environment-friendly construction material, electricity, and traffic. Under the Hyundai Motor Group R&D Strategy Committee, Motors-construction Convergence Subcommittee was newly founded in 2014 creating a foundation to fortify the cooperation of Hyundai E&C and its affiliates in the construction area. Furthermore, four consultative groups such as 'Consultative group for new business of hydrogen fuel cell' are being currently operated. In 2014, we cooperated most actively with Hyundai Motor for 'Road Improvement Technology using Vehicle Driving Information.' Also, we have been developing 'Pavement Resource Usability of Industrial By-products' with Hyundai Steel and Hyundai Motor and 'Smart Home & Car' with Hyundai Motor. In 2015, we will do the best to identify new growth fields and maximize the synergy with affiliates by developing synergy items and creating actual performances from joint cooperation.

### Technology Development through Synergy with Hyundai Motor Group

R&D	R&D Tasks	Hyundai E&C	Hyundai Motor Company	Hyundai Steel	Hyundai Mobis	Hyundai Hysco	Hyundai Engineering	Hyundai Autoever	Others****
Construction Material	Road ITS*	◆	◆	◆	◆	◆	◆	◆	◆
	Resource Usability of Industrial By-products	◆	◆	◆	◆	◆	◆	◆	◆
	Steel slag	◆	◆	◆	◆	◆	◆	◆	◆
	Resource Recycling Type PC**	◆	◆	◆	◆	◆	◆	◆	◆
High-tech Construction	Intelligent Traffic System (completed)	◆	◆	◆	◆	◆	◆	◆	◆
	Modular House (completed)	◆	◆	◆	◆	◆	◆	◆	◆
Green City	High-strength structural steel (completed)	◆	◆	◆	◆	◆	◆	◆	◆
	Smart Home & Car	◆	◆	◆	◆	◆	◆	◆	◆
	Hydrogen fuel cells	◆	◆	◆	◆	◆	◆	◆	◆
Ocean Energy	TOS***/TEEMS****	◆	◆	◆	◆	◆	◆	◆	◆
	Precise construction under water (completed)	◆	◆	◆	◆	◆	◆	◆	◆
Water/Environment	Wastewater recycling	◆	◆	◆	◆	◆	◆	◆	

- Committees**  
HMG R&D Strategy Committee (Motors-construction Convergence Subcommittee)
- Consultative organization**  
Consultative group for new business of hydrogen fuel cell  
Material analysis technology forum  
Numerical analysis technology forum  
Consultative group for robot technology of Hyundai Motor Group  
ITS Working Group
- Legend**  
\* ITS : Intelligent Transport System  
\*\* PC : Precast Concrete  
\*\*\* TOS : Total Operation System  
\*\*\*\* TEEMS : Total Energy and Environment Management System  
\*\*\*\*\* Others : Hyundai MnSOFT, Sampyo (affiliate)

### Poster of 2015 Hyundai E&C Technical Forum



**Hyundai E&C Technical Forum**—In order to develop creative and innovative technology in the construction field, Hyundai E&C annually holds Hyundai E&C Technical Forum that is the only technology competition in Korea. The Forum is the biggest event of the company where domestic and overseas college students and SMEs submit the application over five months. Outstanding technologies are awarded in every September. All student winners would receive incentives if they apply to enter Hyundai E&C and corporate winners achieve a privilege to become suppliers of Hyundai E&C and receive supports for patent applications of their technologies. We are striving to promote the interest in the technology development and increase the accessibility to new technologies.

# Customer Satisfaction through Innovation

BOUNDARY



WEB

http://en.hdec.kr

## MANAGEMENT APPROACH

The sincere customer satisfaction comes from the excellent quality. Based on the corporate culture that prioritizes our customers, Hyundai E&C strives to constantly innovate the quality as well as create customer values by actively communicating with customers through various on/offline channels.

**Quality Management System**\_\_\_Hyundai E&C has operated a Quality Management System in order to fortify the management of quality risk and proactively respond to customers' demands. Moreover, the System has been persistently improved by the Quality Management Planning Team and Quality Management Innovation Team. Particularly, Case Application System (CAS) has been introduced and gathered more than 6,500 Best & Worst Practices through the Project Trouble Shooting Guide (PTSG) system. The CAS has contributed to preventing the reoccurrence of same failure cases and spreading success cases. For efficient use of cases within the CAS, we will constantly improve the CAS and regularly analyze and share cases thus keep innovating the quality management.

**Reinforcement of Corporate Quality Innovation**\_\_\_To understand and proactively respond to needs of customers, we conducted regular quality evaluations for 62 sites and assigned quality experts to 12 new sites to establish a standard quality system in 2014. Also, we endeavored to settle the Project Trouble Shooting Guide (PTSG) system with online quality trainings for about 2,000 technical staffs and publish an e-Book about Best & Worst Practices of the on-site quality management. Additionally, a construction recording process and application system have been further enhanced to share project experiences and know-hows. Hence, the overall quality has been significantly improved through the customized construction information and increased convenience of use. Thus, it is expected for our employees to share experiences and know-hows accumulated from the project implementation at a site. In 2015, we will fortify the global business capability by advancing the quality risk management system and do the best to realize the customer impression.

**Expansion of Quality Innovation of Suppliers**\_\_\_Hyundai E&C holds regular workshops for suppliers and offers specialized quality training by work types for the quality innovation throughout the entire value chain. In 2014, we contributed to increasing the quality level of suppliers by providing three quality trainings and workshops for 145 quality managers of 126 construction suppliers. Furthermore, to satisfy customers' needs, four quality chain events and trainings were conducted for 90 quality managers of 68 material suppliers. In 2015, we will further reinforce our quality trainings by providing the quality workshop to more suppliers and developing practical curriculums.

## Quality Innovation

### Corporate Quality Management

Quality Evaluations Conducted for

62 Sites

Quality System Established for

12 New Sites

### Quality Chain Workshop



### Hyundai E&C Has Innovated the Construction Quality of Korea

#### Winning the Minister's Award for Its Outstanding Works

In December 2014, Hyundai E&C won the Minister's Award at 'The 7th Korea Construction Excellence Award' for the construction of Ulsan Bridge and accident road. The Award is hosted by the Ministry of Land, Infrastructure, and Transport and conducted by Korea Construction Quality Association and Construction Economy News. It is to encourage the quality improvement of the domestic construction industry and identify and award best practices. Ulsan Bridge where Hyundai E&C undertook the construction in May 2010 is the longest single span suspension bridge and the first sea bridge of Ulsan. It is expected to bring positive effects such as solving the traffic problem of the downtown and saving the industrial logistics cost. For the bridge construction, in addition, Hyundai E&C developed and introduced the super high strength Prefabricated Parallel Wire Strand (PPWS) cable of 1,960 MPa for the first in the world. Judges of the award highly valued our technology capability complimenting that we have significantly increased the level of the Korean construction industry. Hyundai E&C will continue to lead the quality improvement through the outstanding quality management.



Ulsan Bridge

## Expansion of Customer Communication

### Hyundai E&C Homepage

http://en.hdec.kr

### Hillstate Homepage

http://www.hillstate.co.kr

**Online Communication Channels**\_\_\_Open communication with customers is highly important to Hyundai E&C. Therefore, we have operated a customer center on our website to provide information that customers need. Moreover, we offer 1:1 online consultations for convenient and prompt problem solving. The website is provided in seven different languages such as Arabic and Spanish for our overseas customers and the mobile website has been established and constantly updated as well. Beside the Hyundai E&C website, we operate a Hillstate (a representative housing brand of Hyundai E&C) website to provide information customized for specific customers. Via phone and web, Hillstate customers can obtain information about reconstruction, sales, and after services as well as professional consultations through customer centers. In 2014, 1,753 customer opinions were submitted through the web page and 62,926 customer opinions were submitted through the customer centers.

**Offline Communication Channels**\_\_\_For effective customer communication, we provide various communication channels such as phone-call, e-mail, door-to-door visiting, face-to-face talk and so on. Especially, we operate 19 AS centers and five offices including Seoul and other regions, to provide quality services for the residents' accessibility. Furthermore, we hold 'The Hillstate Day' Event before the completion of the construction, to improve the services and customer satisfaction by gathering customers' opinions. In addition, the CS Center has newly established and operated the MOT (Moment of Truth) Team for prompt AS in early days of move-in and enhancement of customer services. Customer enquiries submitted to AS centers are being handled on the day of submission through consultation or customer visit.

## Activities for Customer Satisfaction

### Hillstate Styler Activities



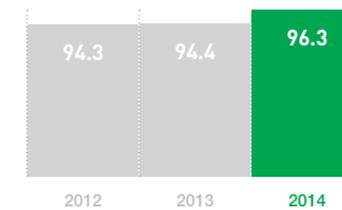
**Hillstate Stylers**\_\_\_In order to reflect various customer opinions to business, Hyundai E&C has operated Hillstate Styler for eight years since 2008 which is a quasi-expert valuation group mainly composed of housewives. Various opinions proposed from regular Hillstate Styler activities have been used as references to improve the quality of Hillstate apartments. In 2014, Hillstate Styler conducted six activities at six sites including the Dangjin site.

**Protection of Customer Information**\_\_\_We have endeavored to secure the trust from our customers by delivering accurate information and protect the customer information by operating a Privacy Protection Committee and appointing a Chief Privacy Officer (CPO). We also comply with marketing and communication regulations to prevent the decrease of customers' trust due to the inappropriate marketing.

**Customer Satisfaction Survey**\_\_\_Our quality evaluation team visits sites and conducts a customer satisfaction survey to identify needs and satisfaction level of customers. The customer satisfaction survey consists of ten areas including the company's will to satisfy customer needs, satisfaction about the quality, leadership, and constant improvements, etc. In 2014, the survey was conducted for project owners, engineers, and supervisors of 62 sites and the result was 96.3 points that is 1.9 point higher than the previous year. To expand the scope of the survey, we will carry out the online satisfaction surveys for customers of every site from the second half of 2015. Hyundai E&C will continue to do the best to listen to the voice of customers by enhancing the objectivity and credibility of survey results.

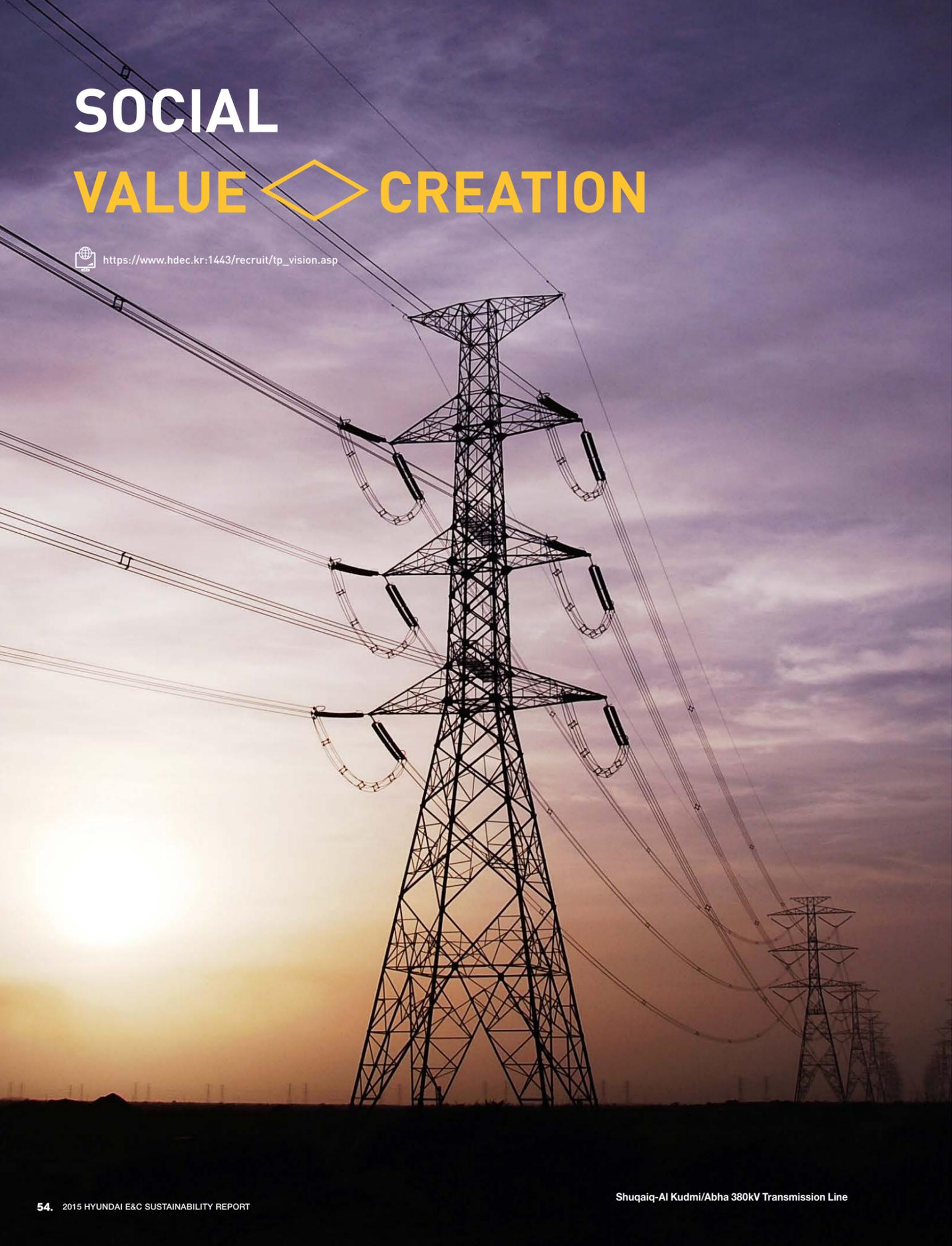
### Result of Customer Satisfaction Survey

(Unit: point)



# SOCIAL VALUE CREATION

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



## AGENDA 04

# TALENT MANAGEMENT

### Creating Shared Value

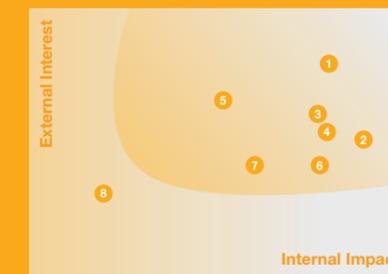
**Hyundai E&C realizes employee values by cultivating innovative talents.**

### Our Approach

Employees are the driving forces of the corporate innovation and the most valuable resources of Hyundai E&C. We have taken persistent steps toward the dream of Construction Korea by nurturing innovative talents who pioneers changes and innovations around the world. Additionally, we have strived to create the value of individual employees by providing the best opportunity for the capability development as well as built a pleasant corporate culture where employees can work in a safe environment and maintain the work-life balance.



### Key Sustainability Issues in Talent Management



1 Safety management	p.61-62	5 Labour practice	p.56-58
2 Appraisal and compensation	p.58	6 Employee benefits	p.60
3 Development of human capital	p.56-58	7 Equal opportunity	p.56-57
4 Work-life balance	p.59-60	8 Human right protection	p.57

## Cultivating Innovative Talents

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

### MANAGEMENT APPROACH

Hyundai E&C considers human resources as the biggest driving force of the corporate innovation. In order to cultivate innovative talents who can make the impossible possible through constant challenges, we always seek for competent individuals and provide systematic human resource development programs so that our employees can acquire the global capability and professionalism.

Pursuing the globalization for human, society, and the future, we have recruited and cultivated competent talents as our biggest resource. Under the 'Innovative Challenger,' the concept of our ideal employee, we deliver a vision of innovative talents who create new values by challenging to the new, to the impossible, and to becoming the best. Hyundai E&C will stand tall as a global leader of the construction industry with our employees who aggressively execute their jobs with a challenging mind and passion and build a cooperative network based on the creativity and global mind.

### Hyundai E&C's Ideal Employee

#### Hyundai E&C's Ideal Employee



**Recruitment of Outstanding Talents**\_\_\_Hyundai E&C recruits human resources in a fair and transparent manner to find advanced talents that suit our ideal employee type and provide equal opportunities to all applicants. In 2014, we recruited 243 new employees, 49 interns, and 230 experienced workers. Moreover, we have introduced a flexible time shift to provide job opportunities to women of discontinued career thus employed 44 additional employees. Through the intern system, we not only provide a job opportunity to the youth who suffer from the unemployment and economic difficulty but contribute to our global competitiveness by attaining competent talents in advance.

#### Current Status of Recruitment

(Unit: person)



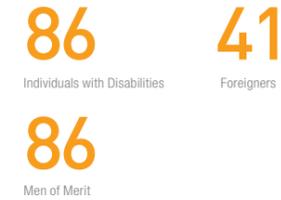
#### Current Status of Employees

(Unit: person / As of DEC 31, 2014)

Full-time employees	4,655	Contract workers	883
Male	4,350	Male	847
Female	305	Female	36
<b>Total</b>		<b>Total</b>	<b>5,538</b>

#### Recruitment of Social Minorities

(At HQ / As of DEC 31, 2014)



### Cultivation of Global Innovative Talents

**Pursuit of Diversity**\_\_\_The diversity is a critical issue that directly influences the corporate competitiveness since Hyundai E&C is actively operating its business all around the world. For the successful cooperation with local clients and suppliers, we have promoted the local hiring at overseas sites. By newly establishing the Global Human Resources Management System in 2015, we will hire more local talents for the manager position. In addition, for the diversity at workplace, we have constantly increased the recruitment ratio for female, foreign workers, men of national merit, and individuals with disabilities. We also have required every new domestic site to recruit at least one individual with disabilities since 2014 so that we can deliver the corporate social responsibility.

**Compliance with Human Rights and International Standards**\_\_\_As a global construction company that faithfully fulfill the social responsibility, Hyundai E&C publicly endorses global standards on human and labor rights, such as the United Nations' Universal Declaration of Human Rights, ILO Conventions, OECD Guidelines for Multinational Enterprises, and Global Sullivan Principles, etc. Joined the UN Global Compact in 2010, we have complied with the ten principles of the UN Global Compact (UNGC) in the areas of human rights, labor, the environment, and anticorruption and aggressively participated in international corporate activities for the social responsibility. Based on the Labor Standard Act, we have strictly prohibited child and forced labor and established human right protection standards to prevent the religious or racial discrimination at overseas sites through various supporting systems. Thanks to these efforts, Hyundai E&C incurred neither restrictions nor accusations in regard to human rights in 2014.

**Development of Global Capability**\_\_\_To successfully execute international business, we are providing educations on language, different culture, and negotiation. Furthermore, in addition to existing language classes such as French, Spanish, and Chinese, Arabic has been newly taught since 2013 for the global language proficiency of our employees. Hyundai E&C has been supporting the employees to grow into a global leader through the leadership training and Overseas Site Participation Program.

### I am Very Proud to Be a Member of World's Leading Company, Hyundai E&C

#### 2015 Global Talent Program

In order to enhance the capability and loyalty of foreign employees at overseas sites, Hyundai E&C initiated '2015 Global Talent Program.' 24 foreign employees came to Korea and visited the Hyundai E&C headquarters, Research and Development (R&D) Division, and Green Smart Innovation Center, etc. Listening to lectures about Hyundai E&C and Hyundai Motor Group, the foreign employees were able to raise their pride in the company. We will continue to consolidate a foundation for employees and company to grow together through various capability development programs for our foreign employees.



#### Philippines

##### Aliwalas Yvette Kristel Jasa / UAE Branch



"It is such an honor to be in the Global Talent Program. Learning more about our company, I felt even prouder to be a member of a renowned company that significantly contributes to the world. Also, all participants could recognize that we are considered as valuable employees of Hyundai E&C. This program will play an important role for our company to take one step towards the globalization."



#### India

##### Jee Vincent Thaliah / Kuwait Oil Company NO.1 Site



"I could experience various Korean culture through the program. Most of all, it was such a great opportunity to learn about the vision and core values of Hyundai E&C. With the friendly relationship with Korean team leaders during the program, I could learn how to deal with difficulties such as communicating with Korean colleagues at overseas sites. I believe that the Global Talent Program will be very helpful for foreign employees to work at Hyundai E&C."

## Cultivating Innovative Talents

**Reinforcement of Work Capability** \_\_\_Hyundai E&C has implemented a systematic job training based on the e-HRD (Human Resource Development) System and contributed for the customized capability development by providing necessary training programs by jobs, positions, and groups. Additionally, we have endeavored to internalize our expertise by nurturing employees with professionalism as in-house lecturers.

**Expansion of Integrated Group Training** \_\_\_In order to generate synergies by the incorporation into Hyundai Motor Group, we have offered an integrated training in all educational courses. Besides, we have constantly expanded opportunities of Leadership Competency Program (LCP) trainings, overseas trainings at advanced global companies, and seminars. To provide trainings that satisfy employees' needs, an Employee Opinion Survey has been regularly conducted. As of December 2014, the total number of FTE is 4,655 while training hour per person is 115 hours and training expenditure per person is 0.94 million KRW.

**Intranet-based Knowledge Sharing** \_\_\_Through the intranet, employees can share knowledge and practices for tasks and trainings. Hyundai E&C has also increased employees' accessibility to work-related knowledge through the Closed User Group (CUG) in the groupware by operating an interactive knowledge-sharing platform about regulations & guidelines, organizations & human resources, notices & cooperation, and departmental news.

**Improvement of Knowledge Management System (KMS)** \_\_\_In order to keep pace with the information age, Hyundai E&C has operated the Knowledge Management System (KMS) since 2003 for efficient accumulation and sharing of knowledge. As of March 2015, about 65 thousands cases of knowledge are stored in the knowledge DB and the number of annual views is almost 700 thousands. Moreover, we recently developed the Case Application System (CAS) that contains about 6.5 thousands best and worst practices and has been applied to all existing and new sites. We have also developed A-Dic (Abbreviation Dictionary) for employees at overseas sites to conveniently search for construction abbreviations. By efficiently sharing the accumulated knowledge, we will prevent failures at engineering, construction, procurement, and commissioning stages in advance and strive for the successful business operation.

### Case Application System (CAS)



### Fair Appraisal and Compensation

We have reasonable HR and compensation system for performances created. Through the predefined KPI, we accurately evaluate a job capability of an employee and compensate fairly based on the evaluation result.

**Appraisal** \_\_\_Since 2012, Hyundai E&C has operated the evaluation system for executives/employees in accordance with the Management by Objective (MBO). In addition, we have provided a training on the performance management to key responsible personnel. We are also creating a corporate culture that enables the accurate evaluation and fair compensation by advancing the performance management processes, such as 'goal-setting,' 'mid-term evaluation,' and 'final evaluation.' Various opinions have been gathered through a regular employee survey about the evaluation system since 2013. A public hearing with managers and a HR satisfaction survey of employees have been implemented as well. Through these diverse efforts, we are devoting ourselves for the successful performance evaluation system.

**Compensation** \_\_\_With the compensation system to provide incentives and fixed pay based on each individual's performance evaluation, we have inspired our employees to work harder and create better performances. Particularly, the promotion has now become based on individual performance and capability by minimizing privileges for seniority and executing a Promotion Point Program. For the global competitiveness, Hyundai E&C will persistently improve the organization, HR management, and talent cultivation and build the HR system that can maximize employee values. Moreover, we guarantee the gender equality thus the individual wage may vary depending on one's position and working condition but never on the gender.

## Work-life Balance

### MANAGEMENT APPROACH

Hyundai E&C strongly believes that the happiness of individual employee is the basis of the corporate competitiveness. In order to create a pleasant company that guarantees a work-life balance of employees, we are building a corporate culture which is family-oriented and is based on the trust and open communication.

Based on the creative, human-centered corporate culture that prioritizes the communication and trust, Hyundai E&C has systematically implemented activities to enhance employees' sensibility by improving the quality of life and enhancing the corporate communication.

**Enhancement of Employee Communication** \_\_\_In order to listen to difficulties and enquiries of our employees, we are operating various employee communication channels. In 2014, we gathered employees' opinions through headquarters manager meetings and on-site online meetings to create a happier workplace. As a result of discussions with relevant teams, 15 opinions have been selected to be promoted first. Also, improvement activities are being conducted by annual plans for five areas: HR system, training system, family-oriented management, emotional management, and improvement of work environment. Furthermore, Hyundai E&C recently opened an Employee Counseling Center (ECC) to solve grievances thus the work efficiency of employees as well as corporate productivity can increase.

**Labor Union** \_\_\_Hyundai E&C, which has strived for harmony and trust between labor and management, guarantees an employee's free join or withdrawal from the Labor Union in accordance with Article 3 and Article 5 of the Collective Agreement in the Labor Union Act. Furthermore, 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 in advance regarding significant changes in the business, such as organizational restructuring. As of December 2014, 816 employees are members of the Labor Union and subject to the protection by the right of collective bargaining. The figure counts 23.0% of the 3,550 employees who are qualified to join the Union.

**Junior Board Activities** \_\_\_Junior Board has been a young 'Idea Bank' of Hyundai E&C for 25 years since 1990, which proposes fresh thoughts and ideas about the overall management with its young and vibrant sense. While developing qualifications as a leader through the leadership training, the Junior Board has discussions with the CEO to function as a communication channel for other employees. Its advanced activities were chosen as the best practice that realizes Hyundai Motor Group's core values. By identifying various issues and solutions about the corporate management, the Junior Board will be an incubator of a future leader who actively communicates with the management.

**Employee Engagement Survey** \_\_\_Hyundai E&C has endeavored to create a corporate environment where employees and the company can grow together by aggressively improving the work environment. Since 2011, the Employee Engagement Index (EEI) has been carried out to understand the employees' work satisfaction and the survey result of 2014 was 83% as the previous year. In 2015, we also held a briefing session about the survey result for divisional Change Agent (CA) councils and shared the result with all employees via email and the groupware. Total 80 action plans based on the assessment results by divisions are being currently executed and the result will be reflected to each division's KPI for a better work environment.

**Facebook Page for Employees** \_\_\_For interesting communication of not only domestic but overseas employees, we have a special Facebook page. We will enable employee families and friends to share postings as well to encourage further participation.

### BOUNDARY

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### WEB

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

### Corporate Culture of Open Communication and Trust

### Junior Board Workshop



## Work-life Balance

### Welfare & Benefits

Certification for Best Family Friendly



**Healthcare Support** Carefully listening to our employees to improve the quality of life, we have various welfare and benefit programs. To secure the pleasant work environment and employees' health, we are operating the in-house medical center. Also, a regular medical check-up service has been provided to employees. In 2014, total 1.86 billion KRW was invested in medical check-up for 5,681 employees and their families. We will open 'Employee Assistance Center' in 2015 to reinforce the work engagement and corporate productivity by solving difficulties of employees.

**Childbirth & Parental Leave** In order to contribute to alleviating the low birth rate in Korea, Hyundai E&C has constantly improved the work environment to secure the balanced life of employees at work and home. In 2014, 20 female employees used the 90-day maternity leave and 214 male employees used a paid paternity leave. The returning rate of 2014 is 100% since 234 employees all returned to work after the leave. By continuously operating the childbirth and parental leave programs, we will keep improving the work environment of our employees.

**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. We will create a reliable company for our employees through stably operating the retirement pension plan and increasing the pension amount.

### We Build

### A Happy Workplace through Various Activities

#### Employee and Family Participation Programs

#### Employee Participation Programs

For the sense of belonging and loyalty of employees, Hyundai E&C is providing diverse employee participation programs. New Employee Mentoring Program is being operated year-round and provides mentoring workshops and lectures to help new employees adapt to the company. Moreover, we had 'Find Hidden STAR!' which is an audition to find talented employees for the creation of a happier workplace. The six winning teams have organized a company music club, 'Healing Band.' Since 2014, our employees have had opportunities to listen to experts in various fields through the 'Humanity Concert on Core Values' program as well.

#### Family Participation Programs

We are operating a number of family participation programs to establish a warm corporate culture for employees and their families. Through 'Daddy Treats Today!' program, which has been popular among employees, our employees can visit the school of their children and spend meaningful time with the children and their friends. Besides, through the 'Headquarters Tour for Employee Family' in 2014, we invited employee families to visit the headquarters and a few sites and encouraged their pride in our company. Also, Hyundai E&C has concentrated its efforts on the work-life balance in various ways such as providing 'Family Day' biweekly and encouraging employees to use their annual vacations.



## Safe Work Environment

HYUNDAI E&C BIG PICTURE  
ECONOMIC VALUE CREATION  
ENVIRONMENTAL VALUE CREATION  
SOCIAL VALUE CREATION  
APPENDIX

#### BOUNDARY

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#### WEB

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

### Reinforcement of Safety Management

#### MANAGEMENT APPROACH

Creating a safe work environment for our employee is the first priority Hyundai E&C always pursues. To realize 'TOTAL SAFETY,' we have established a corporate safety management system and aggressively promoted safety activities to achieve the zero accident rate.

**HSE Management System** The safety management of Hyundai E&C has built the safety environment that realizes the accident prevention led by the top management beyond implementing reactive countermeasures. In order to create a paradigm of the safety management to comply with the basic and principles, we establish HSE (Health, Safety, and Environment) management plans and targets every year and create a safe work environment with systematic inspections and practical trainings. Especially, the HSE Work Guidebook has been published since 2013 for the safety management at overseas sites. The Guidebook includes data standardization and guidelines for safe works by countries. In 2014, it was published in six more countries thus in total 12 countries. In 2015, we are striving to enhance the HSE system emphasizing the prevention through strict safety management plans and the enhancement of HSE Division, inspection, training, and investment.

Hyundai E&C has operated Safety & Health & Green Environment Management System since 2012 that integrates the safety & health, green and energy management for the efficient site management. Additionally, we further secured the accuracy and efficiency by comprehensively reviewing HSE work standards and processes at the headquarters and sites thus significantly improving 61 domestic and 28 overseas processes in 2014. We implement the safety management system according to international safety and health standards by achieving both OHSAS 18001, an international standard, and KOSHA 18001, a domestic standard.

**HSE Division and Safety Inspection** A HSE Team, a responsible body for the safety management, has been operated by business divisions to identify safety risks in advance and create a safe work environment by raising the safety awareness of employees. Furthermore, an International HSE Team was newly established under the HSE Innovation Team in 2014 to fortify the safety management support system for overseas sites. Besides, the importance of the safety management has been further enhanced by reflecting each site's safety management performance to KPI of not only on-site managers but team/part leaders as well as by increasing distributed points.

In order to monitor the safety management at domestic and overseas sites while preventing accidents, Hyundai E&C has conducted improvement activities through regular safety inspections. In particular, we established an efficient equipment risk management system by developing a Feed-Back System for data entry and management of on-site inspections, hiring equipment experts, and newly founding responsible teams. We conducted 1,691 safety inspections which is a 35% increase from 2013 (1,251 inspections conducted). We will execute thorough safety inspections for the top management by business divisions and operate inspection team all year-round in 2015. Also, the number of inspections will be largely increased to 3,475 and outside safety experts will help enhance the inspection system. Hence, Hyundai E&C will take one big step toward the stable safety management.

### Hyundai E&C Has Put Its Sincerest Efforts to Build a Safer Workplace

In December 2014, Hyundai E&C held 'Safety Determination Proclamation Ceremony' to enhance the safety management that is the first value of the corporate management as well as reaffirmed its strong devotion to build safer sites. All employees including the President Jung Soo-Hyun made a firm promise to advance the safety management by complying with the basic and principles and establish an advanced prevention system for safety and health. Since the ceremony, Hyundai E&C has greatly reinforced the safety management at domestic and overseas sites and built zero-accident sites by providing safety training to suppliers as well.

<Photo\_ Safety Determination Proclamation Ceremony>



## Safe Work Environment

### Safety Management Activities

Safety Inspection Day



**Safety Inspection Day**\_\_\_In every month, Hyundai E&C holds a 'Safety Inspection Day' at all sites around the world in the presence of the top management. We inspect and improve the safety conditions of sites, increase the awareness about safety to prevent accidents, and encourage the active participation of all employees and site workers. The 'Safety Inspection Day' will be constantly developed through the diversification of inspection themes and expansion of emotional safety activities. We will make a full preparation for the zero accident by checking the status of compliance with the HSE standard and risk inspection and creating thorough safety precautions for sites.

**Permit to Work (PTW)**\_\_\_We have prevented safety accidents through the Permit to Work (PTW) for every work executed at sites. The Permit to Work is a system to obtain a permit to work in advance by establishing a safety measure for possible risk factors by works. If a work did not receive the PTW or omitted safety measures as stated in the PTW document, it is subject to an immediate halt. Total 81,518 PTWs were issued to domestic sites and average 533 PTWs per site were issued in 2014. For further enhancement of the Permit to Work, we will persistently monitor the safety management with a mobile device, etc.

**Expansion of Out System**\_\_\_Through the Out System for the safety awareness of all employees and on-site workers, Hyundai E&C has established restrictive standards by violation levels and promoted the corporate training to prevent safety accidents. In 2014, the Out System was executed 4,662 times: 2,418 employees received warnings, 1,588 employees participated safety trainings, and 656 employees were expelled out of sites. We will continue to analyze accidents occurring at sites to expand the application of the Out System and promote voluntary participation of employees in safety activities by fortifying the regulation training for the expelled.

**HSE Training**\_\_\_According to HSE Training guidelines, we have been providing HSE trainings at all sites and for every employee and suppliers by sites. Therefore, 4,167 employees participated in HSE trainings in 2014. By introducing interactive trainings through discussions, the satisfaction level increased to 94.5% from 83.3% of the previous year. By further broadening trainee groups in 2015, we will maximize the effect of trainings with new sessions such as 'HSE Leadership Training for the Management (biannual)' for the top management and 'Training on Process of the Six Dangerous Works' for on-site workers.

**Accident Rate Management**\_\_\_The accident rate of 2014 was 0.27% which is a lower figure compared to the domestic and industrial average. In 2015, we will strengthen voluntary HSE activities led by the top management and proactively respond to HSE risks in order to achieve the target accident rate of 0.17%. We will continue to reduce the accident rate, fortify preventive activities, and settle down the safety culture.

#### Value Creation Case:

#### Cost Savings by OHS\* Activities

\* OHS : Occupational Health and Safety

Hyundai E&C has strived to prevent accidents by enhancing the safety inspection for all domestic and overseas sites and promoted the advanced safety management activities for the strict site management through the Permit to Work (PTW) and Out System. As a result, we have built a safer work environment drastically decreasing the number of

critical accidents and costs thus creating economic values. The insurance expenses also declined by 1.6 billion KRW, from 25.6 billion KRW in 2011 to 24 billion KRW in 2014. Hyundai E&C will contribute to the realization of a safe and pleasant workplace through the leadership of the top management and cooperation of employees.

# SOCIAL MANAGEMENT

### Creating Shared Value

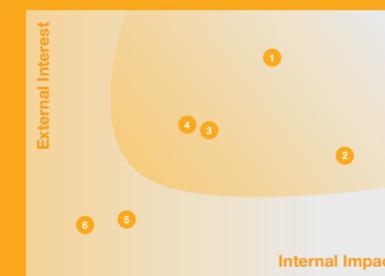
**Hyundai E&C accomplishes the shared growth with the society by empowering the entire value chain.**

### Our Approach

While suppliers are Hyundai E&C's partners to accomplish the future growth, local communities are the base to execute the corporate activity. In order to become a sustainable construction company, Hyundai E&C is establishing a global supply chain and identifying and cultivating competent global suppliers. Furthermore, we have faithfully delivered our role and responsibility as a global corporate citizen by further expanding domestic and overseas social contribution activities and actively participating in communities.



### Key Sustainability Issues in Social Management



- |  |         |                                   |         |
|--|---------|-----------------------------------|---------|
| 1 Sustainability in supply chain         | p.64-65 | 5 Engaging with local communities | p.68-71 |
| 2 Supplier evaluation                    | p.64    | 6 Employee volunteer activities   | p.68-71 |
| 3 Social contribution                    | p.68-71 |                                   |         |
| 4 Education and supports in supply chain | p.66-67 |                                   |         |

# Sustainable Supply Chain Management

**BOUNDARY**



**WEB**

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

## Sustainable Supply Chain Management System

### HDEC Sustainability Management Guideline for Suppliers

( ): Number of items in each area

<b>01</b> Responsibility for Sustainable Business	Products and Services (3) Ethics and Human Right (4) Trade and Competition (9) Internal Control (5) Asset and Information Protection (3)
<b>02</b> Responsibility for Environment	Environmental Management System (4) Product and Service Process (5) Sites (4) Response to Climate Change (4)
<b>03</b> Responsibility for Stakeholder	Shareholder (5) Employee (6) Customer (3) Business Partner (5) Local Community (4)

## Reinforcement of Global Supply Chain Competitiveness

### MANAGEMENT APPROACH

Sustainable growth of Hyundai E&C has been achieved with the continuous progress of the entire supply chain including suppliers. Hyundai E&C endeavors to build the sustainable supply chain that complies with international standards and to fortify the competitiveness of the global supply chain based on a stable partnership with suppliers.

We have reinforced the sustainable supply chain management by establishing guidelines and evaluation system for the sustainability management of suppliers.

**Policy**\_\_\_\_Hyundai E&C established 'HDEC Sustainability Management Guideline for Suppliers' in October 2014 for the first among domestic construction companies and has implemented the systematic and sustainable supply chain management. The Guideline clarifies a strong will of Hyundai E&C to spread its responsible and sustainable management to the entire value chain. 'HDEC Sustainability Management Guideline for Suppliers' consists of three chapters: Responsibility for sustainable business, responsibility for environment, and responsibility for stakeholders. With 64 items in 14 areas, it defines standards of the sustainability management which Hyundai E&C expects from suppliers.

**Supplier Self-Assessment**\_\_\_\_With HDEC Sustainability Management Guideline for Suppliers, we developed 'Supplier Self-Assessment Index' for the sustainability assessment of the entire value chain and the ESG (Environment & Society & Governance) risk analysis. With advices of outside experts, Hyundai E&C proactively identifies and monitors negative risks in economic, environmental, and societal aspects that can occur in the supply chain for a more accurate assessment. Hence, we have pursued the efficient supply chain management as well as improvement of suppliers' sustainability. Assessment items consist of three areas of economy, environment, and society and we have continued to advance the assessment system through diverse efforts such as fortifying the index according to global trends in May 2015, etc.

**Fair and Transparent Selection of Suppliers**\_\_\_\_In order to acquire the fairness, we operate supplier registration and selection processes transparently. Also, we evaluate the existing core suppliers and new suppliers separately to cultivate outstanding suppliers. In selecting suppliers, we require the compliance with environmental, safety, and health policies as a contract term. Through the Low Bid Deliberation System, we prevent excessively low bidding thus guarantee reasonable profits of suppliers as well.

Hyundai E&C has enhanced the work efficiency with an effective global cost management by improving the overseas procurement and logistics management. Moreover, the global capability of the entire value chain has been constantly fortified through the Overseas Expansion Training Program for capable domestic suppliers.

**Establishment of Global Organization**\_\_\_\_Operating 27 overseas branches around the world, we have spread the management infrastructure to sites and efficiently connected the headquarters and sites thus established a global organization optimized for the successful business implementation. The overseas branches have identified local suppliers and managed the overseas supplier pool and sites leading the international business. Hyundai E&C will further increase the business efficiency by strictly applying same standards to every site around the world through the constant expansion of the global organization and enhancement of international business infrastructure.

### e-Procurement & e-Subcontract System for Overseas Projects



**Reinforcement of Global Procurement Management**\_\_\_\_Since advanced the material and subcontract management system (e-Procurement & e-Subcontract System) in 2013, Hyundai E&C has integrated the management of procurement information about bidding, transport, financing, contract, and payment, etc. To increase the cost competitiveness and revenues of local suppliers through the cost reduction, we have assigned responsible procurement personnel to Singapore, Dubai, Tripoli, Kuwait, and Doha branches to purchase local materials, office supplies, and safety features required for the operation of overseas businesses and branches.

For faster local procurement, we have developed and operated a simplified local payment system for overseas sites and branches. Since 2014, in addition, we have developed the unit price contract program for further efficient procurement of repetitive purchases at overseas branches, which we will gradually expand the application.

**Optimization of Global Logistics**\_\_\_\_We have integrated the management of all sites around the world by establishing an IT-based logistics system to handle various logistic information and payment. In 2013, we developed an electronic bidding system and a local logistics cost system as a basis to computerize the logistics tasks. Moreover, we implement the unitary customs clearance management and monitor the status 24/7 through the Import Clearance Management System established in 2014. Additionally, our global logistics capability has been reinforced through the regular supplier evaluation and the diversification of company pool, such as local specialists, special cargo deliverers, and ship transports, etc.

In 2015, we will further advance the logistics management in emerging markets by analyzing the logistic environment and risks in countries such as Uzbekistan, Russia and Chile where we have newly entered.

**Identification of Outstanding Overseas Suppliers**\_\_\_\_The capability to identify and manage outstanding local suppliers in a timely manner is most important to Hyundai E&C that actively operates businesses around the world. For efficient implementation of international projects, we organized a 'Global Sourcing Team' in October 2013 which is responsible for managing overseas suppliers thus have integrated the overseas supplier management at the corporate level.

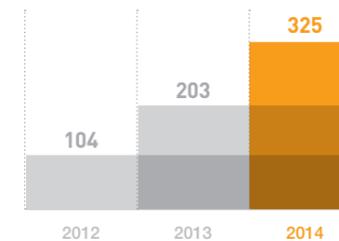
In 2014, we developed a corporate management system for overseas suppliers based on the ERP system as well. Besides, we have established a management system of construction suppliers to identify advanced suppliers with detailed supplier standards including supplier status and local regulations by countries. Hyundai E&C will improve the accessibility for our employees to search supplier information more easily on the groupware by building the overseas subcontract supplier information portal.

**Supports for Overseas Expansion of Domestic Suppliers**\_\_\_\_For successful business, it is essential to establish an efficient procurement system with suppliers and expand to overseas market together by enhancing the global capability of outstanding suppliers. Therefore, we have constantly invested in the global capability of our suppliers in various ways. We have supported suppliers to enter global markets through the biannual Overseas Expansion Training Program since 2009. Also, we provide Overseas Site Participation Program that is a fully-funded program for CEOs of excellent suppliers to visit overseas sites.

In 2014, we invited 24 CEOs to visit our main sites in Turkey, Qatar, and UAE and co-hosted an information session about 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 are operating an overseas working program. We offer comprehensive educations for about two months, which are required to operate overseas sites. Suppliers can learn about the construction, manufacturing, quality, safety, human resources, custom clearance, orders, taxation system, and establishment of overseas branches through the education.

### Participating Suppliers in Overseas Expansion Training Program

(Unit: supplier / cumulative)



## Shared Growth with Suppliers

BOUNDARY

HDEC Supplier Customer Community Other

WEB

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

### Establishment of Shared Growth System

#### MANAGEMENT APPROACH

Since suppliers are the most important companion of Hyundai E&C, we have strived for the stabilization of suppliers' management with a wide range of financial supports and sought for the sincere shared growth through cooperation for the technology development and educations.

For us to achieve the sustainable growth, it is necessary to stabilize the management and enhance the competitiveness of suppliers. With financial and educational supports and cooperation for the technology development, we have constantly pursued the shared growth with suppliers.

**Support for Suppliers' Win-win Management**\_\_\_By providing financial, technological, and educational supports and programs to strengthen the communication, Hyundai E&C has made earnest contribution to achieve the win-win management with all suppliers as their companion. Hyundai E&C's efforts were recognized with the award of the Minister of Land, Transport, and Maritime Affairs Award at the 'Awards for the Promotion of the Construction Industry's Cooperation 2012.' Moreover, we achieved more than 90 points receiving the highest rating for two consecutive years at the 'Evaluation of Joint Cooperation among Construction Companies 2013' conducted by the Ministry of Land, Transport, and Maritime Affairs (MLTM). The MLTM's Evaluation annually evaluates the performance of industry players' joint cooperation and awards incentives to excellent companies to create the environment of joint cooperation and shared growth between integrated and special contractors as well as between large corporations and SMEs.

**Financial Support for Suppliers**\_\_\_Signed the 'Joint Cooperation and Fair Trade Agreement' with suppliers in 2010, Hyundai E&C has arranged the Win-win Growth Fund of about 20 billion KRW cooperating with financial institutions such as Kookmin Bank, Shinhan Bank and Woori Bank to help suppliers that suffer from financial difficulties due to its weak financial base.

We significantly contributed to the stabilization of suppliers' management in 2014. We loaned 14.5 billion KRW for suppliers' stability and technology development. Also, for the liquidity of suppliers, we provided an emergency fund of 276.5 billion KRW to 250 suppliers with insufficient working capital. To assist suppliers' stable management, we make a full cash payment for subcontracts of under 100 million KRW within the average 14 days. We will continue to improve the financial stability of suppliers by developing various financial support programs.

**Support for Technology Development of Suppliers**\_\_\_We have actively helped suppliers to improve their technology capability through the technology transfer, sharing and development. Through the Hyundai E&C Technical Forum that is an annual technology competition for the win-win management, we have identified competent suppliers, provided funds for the patent application, and operated joint technology researches and technology escrow system for collaborative patent applications. Winners of the Technical Forum receive R&D funds and incentives if registered as new suppliers. In 2014, ten patents of Hyundai E&C were released for free and one patent was given to suppliers.

Value Creation Case:

#### Revenue Generations through Overseas Expansion Training Program for Suppliers

Since 2009, Hyundai E&C has operated the Overseas Expansion Training Program to help suppliers enter global markets. We have found that most of the 325 suppliers that received the training between 2012 and 2014 achieved their dream to enter the overseas markets. The total amount of their overseas orders approved in 2014 increased to 382.6 billion KRW which is a 49.9% increase compared to 255.1

billion KRW in 2012. As a result of the Training Program for the last three years, the accumulated amount of overseas orders is 749.5 billion KRW. Hyundai E&C will provide more opportunities for the Overseas Expansion Training Program and contribute to the capability development and sales increase of our suppliers.

### Communication with Suppliers

#### Hi-Partner



**Educational Support for Suppliers**\_\_\_Hyundai E&C assists suppliers with various practical educations about the quality, safety, and fair trading and helps suppliers enhance the capability to execute overseas projects through educations required for the overseas expansion, such as taxation by countries. In 2014, total 2,054 suppliers received 42 trainings of 9 different courses. We have expanded educational supports by holding CEO seminars and quarterly shared growth seminars by work types for all registered suppliers through the Suppliers' Council.

For a successful partnership with suppliers, we have strived to achieve a greater synergy by empathizing with suppliers through various communication channels.

**Hi-Partner**\_\_\_We have operated a supplier portal, 'Hi-Partner' to efficiently manage suppliers and fortify the win-win management. Every supplier can attain various information such as electronic bidding, contract, tax invoice, guarantee, and payment, etc. Hi-Partner is a representative communication channel of Hyundai E&C that reinforces the work efficiency and information sharing with suppliers.

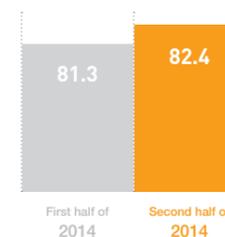
**Communication Channels**\_\_\_Through various communication channels, Hyundai E&C fortifies the win-win management with its suppliers. The Suppliers' Council consisting of six subcommittees is a regular consultative group to communicate with suppliers. It contributes to the improvement of Hyundai E&C's policies by collecting and reviewing suppliers' grievances and suggestions. Moreover, we conduct the shared growth seminar for all suppliers and carefully listen to suppliers' opinions through separate meetings by work types. Operating the Win-win Growth Support Center within the 'Hi-Partner' portal, Hyundai E&C has enabled a 24/7 communication with suppliers.

#### Supplier Communication Method

Communication Method	Purpose and Main Contents
Joint Cooperation Committee	<ul style="list-style-type: none"> <li>Operate on a monthly basis to secure fairness and transparency in managing suppliers</li> <li>Register/cancel a supplier; Reward/impose sanction; Select excellent suppliers; Deliberate on low bidding price</li> </ul>
Ethical Management System	<ul style="list-style-type: none"> <li>Operate Autonomous Compliance Program for Fair Trade (CP) and Cyber Audit Office</li> <li>Establish Code of Conduct and legal violation prevention system for Monopoly Regulation and Fair Trade Act and subcontracting act</li> </ul>
Win-win Growth Seminar	<ul style="list-style-type: none"> <li>Held four Shared Growth Seminars by work types for all suppliers in 2014</li> <li>Held 31 small meetings by work types for all suppliers in 2014</li> </ul>
Supplier Satisfaction Survey	<ul style="list-style-type: none"> <li>Fortify communications with suppliers and ascertain suppliers' requests in a timely manner</li> <li>Develop plans at the corporate level to respond to suppliers' requests</li> </ul>
Win-win Growth Support Center	<ul style="list-style-type: none"> <li>Collect suppliers' grievances and suggestions</li> <li>Request for and respond to supplier satisfaction survey (biannual)</li> </ul>

#### Result of Supplier Satisfaction Survey

(Unit: point / out of 100)



**Supplier Satisfaction Survey**\_\_\_We have aggressively sought for the win-win management by conducting the supplier satisfaction survey and understanding suppliers' requests since 2009. Hyundai E&C developed the survey system using VOC and IPA methods and optimized it to understand and satisfy suppliers' difficulties. The supplier satisfaction survey is conducted semiannually and each supplier rates and gives opinions on the provided indexes by items which range from the selection process to the payment process. We will continuously contribute to realizing the virtuous circle of the win-win management.

# Strategic Social Contribution

BOUNDARY



WEB

http://en.hdec.kr/sustainability/social.asp

MANAGEMENT APPROACH

Hyundai E&C has always sought to grow with communities through strategic social contribution activities based on characteristics of a global construction company. We are enhancing the corporate business capability and building the economic and social infrastructure of the society by identifying and implementing CSV businesses as the construction company in Korea as well as in overseas countries where we operate business. Therefore, Hyundai E&C aims to create a bright, harmonious future.

**Strategy** Hyundai E&C has sought to contribute to the community as a construction company and strived to fulfill the corporate social responsibility. By founding Community Service Corps for the first in the construction industry in 2009 as well as introducing the company-wide volunteer mileage program, we have been actively promoting social contribution activities at which Hyundai E&C is best and which Hyundai E&C must do. We have established the three major social contribution activity areas: Sharing Love to provide the underprivileged with the happy living environment, Sharing Hope to support education of teenagers giving hope for the future, and Sharing Culture to introduce Korean history and culture and support art business.

Social Contribution System

Three Major Social Contribution Activities

**Sharing Love**  
Social contribution for the underprivileged & communities

- Activities for developing countries
- Improvement of residential environment
- Collecting Coins of Love

**Sharing Hope**  
Scholarship program for teenagers

- Support of underfed children in local communities
- Mentoring activity for local communities

**Sharing Culture**  
Cultural Property Keeper

- Support for restoration work for cultural assets
- Establishment of volunteer centers in national parks

**Organization & KPI** Led by the Community Service Corps established in 2009, we have actively expanded systematic social contribution activities not only in Korea but in foreign countries where we operate business. In addition, we are executing the volunteer mileage program to encourage the participation of all employees and the performance has been reflected to divisional KPI. In 2014, we achieved the corporate average of 11.7 miles exceeding the annual goal of average 10 miles. In 2015, we will further encourage the employee participation by conducting the social contribution KPI evaluation twice a year.

**Hyundai Motor Group's Social Contribution System** Hyundai E&C has participated the Four Moves with affiliates, which are the social contribution activities of Hyundai Motor Group.

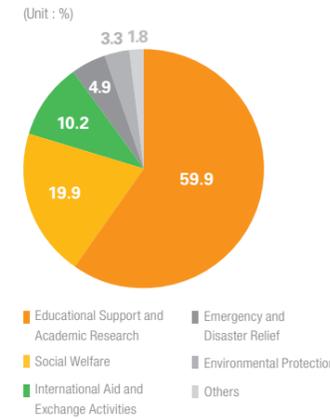
Four Moves	Key Activities	Hyundai E&C's Participation
<p><b>Easy Move</b> : Improving mobility and ease of transportation for the disabled</p>	<b>Social Enterprises</b>	Promoting the support for social enterprise and making donation for the needy at the end of the year
<p><b>Safe Move</b> : Spreading a safe traffic culture</p>	<b>Cultural CSR</b>	Implementing Home Repair Road
<p><b>Happy Move</b> : Encouraging volunteerism and charity across the Group</p>	<b>Global CSR</b>	Dispatching global volunteer corps, Happy Move
<p><b>Green Move</b> : Environmental social contribution</p>	<b>CSR Campaign</b>	Establishing volunteer centers in national parks

Logo & Slogan of Hyundai E&C Family Community Service Group



Expansion of Global Social Contribution

Breakdown of Donations



International Social Contribution Activities in 2015

South-East Asia

Vietnam (Hanoi)



Activities: Establishing Hyundai & KOICA Dream Center (Construction Technology School)  
Period & Budget: 3 years (2015-2017); 1.2 billion KRW



Indonesia (Sumatra Island)



Activities: Improving water quality and providing health education  
Period & Budget: 3 years (2013-2015); 0.3 billion KRW



South-West Asia

Sri Lanka (Colombo)



Activities: Supporting to construct vocational school  
Period & Budget: 2 years (2015-2016); 0.2 billion KRW



Central Asia

Uzbekistan (Qarshi)



Activities: Renovating local elementary and middle schools; Providing educational material  
Period & Budget: 2 years (2015-2016); 0.2 billion KRW



Africa

Uganda (Jinja)



Activities: Supporting to construct schools and to provide solar power flashlight  
Period & Budget: 2 years (2015-2016); 0.2 billion KRW



Latin America

Colombia (Bogota)



Activities: Founding Happy Home School  
Period & Budget: 2 years (2014-2015); 0.1 billion KRW



# 2014 Hyundai E&C Social Contribution Highlights

## Sharing Love

'Sharing Love' activities are social contribution activities for the social welfare, which mainly focus on increasing the public interest of local communities and overseas underdeveloped countries as well as improving the residential environment of low income families with the characteristics of the construction industry.

Since supported to establish a community center in Philippines in 2011, Hyundai E&C has been constantly contributing to the education, environment, culture, improvement of the residential environment, and social welfare in developing countries, especially where we operate business. In 2014, we initiated social contribution activities in Uzbekistan, Uganda, Sri Lanka, Indonesia, and Colombia thus are currently carrying out global social contribution activities in 18 regions of 13 countries. In 2015, we will further expand overseas CSR activities thus execute social contribution business focusing on developing countries. We will seek to further improve our corporate image and interact with communities by conducting social contribution activities cooperating with local governments.

## Sharing Hope

Through 'Sharing Hope' activities, we provide educational and emotional supports to domestic and overseas children and teenagers. In 2014, Hyundai E&C appropriated a budget of 3.7 billion KRW for the scholarship business and actively conducted activities.

Since 2009, Hyundai E&C has visited undernourished children of low income families and delivered 'Lunchboxes of Hope.' It is a comprehensive mentoring program to provide emotional, educational, and cultural supports and about 340 children have received the help. Furthermore, we launched 'Hillstate Dream Mentoring Corps' in 2014 to support children of low income families in studying and finding their dreams through the talent donation of our employees. Moreover, we have promoted the 'Home Repair Road' with college students majoring in engineering to fix houses in mountain regions for the better protection against flood damage. We also implement various activities such as house repair, laundry, mural drawing, and portrait shooting for seniors who live alone. In 2014, we improved the residential environment of about 160 houses. We will continue to develop our 'Home Repair Road' as a representative social welfare activities thus further contribute to the growth of community.

## Sharing Culture

'Sharing Culture' activities focus on preserving our traditional buildings and inherent natural treasure as well as promoting arts for the culturally isolated group. Since signed the 'One Keeper for Every Cultural Asset' agreement with the Culture Heritage Administration in 2005, we have implemented various activities to preserve cultural assets.

For the last 5 years, more than 2,000 employees have participated in restoration projects of ancient palaces and continued to support the restoration of Geumcheongyo (a bridge within Changdeok Palace, a UNESCO World Heritage Site). Furthermore, we have devoted to preserve the nature by the 'Han River Ecology Protection Activity' since 2013. In 2014, we completed the construction and opened the 3rd volunteer center in Taean National Park through a project to build a volunteer center in the Baekdudaegan National Parks. The 1st volunteer center is located in the Mt. Jiri National Park and the 2nd is located in Mt. Bukhan National Park.

## Collecting Coins of Love

Since 2009, employees of Hyundai E&C has voluntarily collected part of their salaries every month and donated to the domestic and overseas underprivileged through Collecting Coins of Love campaign. In 2014, 3,203 employees participated and donated 345 million KRW. All donated funds were used for domestic and overseas social contribution activities for vulnerable class such as financial supports for medical operations of children with severe disabilities, house repair of low income households, and business to improve the quality of drinking water in underdeveloped countries.



## Overseas Social Contribution Activities (Happy Move)

To fulfill the social responsibility as a global company, we are implementing social contribution activities in 18 regions of 13 countries around the world. In 2014, by participating in Happy Move, a global volunteer corps of Hyundai Motor Group, we renovated local elementary schools and provided educations in Sri Lanka. Additionally, we have started new social contribution activities in five additional countries such as Uganda and Colombia. We plan to further expand the scope of our social contribution activities.



## Hillstate Dream Mentoring Corps

Since September 2014, Hyundai E&C employees and college students have participated in 'Hillstate Dream Mentoring Corps' organizing a team with teenagers to provide long-term mentoring programs. The Corps was launched for the first among domestic construction companies for the educational scholarship. Also, it is an extension of 'Lunchboxes of Sharing Love' initiated in 2009 and helps teenagers to find their dreams. Cooperating with a social welfare foundation, 'Kids & Future Foundation,' to further improve our educational supports, we will develop the 'Hillstate Dream Mentoring Corps' as our representative social contribution organization for educational scholarship.



## 4th Home Repair Road

By operating 'Home Repair Road,' Hyundai E&C has supported houses in mountain regions with engineering major college students. In 2014, we repaired about 160 houses for a better residential environment and volunteered to draw mural and wash clothes and shoot portraits for seniors. We will continuously promote the activities to improve the residential environment in order to enhance the safety and preparation for natural disasters.



## 3rd Volunteer Center in Taean National Park

In 2011, Hyundai E&C signed the 'MOU for Conservation of National Parks and Mountain Ranges of the Korean Peninsula' with the Ministry of Environment and the Korea National Park Service to preserve natural treasure. Besides, we have been constantly supporting to construct volunteer centers in national parks. In 2014, we completed the construction of the 3rd volunteer center in Taean National Park. Hyundai E&C will conduct various activities for our natural heritage backed by the characteristics of the construction industry.



## Restoration of Cultural Properties

Since signed 'One Keeper for Every Cultural Asset' agreement with the Culture Heritage Administration in 2005, we have strived to preserve the cultural assets in Korea. In 2014, Hyundai E&C employees diligently implemented activities to restore ancient palaces. We will continue to preserve cultural properties through our outstanding capability in civil engineering and construction.



# APPENDIX

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GRI Index	p.77
Major Awards and Accolades	p.81

## Financial Performance

### [Condensed] Separate Statements of Income

(Unit: million KRW)

Description	2012	2013	2014
Sales	10,433,442	10,591,308	10,755,778
Cost of sales	9,604,835	9,762,976	9,896,527
Gross profit	828,607	828,332	859,251
Operating income	415,634	475,744	477,971
Income before income tax expense	450,604	472,808	429,630
Net income	347,019	360,278	313,135

### [Condensed] Separate Statements of Financial Position

(Unit: million KRW)

Description	2012	2013	2014
Current assets	7,404,995	8,297,022	8,546,297
Non-current assets	3,650,190	3,604,405	3,773,400
Total assets	11,055,185	11,901,427	12,319,697
Current liabilities	4,786,586	5,152,864	5,172,788
Non-current liabilities	1,752,414	2,064,737	2,200,525
Total liabilities	6,539,000	7,217,601	7,373,313
Capital stock	557,273	557,273	557,273
Other contributed capital	828,181	828,181	828,181
Components of other capital	96,528	(30,776)	2,204
Retained earnings	3,034,203	3,329,148	3,558,726
Total equity	4,516,185	4,683,826	4,946,384

### Financial Stability (Based on Separate Data)

(Unit: %)

Description	2012	2013	2014
Current ratio	156.3	160.9	165.2
Debt ratio	168.0	183.2	164.7
Net worth ratio	37.3	35.3	37.8

**Compliance** Hyundai E&C strictly complies with tax laws and related regulations in all 58 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 2014, the effective tax rate was 26.91% which is a 1.67% increase from the previous year's 25.24%. In 2014, Hyundai E&C paid a penalty of 30.4 billion KRW for the collusion while receiving orders of Honam High Speed Rail. Hyundai E&C will endeavor to prevent the reoccurrence not to impede the order of the free market as well as communicate with stakeholders in a transparent manner.

# Third Party Assurance Report

To the Management of the "2015 Hyundai E&C Sustainability Report"

The Institute for Industrial Policy Studies (hereafter "Auditor") was engaged to undertake a review of Hyundai E&C's "2015 Sustainability Report" (hereafter "Report") to provide independent third-party assurance on its contents. On the basis of the above, the Auditor presents the following third-party statement of assurance.

**Responsibility and Objective** | 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) G4 Sustainability Reporting Guidelines\*\* and (3) B.E.S.T Sustainability Reporting Guidelines.\*\*\*

- Assurance Scope: Contents of the "2015 Sustainability Report" by Hyundai E&C
- Assurance Type & Level: Type II, Moderate level
- 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 Guideline's "in accordance" options
  - 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 G4 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 (June 2015)
- 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 has put in place various stakeholder engagement processes to better reflect relevant findings in its management activities, in acknowledgement of the importance of stakeholder engagement in its sustainability management activities. Recognizing the need to better understand and communicate with its stakeholders, the Company has introduced diverse channels of stakeholder engagement; primarily around six key stakeholder groups to better ascertain and collect their views. Moreover, the Company adopted stakeholder-specific engagement policies to ensure that collected views and outcomes were better shared, while working to assess stakeholder interests and expectations through surveys, to reflect those outcomes in defining the Company's direction toward sustainability management - all in line 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 any issues of material importance to the sustainability management activities of Hyundai E&C. The Company was found utilizing its three-step materiality assessment process of 1) identification, 2) prioritization, and 3) validation to identify key issues impacting its sustainability and better define the scope of its reporting for greater focus. Notably, the Company's adoption of systematic processes and internal reviews, as well as efforts to classify all materiality issues into three tiers in order of relevance and adequacy vis a vis the Company's management strategies - top 20 core-most issues for focused reporting, top 30 key issues, and general issues - were all found to be consistent 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 providing an adequate response to issues of concern and interest to its stakeholders. It has established various communication channels specific to different stakeholder groups, while trying to reflect the Company's response to engagement findings in its sustainability reporting. The Auditor also took note of the Company's commitment to become more responsive to the voice of its customers through - online customer quality satisfaction surveys across all site locations, a consultative forum where business partners can share recommendations to enable a more proactive response, and effort to create a better workplace where diverse input can be collected from executives and employees, allowing Hyundai E&C to provide a better response - all in line with the principle of responsiveness.

**[GRI "In Accordance" Criteria]**

The Auditor confirmed that the Report is "in accordance" with GRI G4 guidelines under the "comprehensive option," as it reports on General Standard Disclosures and Additional Disclosures (materiality aspects, DMA, performance indicators) as indicated in the G4 Guidelines.

**[Reliability of Performance Indicators]**

After reviewing the performance data stated in the Report, the Auditor found the underlying data collection system to be adequate and failed to find any material errors that may either bias the Company's judgment or compromise the reliability of its data. The following performance indicators were reviewed for the purpose of this assurance.

Sustainability Dimensions	Core issues	Performance indicators	
<b>Strategic management</b>	Creating economic performance	Revenue	17.38 bn KRW
	Implementing ethical business management	No. of overseas hotlines	27
<b>Environmental management</b>	Mitigation of environment impact	GHG emissions	377,749 tCO <sub>2</sub> e
<b>Technological management</b>	Securing source technologies	No. of patent applications	75
	Customer satisfaction	Customer satisfaction score	96.3 pt
<b>HR management</b>	Safety management	No. of on-site safety checks	1,691
	HR fostering	Annual education hours received by full-time regular employees	115 hrs
<b>Win-win management</b>	Sustainability of business partners	No. of business partners to benefit from training on overseas advancement	122
	Social contributions	Donations at headquarters	6.15 bn KRW

\* The above table is a partial representation of all performance indicators reviewed covering the top 20 core issues identified via materiality assessment processes.

**[Level of Compliance to B.E.S.T Reporting Guidelines]**

In view of the coverage and reliability of the information provided, the Report fulfills 94.9% of requirements to qualify for a "Level 4" (Levels 1 to 5) Report relative to the B.E.S.T Guidelines.

**Recommendations** | The Auditor found the "2015 Sustainability Report" by Hyundai E&C commendable in the following respects. The Report (1) provides an analysis of the risks and opportunities inherent in the Company's business environment, setting the overall direction for its sustainability management and value-creating processes; (2) reflects input from new global frameworks and guidelines in terms of the composition of the Report and the Company's processes for identifying materiality issues; and provides a full account of action taken by Hyundai E&C to respond to the needs of its stakeholders including customers, business partners, executives and employees, etc.

For future reports, the Auditor recommends considering the following.

- Provide a more detailed account of underlying mega trends and action taken in line with the Company's CSV strategies as well as their outcomes
- Provide greater coverage on indicators outlined in global guidelines
- Manage and provide deeper analysis on key issues and trends reflecting changes in the business management environment
- Provide further disclosure on mid to long-term goals and level of achieved outcomes

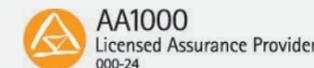
**Independence** | Apart from this independent assurance undertaking, the Auditor was not involved in the preparation of any part of the Report, and has no commercial affiliation with Hyundai E&C that might compromise our independence.

**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.

\* 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 G4 Guideline was established by the GRI, convened by the Coalition for Environmentally Responsible Economies (CERES) and UNEP in 1997. After the first universal GRI sustainability reporting guidelines for multinationals was released in 2000, the latest G4 version was introduced in May 2013, with enhancements in supply chain, governance, ethics & integrity, anti-corruption, GHG emissions & energy disclosures.

\*\*\* 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).



June 11, 2015  
Chairman / Lee, Yoon-Cheol  
The Institute for Industrial Policy Studies



# Greenhouse Gas Verification Statement

**Introduction** | Korean Foundation for Quality (hereinafter 'KFQ') has been engaged in Hyundai Engineering & Construction (hereinafter 'the Company') to independently verify its 2011-2014 Report on the quantity of Greenhouse Gas Emissions from entire places of business nationwide (hereinafter 'Inventory Report').

**Verification Scope** | KFQ's verification was focused on all of the greenhouse gas emission sources nationwide (direct emission and indirect emission) controlled by the Company.

**Verification Criteria** | The verification process was based on "Greenhouse Gas and Energy Target Management Scheme (Notification No. 2014-186 of Ministry of Environment)" (hereinafter 'the Scheme') for every applicable part.

**Verification Procedure** | The Verification has been planned and conducted by the "Greenhouse Gas and Energy Target Management Scheme," and to reach reasonable level of assurance. Furthermore, the entire verification process underwent internal review to ensure its methodology and effectiveness.

**Verification Limitation** | In order to confirm the data and information provided by the Company, sampling method was applied in the Verification Plan.

**Conclusion/Opinion** | Based on verification process according to the Scheme, KFQ obtained reasonable basis to derive following conclusion on the greenhouse gas emission data in the Inventory Report.

- The Company's 2011-2014 Report on Quantity of emitted Greenhouse Gas was documented in accordance with "Greenhouse Gas and Energy Target Management Scheme" run by the government.
- According to materiality assessment on the quantity of greenhouse gas emitted from every Company's places of business nationwide in 2011-2014, material discrepancy is less than the criteria of 5.0% for an organization that emits under 500,000 tCO<sub>2</sub>\_eq in accordance with "Greenhouse Gas and Energy Target Management Scheme."
- Please note that the Scheme does not concern Scope 3 emissions. The verification accuracy of Scope 3 emissions may be limited as it was conducted with the data calculated by the Company Guidelines.

Company	Report Year	Scope 1	Scope 2	TOTAL	Scope 3
Hyundai Engineering & Construction	2011	27,357.544	44,168.535	71,521	385,961
	2012	12,187.597	56,575.159	68,758	367,994
	2013	13,245.106	53,049.521	66,292	323,819
	2014	13,232.207	52,923.674	66,153	311,596

(Unit : ton CO<sub>2</sub>\_eq)

- Thus, KFQ conclude that the Greenhouse Gas Emissions and Energy Consumption of Hyundai Engineering & Construction in 2011-2014 is correctly calculated and stated in accordance with "Greenhouse Gas and Energy Target Management Scheme."

March 30, 2015

CEO / Nam, Dae-hyun  
Korean Foundation for Quality (KFQ)




# GRI Index

● Completely Reported ● Partially Reported ○ Not Reported

G4	No.	Indicators	Application Level	Page	Remarks	
<b>General Standard Disclosures</b>						
<b>Strategy and Analysis</b>	<b>G4-1</b>	Statement from the most senior decision-maker	●	2-3		
	<b>G4-2</b>	Provides a description of Key impacts, risks, and opportunities	●	2-3, 7-13		
<b>Organizational Profile</b>	<b>G4-3</b>	Report the name of the organization	●	4-5		
	<b>G4-4</b>	The primary brands, products, and services	●	4-5		
	<b>G4-5</b>	The location of the organization's headquarters	●	4-5		
	<b>G4-6</b>	The number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	●	4-5		
	<b>G4-7</b>	The nature of ownership and legal form	●	29		
	<b>G4-8</b>	The markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	●	4-5		
	<b>G4-9</b>	Scale of the organization	●	4-5, 25, 56, 73		
	<b>G4-10</b>	Total workforce	●	56		
	<b>G4-11</b>	The percentage of total employees covered by collective bargaining agreements	●	59		
	<b>G4-12</b>	The organization's supply chain	●	63-65		
	<b>G4-13</b>	Any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	○	About this report		
<b>G4-14</b>	Whether and how the precautionary approach or principle is addressed by the organization	●	32-33			
<b>G4-15</b>	List Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	●	81			
<b>Identified Material Aspects and Boundaries</b>	<b>G4-16</b>	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization	●	81		
	<b>G4-17</b>	A. All entities included in the organization's consolidated financial statements or equivalent documents. B. Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report	●	4-5		
	<b>G4-18</b>	A. The process for defining the report content and the aspect boundaries. B. How the organization has implemented the reporting principles for defining report content.	●	20-21		
	<b>G4-19</b>	List all the material Aspects identified in the process for defining report content	●	21		
	<b>G4-20</b>	For each material Aspect, report Aspect Boundary within the organization	●	20-21		
	<b>G4-21</b>	For each material Aspect, report the Aspect Boundary outside the organization	●	20-21		
	<b>G4-22</b>	The effect of any restatements of information provided in previous reports, and the reasons for such restatements	●	About this report		
	<b>G4-23</b>	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	●	46		
	<b>Stakeholder Engagement</b>	<b>G4-24</b>	List of stakeholder groups engaged by the organization	●	19	
		<b>G4-25</b>	Basis for identification and selection of stakeholders with whom to engage	○	19	
<b>G4-26</b>		Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	●	19-20		
<b>G4-27</b>		Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	●	19-21		
<b>Report Profile</b>	<b>G4-28</b>	Reporting period such as fiscal or calendar year) for information provided	●	About this report		
	<b>G4-29</b>	Date of most recent previous report (if any)	●	77	July, 2014	
	<b>G4-30</b>	Reporting cycle such as annual, biennial)	●	About this report		
	<b>G4-31</b>	Provide the contact point for questions regarding the report or its contents	●	About this report		
	<b>G4-32</b>	GRI Index ('In accordance' option, GRI Content index, and the external assurance report)	●	77-80		
	<b>G4-33</b>	A. Policy and current practice with regard to seeking external assurance for the report. B. If not included in the assurance report accompanying the sustainability report, the scope and basis of any external assurance provided. C. Relationship between the organization and the assurance providers. D. Whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report	●	74-75		
	<b>Governance</b>	<b>G4-34</b>	Report the governance structure of the organization, including committees of the highest governance body	●	29	
		<b>G4-35</b>	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	○	18, 29	
		<b>G4-36</b>	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	○	29	
		<b>G4-37</b>	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics If consultation is delegated, describe to whom and any feedback processes to the highest governance body	○	29	
<b>G4-38</b>		Report the composition of the highest governance body and its committees	●	28-29		
<b>G4-39</b>		Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement)	●	28		
<b>G4-40</b>		Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members	●	28-29		
<b>G4-41</b>		Report processes for the highest governance body to ensure conflicts of interest are avoided and managed	●	28-29		
<b>G4-42</b>		Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	○	28-29		
<b>G4-43</b>		Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	●	29		

● Completely Reported ○ Partially Reported ○ Not Reported

G4	No.	Indicators	Application Level	Page	Remarks
<b>Governance</b>	G4-44	A. Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment.	○	28	
		B. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organisational practice.	○		
	G4-45	A. The highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities.	○	29	
		B. Whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	○		
	G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	○	29	
	G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	●	77	Annual
	G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered	○	29	
	G4-49	Report the process for communicating critical concerns to the highest governance body	●	29	
	G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	○	59	
	G4-51	Report the remuneration policies for the highest governance body and senior executives	○	28	
	G4-52	Report the process for determining remuneration Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management Report any other relationships which the remuneration consultants have with the organization	○	28	
	G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable	○	28	
	G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country	●	77	4.98 times
	G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country	○	77	
	<b>Ethics and Integrity</b>	G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	●	30
G4-57		Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	●	31	
G4-58		Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	●	30-31	

### Specific Standard Disclosures

DMA	G4-DMA	Indicators	Application Level	Page	Remarks
<b>DMA</b>	G4-DMA	Report why the Aspect is material	●	15, 23, 35, 47, 55,	
		Report how the organization manages the material Aspect or its impacts			
		Report the evaluation of the management approach			

### Economic

Economic Performance	No.	Indicators	Application Level	Page	Remarks
<b>Economic Performance</b>	EC1	Direct economic value generated and distributed	●	19, 25	
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	●	8-9, 35	
	EC3	Coverage of the organization's defined benefit plan obligations	○	60	
	EC4	Financial assistance received from government	●	-	Not applicable
<b>Market Presence</b>	EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	○	-	
	EC6	Proportion of senior management hired from the local community at significant locations of operation	○	-	
<b>Indirect Economic Impacts</b>	EC7	Development and impact of infrastructure investments and services supported	●	36-43	
	EC8	Significant indirect economic impacts, including the extent of impacts	●	19, 65, 69	
<b>Procurement Practices</b>	EC9	Proportion of spending on local suppliers at significant locations of operation	○	-	

### Environmental

Materials	No.	Indicators	Application Level	Page	Remarks
<b>Materials</b>	EN1	Materials used by weight or volume	●	46	
	EN2	Percentage of materials used that are recycled input materials	○	45	
<b>Energy</b>	EN3	Energy consumption within the organization	●	46	
	EN4	Energy consumption outside of the organization	●	46	
	EN5	Energy intensity	○	-	
	EN6	Reduction of energy consumption	●	39, 46	
	EN7	Reductions in energy requirements of products and services	●	46	
<b>Water</b>	EN8	Total water withdrawal by source	●	46	
	EN9	Water sources significantly affected by withdrawal of water	●	44-45	
	EN10	Percentage and total volume of water recycled and reused	●	44-46	

● Completely Reported ○ Partially Reported ○ Not Reported

G4	No.	Indicators	Application Level	Page	Remarks
<b>Biodiversity</b>	EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas	●	45	
	EN12	Description of significant impacts of activities, products, and services on Biodiversity	●	45	
	EN13	Habitats protected or restored	●	45	
	EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	●	45	
<b>Emissions</b>	EN15	Direct greenhouse gas(GHG) emissions (scope	●	46	
	EN16	Energy indirect greenhouse gas(GHG) emissions (scope	●	46	
	EN17	Other indirect greenhouse gas(GHG) emissions (scope	●	46	
	EN18	Greenhouse gas (GHG) emissions intensity	●	46	
	EN19	Reduction of greenhouse gas(GHG) emissions	●	46	
	EN20	Emissions of ozone-depleting substances (ODS)	●	-	Not applicable
	EN21	Nox, Sox, and other significant air emissions	●	-	Not applicable
<b>Effluents and Waste</b>	EN22	Total water discharge by quality and destination	○	44, 46	
	EN23	Total weight of waste by type and disposal method	○	45-46	
	EN24	Total number and volume of significant spills	●	-	Not applicable
	EN25	Weight of transported, imported, exported, or treated waste deemed hazardous	●	-	Not applicable
	EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	●	44-45	
<b>Products and Services</b>	EN27	Extent of impact mitigation of environmental impacts of products and services	●	40-46	
	EN28	Percentage of products sold and their packaging materials that are reclaimed by category	○	46	
<b>Compliance</b>	EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	●	44	
<b>Transport</b>	EN30	Significant environmental impacts of transporting products and other goods and materials of the organization's operations, and transporting members of the workforce	●	43	
<b>Overall</b>	EN31	Total environmental protection expenditures and investments by type	●	43-44	
<b>Supplier Environmental Assessment</b>	EN32	Percentage of new suppliers that were screened using environmental criteria	●	43	
<b>Environmental Grievance Mechanisms</b>	EN33	significant actual and potential negative environmental impacts in the supply chain and actions taken	○	43	
<b>Environmental Grievance Mechanisms</b>	EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	●	-	Not applicable

### Social

#### Labor Practices and Decent Work

Employment	No.	Indicators	Application Level	Page	Remarks
<b>Employment</b>	LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	○	56	
	LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	●	59-60	
	LA3	Return to work and retention rates after parental leave, by gender	●	60	
<b>Labor/Management Relations</b>	LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	○	59	
<b>Occupational Health and Safety</b>	LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	○	38	
	LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	○	62	
	LA7	Workers with high incidence or high risk of diseases related to their occupation	○	61-62	
	LA8	Health and safety topics covered in formal agreements with trade unions	○	61-62	
<b>Training and Education</b>	LA9	Average hours of training per year per employee, by gender, and by employee category	●	58	
	LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	●	56-58	
	LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	●	58	
<b>Diversity and Equal Opportunity</b>	LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	●	56-57	
<b>Equal remuneration for women and men</b>	LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	●	58	
<b>Supplier Assessment for Labor Practices</b>	LA14	Percentage of new suppliers that were screened using labor practice criteria	○	-	
	LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	○	-	
<b>Labor Practices Grievance Mechanisms</b>	LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	●	-	Not applicable

## GRI Index

● Completely Reported   ● Partially Reported   ○ Not Reported

G4	No.	Indicators	Application Level	Page	Remarks
<b>Human Rights</b>					
Investment	HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	●	30-31, 64	
	HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	●	30	
Non-discrimination	HR3	Total number of incidents of discrimination and corrective actions taken	●	31	
Freedom of Association and Collective Bargaining	HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	●	30-31, 64-67	
Child Labor	HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	●	57	
Forced of Compulsory Labor	HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	●	57	
Security Practices	HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	○	-	
Indigenous Rights	HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	●	31	
Assessment	HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	●	64	
Supplier Human Rights Assessment	HR10	Percentage of new suppliers that were screened using human rights criteria	●	64	
	HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	○	-	
Human Rights Grievance Mechanisms	HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	●	57	
<b>Society</b>					
Local Communities	SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	●	68-71	
Anti-corruption	SO2	Operations with significant actual and potential negative impacts on local communities	●	44-45, 68-69	
	SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	●	32	
	SO4	Communication and training on anti-corruption policies and procedures	●	30-31	
	SO5	Confirmed incidents of corruption and actions taken	○	-	
Public Policy	SO6	Total value of political contributions by country and recipient/beneficiary	●	-	Not applicable
Anti-competitive Behavior	SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	●	73	
Compliance	SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	●	73	
Supplier Assessment for Impacts on Society	SO9	Percentage of new suppliers that were screened using criteria for impacts on society	●	64	
	SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	●	64	
Grievance Mechanisms for Impacts on Society	SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	○	-	
<b>Product Responsibility</b>					
Customer Health and Safety	PR1	Percentage of significant products and services categories for which health and safety impacts are assessed for improvement	●	36	
	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	●	-	Not applicable
Product and Service Labeling	PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant products and services subject to such information requirements	●	52-53	
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	●	-	Not applicable
	PR5	Results of surveys measuring customer satisfaction	●	53	
Marketing Communications	PR6	Sale of banned or disputes products	●	-	Not applicable
	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	●	-	Not applicable
Customer Privacy	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	●	-	Not applicable
Compliance	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	●	-	Not applicable

## Major Awards and Accolades

### 2015 Major Awards

Award	Description	Host / Provider
2015 Money Today Overseas Construction Awards	Grand Prize	Money Today
BCA Awards 2015	Best of Best (Quality Excellence Award category) and 4 others	BCA

### 2014 Major Awards

Award	Description	Host / Provider
2014 Dow Jones Sustainability Index	Industry Leader, Construction & Engineering Industry	Dow Jones Indices, RobecoSAM
2014 Money Today Overseas Construction Awards	Best of the Best	Money Today
2014 Annual Asia Economy Apartment Brand Awards	High-class category	Asia Economy
BCA Awards 2014	Grand Prize (Construction Productivity Award category) and one additional award	BCA
2014 Money Today Korea Residential Service Awards	Best of Best	Money Today
2013/2014 LACP Spotlight Awards	Grand Prize (Global Communication category, Platinum Award)	LACP
14th In Housing Construction Power Brand Awards	Best of Best	Financial News
2014 MaeKyung Good Apartment for Living Awards	Prize of Excellence (Large Contractors category)	MaeKyung
2014 First-half HanKyung Residential Culture Awards	Grand Prize (Apartment category)	HanKyung
2014 HanKyung Business Well-being Apartment Awards	Surface plan category	HanKyung Business
2014 Asia Construction Awards	Overall Grand Prize (Social Contribution category)	Asia Economy
2014 Money Today Korea Luxury Housing Awards	Grand Prize	Money Today
2014 Global Standard Management Awards	Grand Prize (Sustainability Report category)	KMA
2014 Asia Today Green Construction Awards	MLTM Minister's Prize	Asia Today
6th Aju Economy Construction Awards	Overall Grand Prize (Overseas Construction category)	Aju Economy
10th Korea Civil Engineering & Construction Technology Awards	Best of Best (Civil Engineering category)	MaeKyung
2014 Korea's Representative Apartment Awards	MLTM Minister's Prize	Hankook Economy TV
2014 Korea Jungang Daily JoinsLand Eco-friendly Construction Industry Awards	Grand Prize (Well-being Apartment category)	Joongang Daily
3th eDaily Construction Industry Awards	Overall Grand Prize (Overseas Construction category)	eDaily
2014 Green Housing Awards	Grand Prize (Green Design Category)	Hankook Daily
5th Korea Green Construction Awards	Overall Grand Prize	Seoul Newspaper
2014 Herald Economy Green Residence Awards	Grand Prize (Design Category)	Herald Economy
2012 Second-half HanKyung Residential Culture Awards	Grand Prize (Apartment category)	HanKyung

## Membership

### Association Memberships

The Korea Railway Association	Korea Road Association
Korean Society of Civil Engineers	Korea National Commission on Large Dams
Korean Geotechnical Society	The Korea Institute of Building Construction
Architectural Institute of Korea	Korea Institute of Construction Engineering and Management
Korea Green Building Council	Korean Institute of Architectural Sustainable Environment and Building Systems
International Contractors Association of Korea	Korea Plant Industries Association
Construction Association of Korea	Korea Construction Quality Association
Construction Safety Manager Committee	Fair Competition Federation

※ Partial list: 113 business/academic association memberships in total

### Acknowledgements

<b>Kang Ki-Ho</b>	HSE Planning Team	<b>Park Sun-Kyung</b>	Housing Marketing Team
<b>Kang Sung-Soo</b>	CS Center	<b>Seo Sang-Beom</b>	Accounting Team
<b>Kang Young-Min</b>	Green Environment Team	<b>Seo Young-Deok</b>	Domestic Marketing Planning Team
<b>Kwon Sung-Jun</b>	Welfare Management Team	<b>Son Kyung-Ah</b>	Building Works Design Planning Team
<b>Kwon Young-Pil</b>	Project Risk Management Team	<b>Song Jin-Guel</b>	Building Works Management & Administration Team
<b>Kim Do-Hyung</b>	Plant Management & Administration Team	<b>Ahn Yoo-Kyoum</b>	Accounting Team
<b>Kim Seon-Kyong</b>	Domestic Marketing 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 Su-Jung</b>	Corporate Brand PR Team	<b>Lee Kyung-Ho</b>	Building Works Mechanical Team
<b>Kim Yoon</b>	Corporate Culture PR Team	<b>Lee Yo-Soo</b>	Business Strategy Team
<b>Kim Hyung-Tae</b>	R&D Support Team	<b>Lee Jeong-Hui</b>	Procurement Planning Team
<b>Noh Kyeong-Rae</b>	International Marketing Planning Team 1	<b>Jeong Da-Young</b>	Business Innovation Team
<b>Roh Bong-Kyun</b>	Quality Management Planning Team	<b>Jung Do-Hwan</b>	Infrastructure & Environment Management & Administration Team
<b>No Tae-Sun</b>	Auditing Team 1	<b>Choi Jung-Young</b>	Business Planning Team
<b>Min Kyong-Hwan</b>	Business Policy Team	<b>Hwang Yun-Sub</b>	Human Resources Planning Team

# GRI Index

● Completely Reported   ● Partially Reported   ○ Not Reported

G4	No.	Indicators	Application Level	Page	Remarks
<b>Human Rights</b>					
<b>Investment</b>	HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	●	30-31, 64	
	HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	●	30	
<b>Non-discrimination</b>	HR3	Total number of incidents of discrimination and corrective actions taken	●	31	
<b>Freedom of Association and Collective Bargaining</b>	HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	●	30-31, 64-67	
<b>Child Labor</b>	HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	●	57	
<b>Forced of Compulsory Labor</b>	HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of all forms of forced or compulsory labor	●	57	
<b>Security Practices</b>	HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	○	-	
<b>Indigenous Rights</b>	HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	●	31	
<b>Assessment</b>	HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	●	64	
<b>Supplier Human Rights Assessment</b>	HR10	Percentage of new suppliers that were screened using human rights criteria	●	64	
	HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	○	-	
<b>Human Rights Grievance Mechanisms</b>	HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	●	57	
<b>Society</b>					
<b>Local Communities</b>	SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	●	68-71	
<b>Anti-corruption</b>	SO2	Operations with significant actual and potential negative impacts on local communities	●	44-45, 68-69	
	SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	●	32	
	SO4	Communication and training on anti-corruption policies and procedures	●	30-31	
	SO5	Confirmed incidents of corruption and actions taken	○	-	
	SO6	Total value of political contributions by country and recipient/beneficiary	●	-	Not applicable
<b>Anti-competitive Behavior</b>	SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	●	73	
<b>Compliance</b>	SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	●	73	
<b>Supplier Assessment for Impacts on Society</b>	SO9	Percentage of new suppliers that were screened using criteria for impacts on society	●	64	
	SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	●	64	
<b>Grievance Mechanisms for Impacts on Society</b>	SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	○	-	
<b>Product Responsibility</b>					
<b>Customer Health and Safety</b>	PR1	Percentage of significant products and services categories for which health and safety impacts are assessed for improvement	●	36	
	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	●	-	Not applicable
<b>Product and Service Labeling</b>	PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant products and services subject to such information requirements	●	52-53	
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	●	-	Not applicable
	PR5	Results of surveys measuring customer satisfaction	●	53	
<b>Marketing Communications</b>	PR6	Sale of banned or disputes products	●	-	Not applicable
	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	●	-	Not applicable
<b>Customer Privacy</b>	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	●	-	Not applicable
<b>Compliance</b>	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	●	-	Not applicable

# Major Awards and

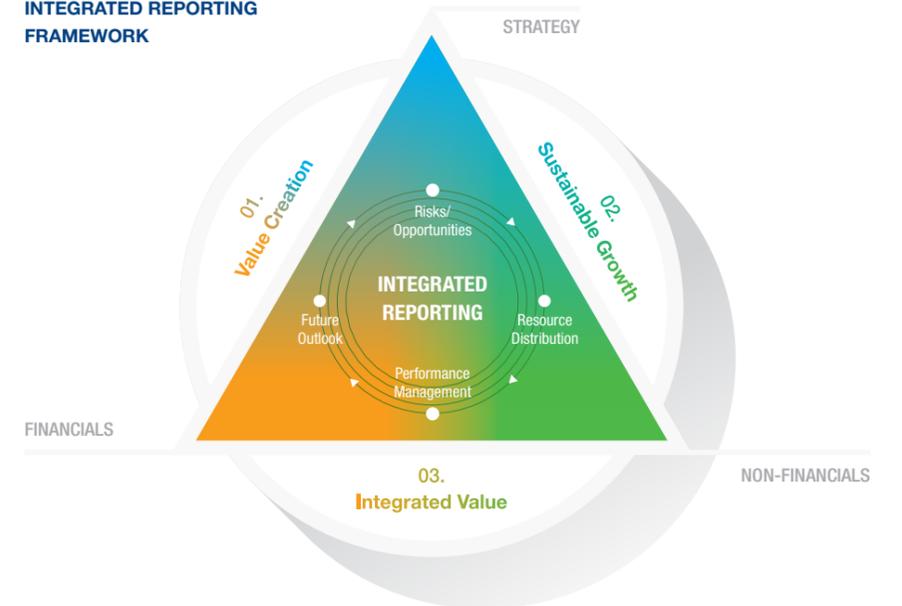
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# INTEGRATED REPORTING

## Integrated Reporting

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



### 01. 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

### 02. 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

### 03. 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

## Contact Us

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

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# HYUNDAI

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