



ABOUT THIS REPORT



COVER STORY
Harmony and Companionship: Hyundai Steel realizes the value of ‘togetherness’ by understanding and communicating with various stakeholders, including employees, customers, suppliers, and local communities, for a sustainable future. The company has pursued the road of growth with empathizing hearts and companionship. We maximize managerial efficiency by preemptively responding to market changes, seek mutual growth through win-win cooperation, and practice eco-friendly green management by establishing the world’s first resource circulation business chain. Hyundai Steel will continue to challenge itself, make innovations, and be a leader for a better future filled with hope.

Reporting Standards

This report is prepared in accordance with the GRI (Global Reporting Initiative) G4 Guidelines. More information can be found through GRI Index.

Reporting Outline

Hyundai Steel publishes a sustainability report every year to transparently disclose the company’s sustainability management activities and performance, and as a communication channel to actively reflect its internal and external stakeholders’ opinions.

Reporting Period

Jan. 2014-Dec. 2014

Reporting Scope

Headquarters, Dangjin Integrated Steelworks, Incheon Works, Pohang Works, Suncheon Works (Suncheon Works has been added after the merger with Hyundai Hysco’s Cold-rolled Business Unit in Jan. 2014)

Reporting Features

In order to emphasize major interests of its stakeholders, Hyundai Steel reports its activities and performance in the ‘Material issues’ section. The main policies and systems of the company can be found in the ‘Management Report’ section of this report.

Report Assurance

To ensure the reliability of this report, DNV GL, a global assurance institute, carried out assurance engagement according to three principles of AA1000AS (2008) - materiality, inclusivity, and responsiveness - and the result of the assurance can be found between p.68 and p.69 of this report.

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CSR Highlights

Beginning construction of special steel plant

In April 2014, Hyundai Steel began construction to the special steel plant with operations of 1 million tons scale, with the aim of starting operations in the second half of 2015. As a result, the production capacity has been greatly expanded with operations of 500,000 tons scale of Pohang Works special steel equipment. It also includes the ability to provide the main material used for parts for powertrains, such as engines and transmissions to suit customer needs, in a timely manner. The special steel plant which has begun construction is a significant contribution expected to strengthen future competitiveness of the car manufacturer.

Beginning construction of special steel plant



Development of application technology for ultra-high-strength automotive steel sheets

The R&D Center at Hyundai Steel focused on customer-centric application technology to efficiently utilize ultra-high-strength steel to improve crashworthiness and respond to fuel efficiency regulations. As a result, various achievements in R&D were accomplished such as the standardization of property evaluation method and development of hot-stamping forming technology for ultra-high-strength steel and the development of water-repellent coating technology to enhance anti-corrosiveness. Propelled by these achievements, Hyundai Steel aims to be a leader in developing lighter automotive materials and in applying ultra-high-strength steel for car bodies.

Development of application technology for ultra-high-strength automotive steel sheets



Strengthening partnership with outstanding heavy equipment suppliers

Hyundai Steel selected 20 heavy equipment and roll suppliers with outstanding performance in scale and supply amount and installed a signboard engraved with Hyundai Steel's CI. By installing a signboard outside the suppliers' worksites, these suppliers have obtained a sense of belonging and pride as a partner company of Hyundai Steel, boosted their credibility, and strengthened the partnership with Hyundai Steel.

Strengthening partnership with outstanding heavy equipment suppliers



Sharing love with local communities through Energy-Efficient Housing Project

Hyundai Steel carries out 'Energy-Efficient Housing Project' - one of its key CSR programs- that reduces energy costs and GHG emissions of energy-poor residents. The program is operated by the Matching Grant Fund contributed by Hyundai Steel and its employees. In 2014, Hyundai Steel implemented energy-efficient construction for 140 households in Incheon, Pohang, and Dangjin. The company plans to expand the Project to include the areas in Suncheon.

Energy-Efficient Housing Project



Enlisted to DJSI Asia Pacific for six consecutive years

Hyundai Steel was enlisted to Dow Jones Sustainability Index (DJSI) Asia Pacific and Korea in 2014 for six straight years. SAM, a company in Switzerland, evaluates and discloses a company's sustainability management activities according to economic, social, and environmental aspects as DJSI Index. By obtaining DJSI Index for six consecutive years, Hyundai Steel's efforts for sustainable management have been internationally recognized.

Enlisted to DJSI Asia Pacific for six consecutive years



Acquisition of VCS international certification

Hyundai Steel reduced CO₂ emissions by 1.44 million tons annually by utilizing the waste gas generated from blast furnace as fuel. In addition, the company obtained VCS (Verified Carbon Standard) international certification. This project was the largest industrial project carried out solely by VCS, and the world's first VCS project to be issued from the field of steelmaking. The company plans to continue the activities of energy reduction through operation of a company-wide task-force team in response to the Emission Trading Scheme.

Acquisition of VCS international certification



Establishment of 'Green Network' with Heat Transportation

Hyundai Steel successfully carried out 'Heat Transportation Demonstration Project' which stored waste heat from the heat furnace at Dangjin Integrated Steelworks, carried it on a five-ton truck, and provided it to food waste dehydration facilities in Dangjin City. Since Heat Transportation network recycles discharged medium-low heat, it not only reduces the amount of GHG emissions from the local communities, but also allows the users to reduce the cost to purchase materials by more than 90%. Therefore, Hyundai Steel looks forward to the mutual growth and development of the local community and the network of participating companies.

Establishment of 'Green Network' with Heat Transportation



First achievement in global CSR activities, completion of Myanmar Community Center

The construction of the Myanmar Community Center, one of Hyundai Steel's global CSR activities, was successfully completed. Hyundai Steel built the Community Center as part of the Area Development Project co-conducted with Plan Korea, an international association for supporting children, and will provide education and vocational training for their financial independence.

The ceremony for the completion of Community Center in Myanmar



Message from the CEO



Dear Stakeholders,

It is a pleasure for me to present Hyundai Steel's sustainability management activities in an effort to become a world-leading company. Over the past half century, Hyundai Steel has led the development of technologies related to the electric arc furnace and has contributed to the economic development of Korea. In 2010, we completed the construction of integrated steelworks and grew into a global steel company with the best product portfolio in the world.

Amid the growing uncertainty of the global economy and the prolonged complications caused by an excess supply of steel, Hyundai Steel has focused on devising measures to turn the current crisis into an opportunity and to strengthen its competitiveness. In addition to its merger with Hyundai Hysco's cold-rolled business unit in 2014, we established Hyundai Special Steel as our affiliated company, after acquiring a special steel company that produces wire rod products. We also launched Suncheon Forging Plant after taking over a company that manufactures forged products in 2015. Through the merger with Hyundai Hysco, we were able to expand our business to encompass steel pipes, an overseas Steel Service Center, and lightweight auto parts. We have now grown to and become a global integrated steel company with assets worth KRW 31,000 billion, achieving a remarkable growth in the past few years.

In order to become the century sustainable steelmaker,
we will undertake the following initiatives:

We will become a leader in the new era of steel.

Hyundai Steel set the year 2015 as the first year for surging forward into a new future, and established a mid- and long-term vision for the second decade of the century sustainable steelmaker. With the vision of 'Engineering the Future beyond Steel', we aim to provide new values beyond the expectations of our customers by supplying optimized materials to make products according to customers' visions, based on the best technology and quality.

We will make every effort to build a safe working environment.

Since safety of employees is of utmost priority and the foundation for a happy family and healthy society, we have set safety management as one of our core values, and make concerted efforts to create safe working environments. Hyundai Steel aims to create the its' safety workplace that lives up to its global reputation by increasing investment in the safety management of human resources and in the enhancement of safety facilities, by completely reforming the safety management system, and by laying down a culture of safety management.

We will practice eco-friendly green management.

Hyundai Steel has attained the position of a clean steelworks by becoming the first in the global steelmaking industry to introduce a fully-enclosed raw material processing system, including dome-type raw materials storage buildings. In 2014, we conducted regular company-wide environmental inspections to pre-emptively respond to environmental risks. In addition, we minimized our impact on the environment throughout the entire process starting from the manufacturing process to finished products, in a bid to establish a healthy company.

We will grow and share with the society.

We pursue the road of mutual growth based on win-win cooperation. Support for small and medium-sized suppliers in difficult conditions is provided especially in a bid to contribute to a balanced growth of the economy. In order to build a society filled with warmth based on the principle of sharing, we will conduct various CSR activities and establish a strong bond with local communities.

Hyundai Steel will continue to be at the forefront of the steelmaking industry and will strive to be a global steelmaker respected by the society. We will also share the love and support that we have received from our customers, with the society, and play our role as a sound corporate citizen that creates new social values. I humbly ask for your continued interest and encouragement in the growth and prosperity of the company.

Yoo-Cheol Woo
Hyundai Steel CEO & Vice Chairman

Company Overview

Company Name

Hyundai Steel

Date Established

June 10, 1953

CEO

Vice Chairman Yoo-Cheol Woo, President Hak-Seo Kang

Business Type

Steel manufacturing

Headquarter Locations

12, Heolleung-ro, Seocho-gu, Seoul, Korea


No. of Employees

10,836

Products

Hot-rolled coils, cold-rolled coils, steel plates, steel pipes, rod-type steel, special steel, heavy machinery, and others

For the last half a century, Hyundai Steel has relentlessly created new possibilities for steel. Starting from manufacturing steel materials with steel scraps to the completion of integrated steelworks, Hyundai Steel has raised its status as an integrated steel company. With indomitable heart and pioneering spirit, the company will take a step forward to be the leading steel company in the world providing infinite possibilities of steel. The operation of the new third blast furnace was stabilized with the help of expertise from the successful operation of the first and second blast furnaces. Now the production capacity of the blast furnaces reaches 12 million tons. With optimized efficiency of facilities combined with the production capacity of the existing electric arc furnace, the entire annual production capacity reaches 24 million tons, making the company one of the top 10 global steel companies. Hyundai Steel will focus on creating synergies between existing electric arc furnace and integrated steelmaking business, to become the best steelmaker in the world.



Size

8,820,000 m²


Products

Reinforcing bars, hot-rolled coils, steel plates, cold-rolled coils

Production capacity

Blast furnace: 12.58 million tons
Electric arc furnace: 2.55 million tons
Rolling: flat steel 13 million tons, rod-type steel 1.25 million tons, (cold-rolled coils 4 million tons)

Dangjin Integrated Steelworks



Size

920,000 m²


Products

H-beams, reinforcing bars, cold-rolled stainless steel sheets, section steels, cast steel and forged steel

Production capacity

Electric arc furnace: 4.65 million tons
Rolling: rod-type steel 3.86 million tons, others 0.57 million tons

Incheon Works



Size

660,000 m²


Products

H-beams, reinforcing bars, rails, round sections, rolls, track chain assembly

Production capacity

Electric arc furnace: 2.66 million tons
Rolling: rod-type steel 2.41 million tons, heavy machinery 0.31 million tons

Pohang Works



Size

254,000 m²


Products

Steel pipes

Production capacity

Products: Steel pipes 1 million tons

Ulsan Works



Size

882,000 m²


Products

Cold-rolled coils, galvanized steel plate, color steel sheet, electro-galvanized steel sheets

Production capacity

Rolling: cold-rolled coils 2 million tons

Suncheon Works



Size

1,190,000 m²

Products

Lightweight automotive parts

Production facilities

Hot-stamping 10 units
Tailor Welded Blanks 2 units

Yesan Works

BUSINESS & STRATEGY

06

07

Corporate Philosophy

Based on the company's management philosophy, core values, and vision, Hyundai Steel achieves a sustainable growth by fulfilling its economic and social responsibilities as a corporate citizen.

Management Philosophy

Hyundai Steel creates a new future through creative thinking and endlessly challenging new frontiers.



Unlimited
Sense of
Responsibility



Realization of
Possibilities



Respect for
Mankind

Our vision of unlimited responsibility for the safety and happiness of the customer is realized in our quality management, which leads to the creation of unlimited value for our society.

We always move forward to the next goal after each success, and create a better future with a challenging spirit.

We offer value, better products, and better services for people, and make the lives of our customers more affluent.

Core Values

Hyundai Steel practices its core values, internalized with challenge and passion to reach its goals.



Customer

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



Challenge

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



Collaboration

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



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 talents.



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.

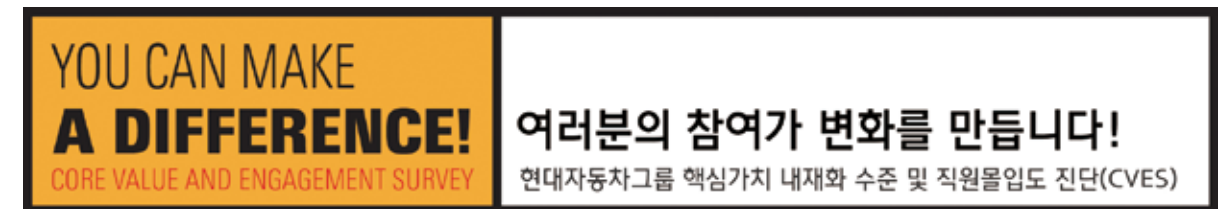
Internalizing Core Values

The core values are the fundamentals of the company's business activities. By internalizing the core values, Hyundai Steel realizes its vision and goals.

Core Values and Engagement Survey

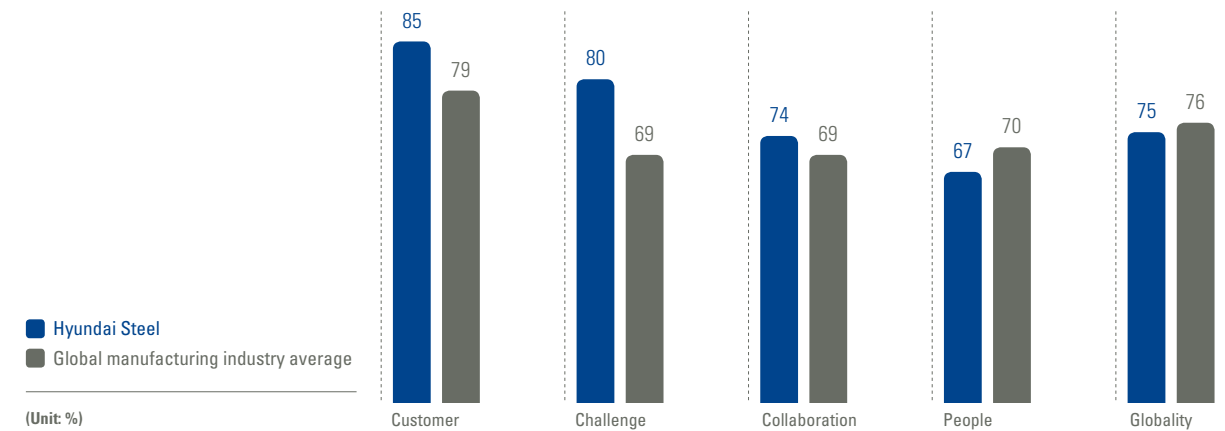
Hyundai Steel conducts annual surveys to measure employees' level of understanding of the core values and their engagement in the company in order to improve the corporate culture. The company entrusted an independent agency, Towers Watson, to survey the entire workforce (level four and higher) at Hyundai Steel in Sep. 2014, and 82 percent of the total workforce answered the surveys.

The survey results are used as a source to help build group-wide connections and improve management at individual affiliates.



Analysis of Survey Results

When it comes to the internalization of core values, we have shown an exceptionally high performance level to global manufactures in the area of 'challenge'. This reflects the company's and employees' internalized values since its establishment. The performance in 'collaboration' was improved from last year and is better than the global industry average. In terms of 'people' and 'globality', the survey results tied the global manufacturing industry average, where we are channeling company-wide resources and efforts into reinforcing our software competitiveness.

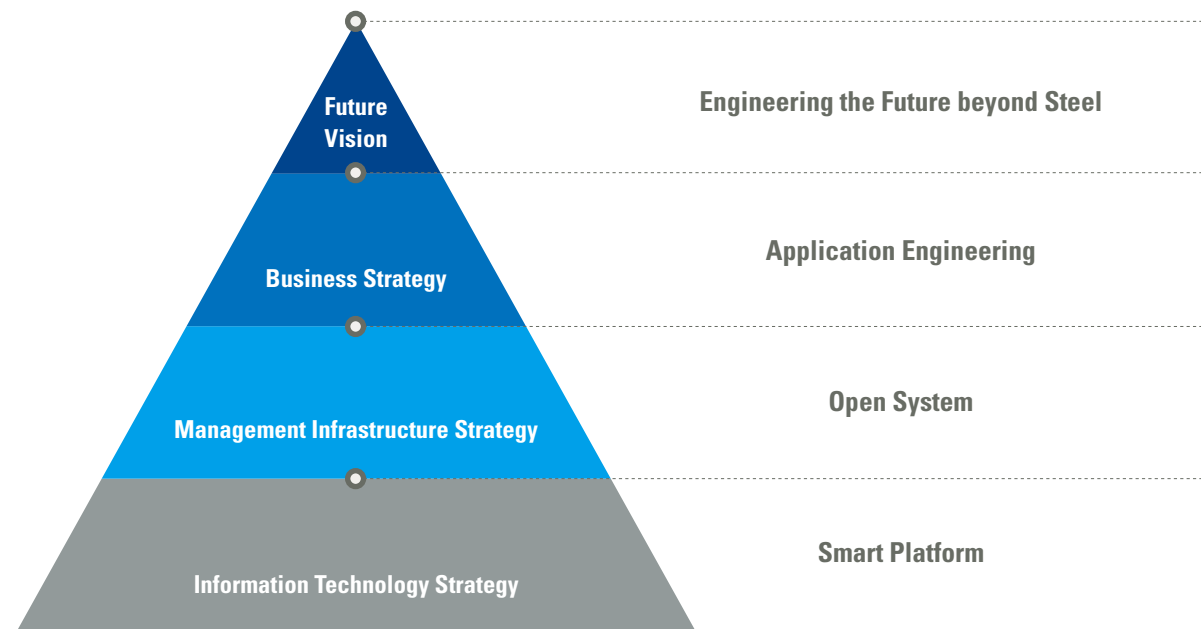


Vision

Background of Establishment of Vision

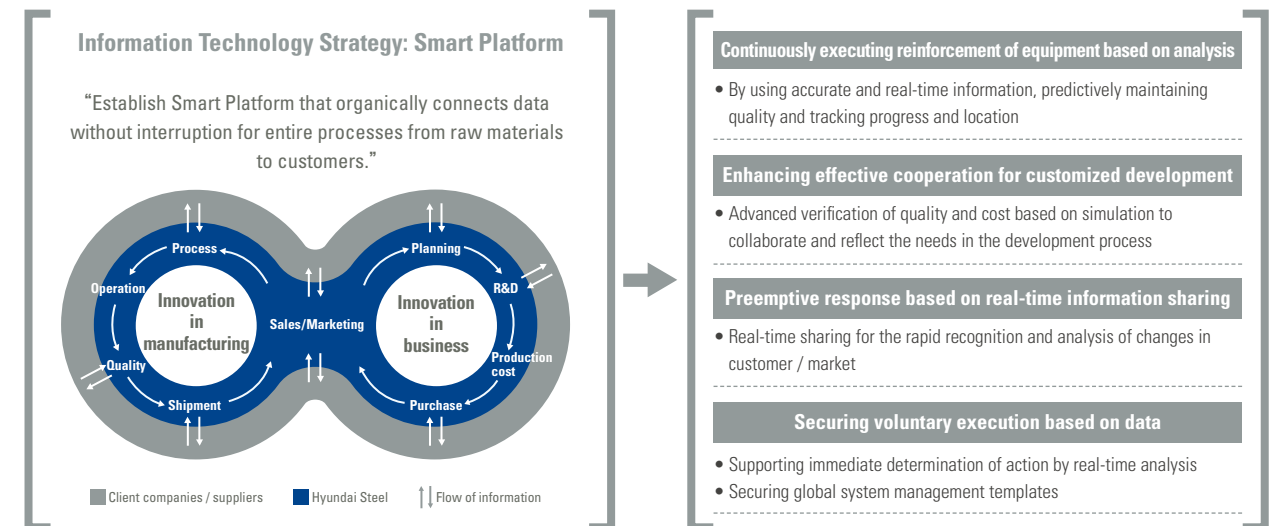
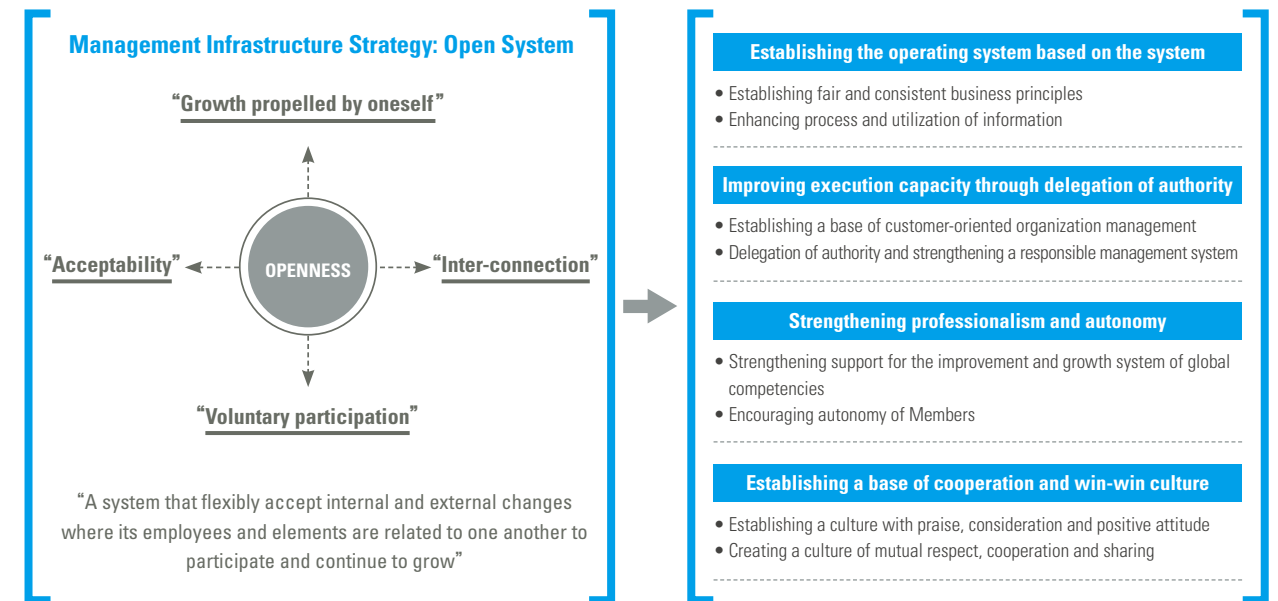
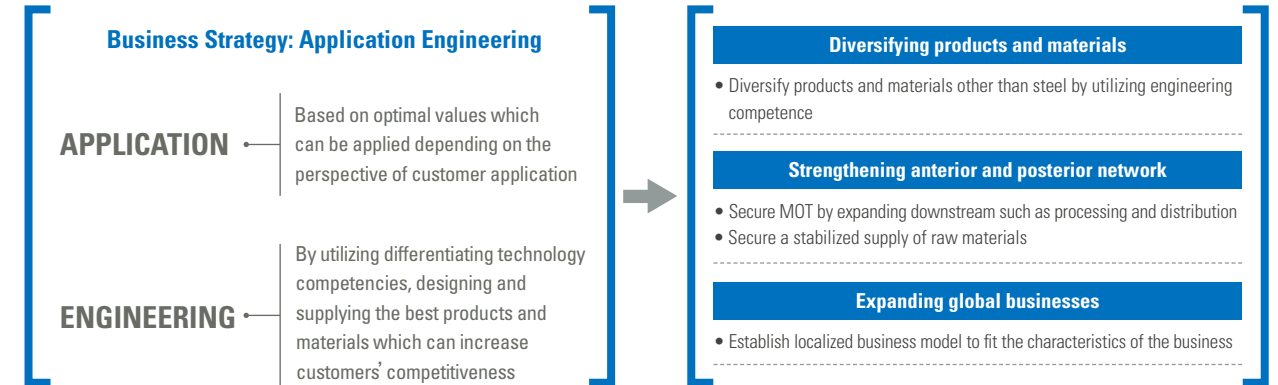
On July 2015, Hyundai Steel declared a new vision in a bid to prepare for the second decade of the century sustainable steelmaker. With the new vision, the company will bring the competence of its employees together to overcome any crises in the future, and inherit and develop the successful completion of the integrated steelworks. The new system of the vision includes the future vision for the year of 2025, and consists of strategies on business, management infrastructure, information technology to realize the vision. ‘Steel’ in the vision slogan symbolizes Hyundai Steel’s identity and its fundamental business, and ‘the Future beyond Steel’ represents that company will create new values that surpass customers’ expectations by deviating from the methods of the past. ‘Engineering’ represents that the company will continue to generate values in differentiated ways than the past.

System of Vision



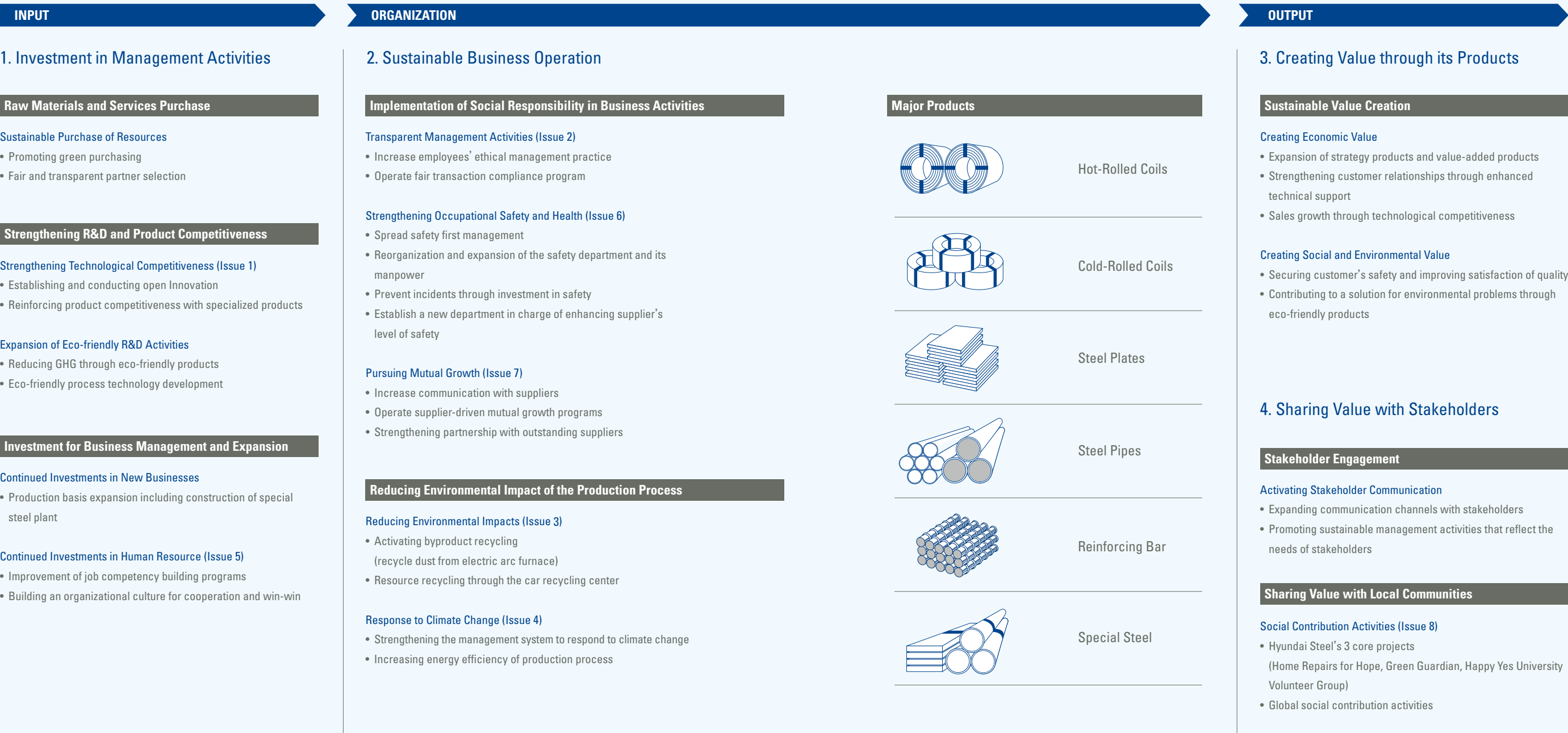
Vision Statement

Propelled by its superior technology and quality, Hyundai Steel will be a partner that supplies optimum materials for customers to create whatever they dream to create. Our customers will be able to utilize materials more freely and strengthen their product competitiveness to foster strong outcomes. Our employees will share the moments of the company’s challenge and achievement in safe work environments and grow into global talents with expertise who will lead the future steelmaking industry and Korean economy. Hyundai Steel will create quality jobs by making steady investment, and fulfill its social responsibility to growth with partners, suppliers, and local communities based on transparent and fair competition. Propelled by such endeavors, Hyundai Steel will engineer the future beyond steel and create new ecosystem of business of win-win growth.



Business Model

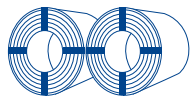
Hyundai Steel pursues sustainable growth with the aim of providing better economic performance, fulfilling social responsibilities and improving environmental efficiency in the full range of business activities. The company aims to grow as a corporate citizen together with society.



Hyundai Steel's Major Products

Hot-Rolled Coils

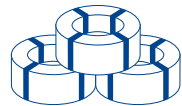
Hot rolled coils refer to steel that has been thinned by heating in high temperature, pressing, and extending semi-finished steel slabs made by processing molten metal. With the production basis of hot rolled steel, Hyundai Steel became a major supplier of flat steel products in Korea. Dangjin Integrated Steelworks' fully automated facilities, which enhance precision and quality, produce hot-rolled products that are used for a variety of purposes, including automotive and machine frames, home appliances, construction materials, high-pressure gas containers, machine structures, and line pipes.



Cold-Rolled Coils

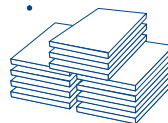
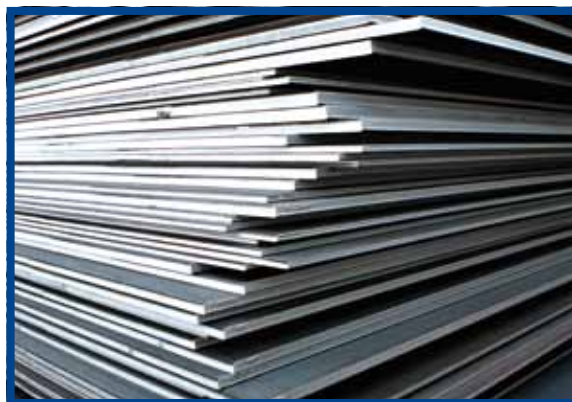


Cold-rolled coils are produced with desired thickness by rolling hot-rolled coils at room temperature. Made by going through such processes as pickling, rolling, and plating, these products are widely used in manufacturing automobiles, consumer electronics, and construction materials. They are seen as the essence of steel products due to their excellent quality of high strength and anti-corrosiveness as well as smooth and fine surfaces.



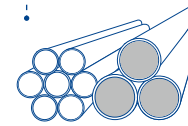
Steel Plates

With the completion of its integrated steelworks, Hyundai Steel boasts of a completely automatic heavy plate production system that ranges from raw materials to final products. Our manufacturing methods to produce regular and high-strength steel have won approvals from shipping classification societies in a host of countries. In addition, we manufacture steel plates for boilers, pressure vessels, general and welding structures, bridges, industrial machines, and pipelines.



Steel Pipes

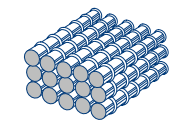
Steel is an alloy of iron and carbon, with a carbon content of 0.04-0.6%; steel pipes are pipes that are made out of steel. Most steel pipes are manufactured by using HR coils or heavy plates as raw material. Steel pipes are circle-shaped in general, but can be manufactured in various shapes including the quadrangles of square-shaped steel pipes. Steel pipe products are used in a variety of manners, including drainpipes for waterworks, city gas pipes, construction sites, basic civil engineering materials, and automobiles. They are also used for large vessel parts, large oil pipelines, and industrial boiler pipes.



Reinforcing Bar

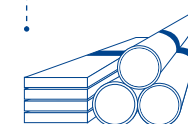


Reinforcing bar is widely used in reinforced concrete structures, nuclear power plants, and in normal construction. We produce them in dimensions ranging from D10mm to D57mm at our Incheon Works, Pohang Works and Dangjin Integrated Steelworks. As part of our commitment to developing customized products that can result in cost reduction for our construction company customers, we developed a "super bar" with 25% higher yield strength. It increases the amount of available space in buildings, facilitates the construction of skyscrapers, and reduces construction costs significantly.



Special Steel

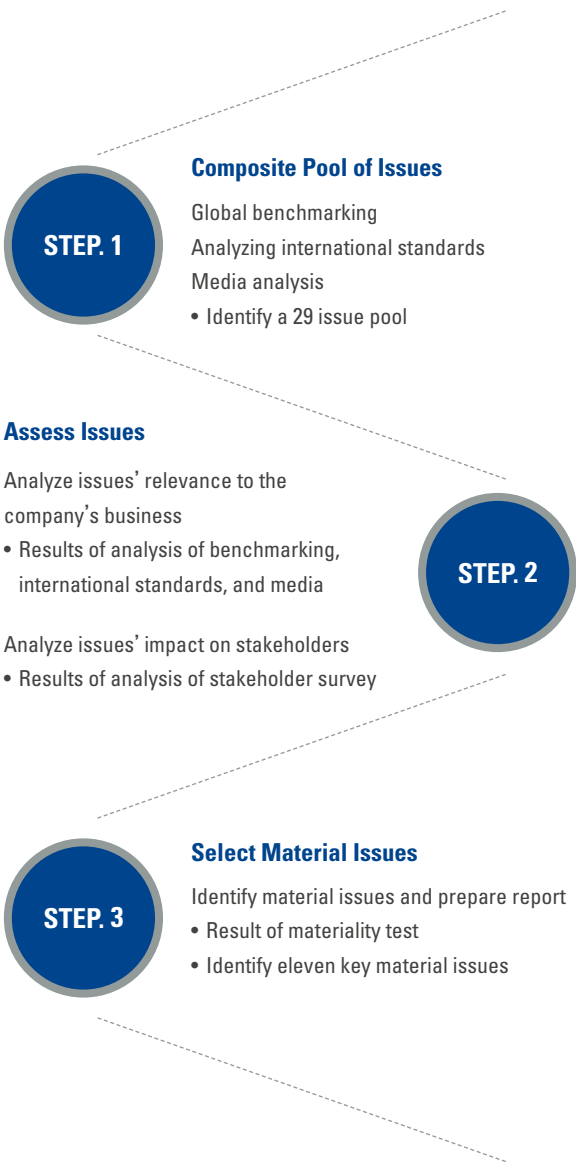
Special steel refers to high-carbon steel for special usages and alloy steel that has improved its properties by adding alloying elements other than carbon. Special steel is used in engines, transmissions, and chassis of automobiles, industrial machinery, and heavy machinery. It is currently produced in our Pohang Works. The supply of top-quality special steel materials at our next-generation special steel mill inside the Dangjin Integrated Steelworks and the development of innovative materials at our own competitive technology is planned to take place in 2016.



Materiality Test

Process of Materiality Test

Hyundai Steel prepared this report by actively reflecting four principles of GRI (Global Reporting Initiative) Guidelines i.e. sustainability context, materiality, stakeholder inclusiveness, and completeness. New issues that recently stood out were identified through the processes of global benchmarking, analyzing international standards and media and others. The material issues were then selected based on their relevance to the company’s business and their impact on its stakeholders. The materiality test of Hyundai Steel takes following steps:



Analyze Relevance to the Business

Global Benchmarking

Hyundai Steel analyzed sustainability management activities of six companies in the same line of business in a bid to analyze its own materiality issues. By looking into the activities of benchmark target companies, Hyundai Steel was able to read the trend in the field, and refer to it to identify its material issues. The benchmarking showed that major interests of the line of business are safety and health of employees, response to climate change, CSR activities of suppliers, management of environmental impact, and management of raw materials.

Analyzing International Standards

The reporting frame and materiality test were based on the GRI Guidelines, the ISO 26000, and DJSI. Hyundai Steel reviewed these international guidelines and standards to ensure that its report did not miss any material issues from its contents, and to consistently improve its sustainability management practices.

Media Analysis

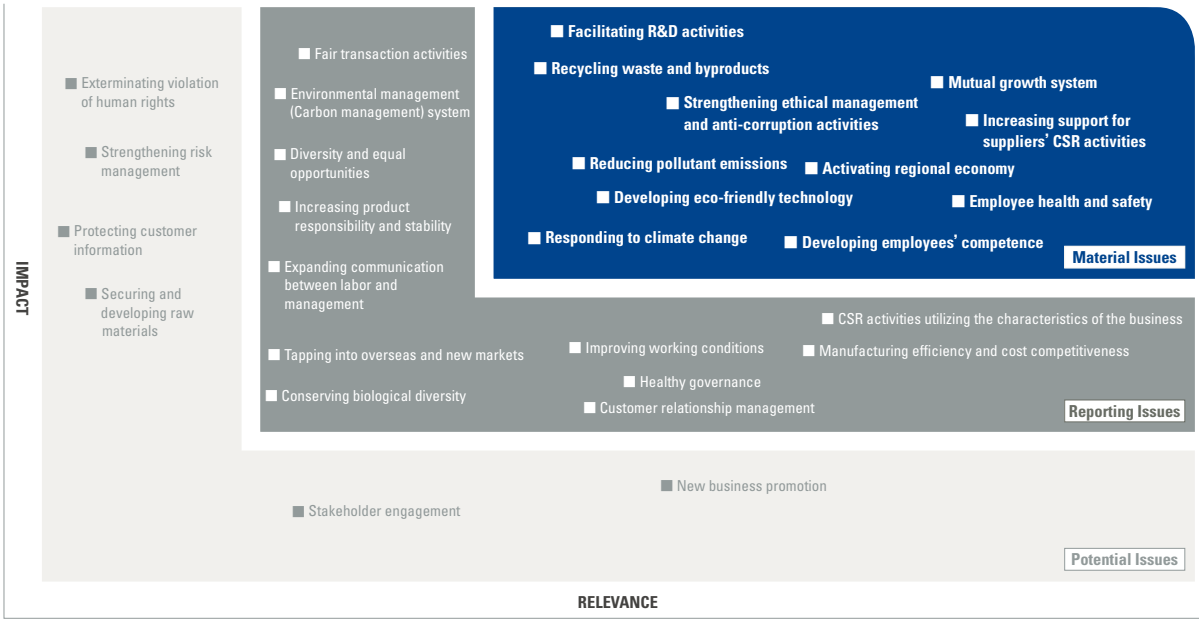
Reviewing all media coverage by domestic and international major media for the reporting period from January to December of 2014, Hyundai Steel analyzed the news articles concerning Hyundai Steel’s sustainability management. According to the analysis, large media coverage was provided on Hyundai Steel’s mutual growth, social contribution, and safety at worksites.

Analyzing the Impact on Stakeholders

Stakeholder Survey

Our stakeholder survey is an important part of our materiality test process, as it is one of the best means to listen to the opinions of our stakeholders and reflect their feedback in our sustainability management plans. We surveyed our key stakeholder groups, including government agencies, suppliers, customers, NGOs, local communities, academic circle and experts. The findings indicate that they considered fostering talents, strengthening ethical management, and managing pollutants as important material issues.

Materiality Test Results



Material Issues and their Internal and External Impact

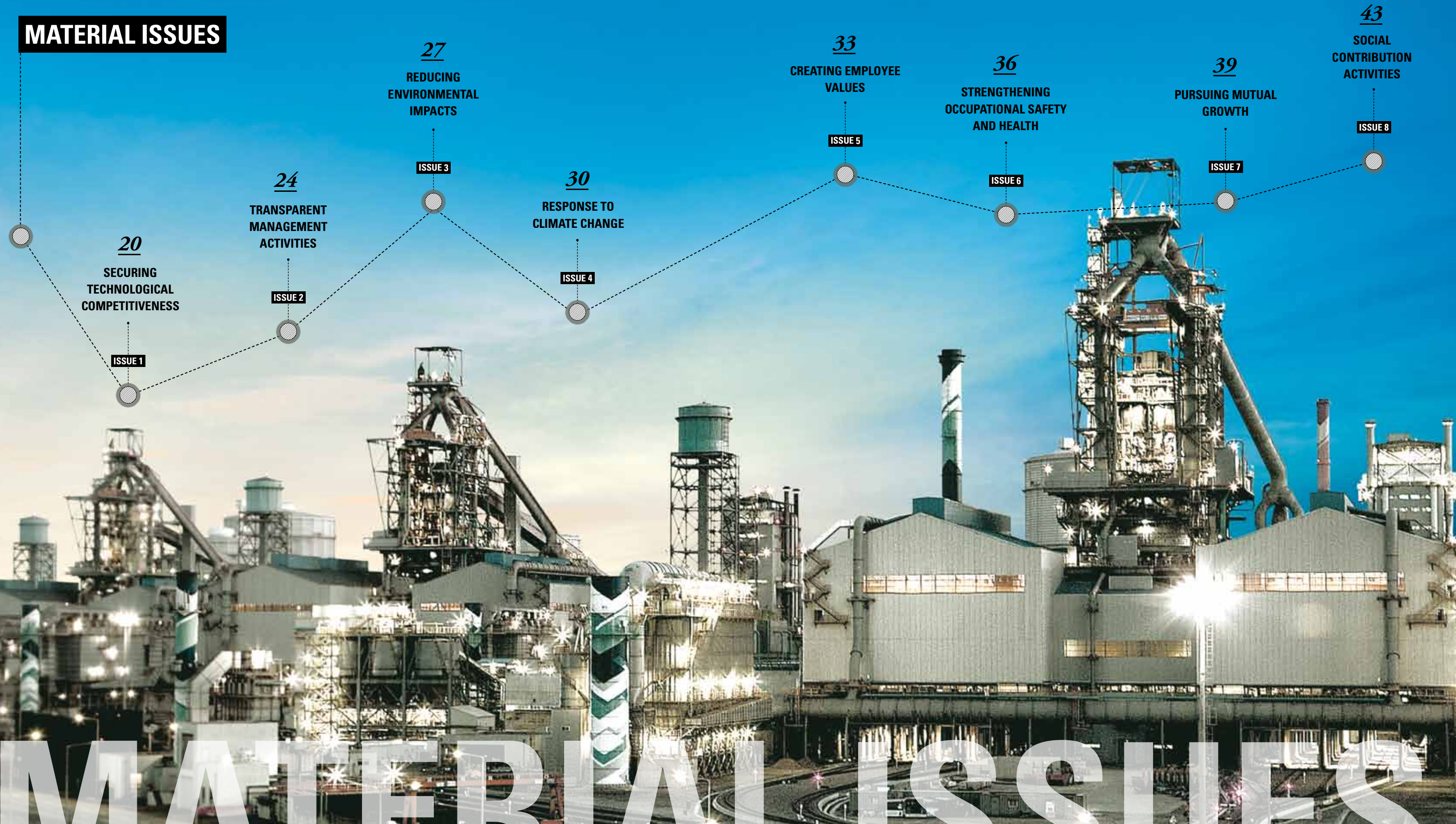
Hyundai Steel prepares its sustainability report in accordance with the material issues identified through the materiality test. The internal and external impact of each issue is defined and the defined impacts are managed accordingly.

Material Issue	Internal & External Impact						Aspect ¹⁾	In this Report	Page
	Customers	Employees	Suppliers	Shareholders & Investors	Local Communities	NGO & Government			
Facilitating R&D activities	●	●	○				Products and Services	Securing Technological Competitiveness	20
Strengthening ethical management and anti-corruption activities		●	●	○		○	Anti-corruption, Anti-competitive behavior, Compliance	Transparent Management Activities	24
Reducing pollutant emissions		●	○		●	○	Water, Emissions, Overall	Reducing Environmental Impacts	27, 28
Recycling waste and byproducts		●	○		●	○	Materials, Effluents and Waste	Reducing Environmental Impacts	29
Responding to climate change		●	●		●	○	Energy	Response to Climate Change	30
Developing eco-friendly technology	●	●	○		●		Products and Services	Response to Climate Change	32
Developing employees' competence		●	○				Training and Education	Creating Employee Values	33
Employee health and safety		●	○				Occupational Health and Safety	Strengthening Occupational Safety and Health	36
Mutual growth system			●		○			Pursuing Mutual Growth	39
Increasing support for suppliers' CSR activities			●		○		Procurement Practices	Pursuing Mutual Growth	41, 42
Activating regional economy		○			●	●	Local Communities	Social Contribution Activities	43

1) Based on the GRI G4 aspects

MATERIAL ISSUES

MATERIAL ISSUES



Securing Technological Competitiveness

▼ BUSINESS CONTEXT

Advanced technology in the production process is a key to secure competitiveness in cost and quality. To overcome excess supply in the steel industry, collaborating with clients and breaking the boundary amongst industries, including automobile, shipbuilding, and construction are a necessity. In addition, minimizing the risk of patent disputes that may occur as a result of severe competition in the field of technology is an important element in maintaining stable management.

▼ SOCIAL/ENVIRONMENTAL CONTEXT

In order to promptly respond to the increasing demand for diverse steel products such as light-weight steel sheets for fuel-efficient automobiles and earthquake resistance material, and to secure quality competitiveness, a steady investment in new technologies and products should be made.

▼ OUR APPROACH

At Hyundai Steel, we conduct R&D in various areas, from product to process technology and application technology. Hyundai Steel's Total Solution Center is an R&D system that can tailor the various needs of client companies by inviting them right from the planning stage of new products. This helps to capture the synergies from pre-production collaboration with automobile manufacturers, the key clients of the company, thereby allowing the company to set the right direction for high-tech steel sheet R&D and production of new automobiles.

▼ EFFORTS

Hyundai Steel strives to increase product competitiveness and enhance customer satisfaction through ceaseless R&D efforts.

- Establish and conduct Open Innovation with Hyundai Motor Group and client companies
- Ultra-high strength steel with high formability for automobiles: increase formability, easy to weld, and corrosion resistance
- Reinforcing product competitiveness with specialized products

▼ FUTURE ACTION

Hyundai Steel will secure technological competitiveness by making steady investments in R&D.

2015 GOALS

- Early stabilization of new business by securing competitiveness in fundamental technologies for special steel
- Strengthen the competitiveness of existing businesses by increasing high value-added electric furnace products
- Develop steel products customized for each client in timely manner
- Focus on Application Engineering Partner technology to meet customers' needs
- Maintain excellent quality and enhance productivity of high-quality steel products

2014 PERFORMANCE

R&D INVESTMENT



77.66
(KRW billion)

NO. OF STEEL SHEET DEVELOPMENT
(Automotive steel sheets, hot-rolled coils, steel plates)



Approximately
480
cases

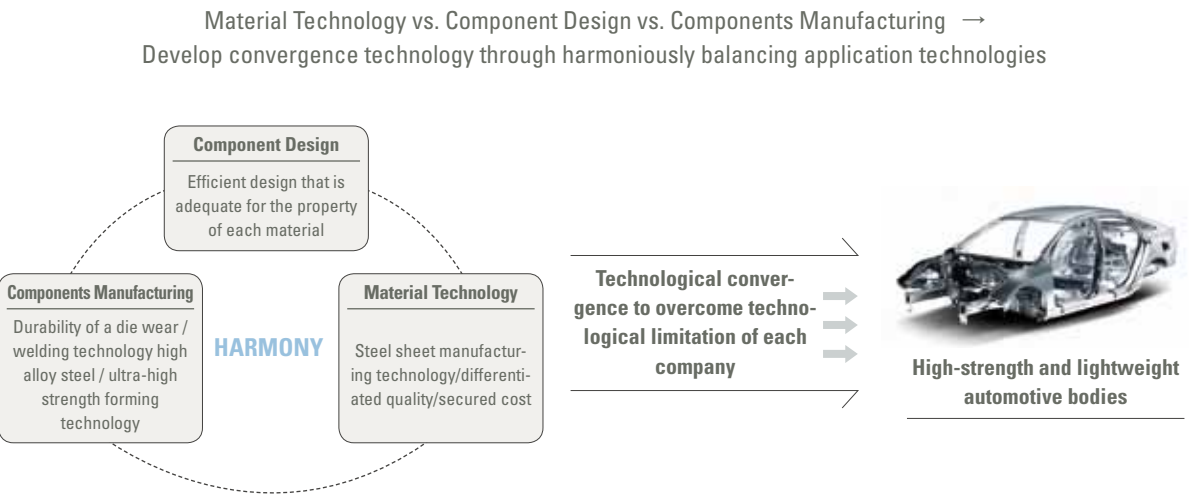
R&D Activities through Collaboration

Joint R&D Activities

Hyundai Steel conducts exchanges not only with the materials industry, but also various other industries that use steel products such as automobile, shipbuilding, and construction industries. With its organic cooperation with other affiliates of Hyundai Motor Group that demand steel products, Hyundai Steel has the perfect business model to build competitiveness to survive in the ever-changing steelmaking industry. Based on Joint R&D activities and organic cooperation, the company made an unprecedentedly fast growth in the field of automotive steel sheets. By pursuing joint R&D projects with big client companies such as TMK, the company was able to produce customized steel products that meet customers' needs with excellent material characteristics, increased supply, and therefore created greater synergy. These achievements created opportunities such as technological cooperation and regular technological exchange meetings with client companies, to build a long-term partnership and boost its competitiveness in materials.

Technological Collaboration with Client Companies

Hyundai Steel seeks various opportunities to create synergy with major client companies in each product field through technical cooperation and joint projects. The company held seminars to share its technologies with automotive component companies and provided technical service that reflects customers' needs. In addition, the company efficiently shortened the time to develop unique steel products for each affiliate company of Hyundai Motor Group by promoting regular cooperation with automobile companies in conducting joint development and in providing quality management. By offering comprehensive support on materials, technologies, and manpower to major client companies, Hyundai Steel boosted the level of material technology of steelworks. In addition, the company was able to consolidate its partnership with clients in a medium- and long-term perspective, by building a close cooperative system such as a joint development of steel products. Propelled by these efforts, Hyundai Steel will make a step further in the future as a competitive material company in the steelmaking industry.



R&D Activities on Product Technology

Type		2014 Achievements	2015 Goals
Thin Plates	Automobiles	Distinct & independent automotive steel sheet development: 8 types <ul style="list-style-type: none">• High-strength hot-rolled galvanized steel plates for sashes for enhanced anticorrosion• 150K-level hot-stamping steel sheet for reinforced crashworthiness• Mass production of 150K heat-treated hardened steel for torsion beam rear suspension	Development of new steel products with ultra-high strength & high-formability: 5 types (2 types of hot-rolled steels, 3 types of cold-rolled steels) <ul style="list-style-type: none">• High-strength & high-formability cold-rolled sheet (120K/150K)• 180K hot-stamping steel sheets for TWB¹⁾
	General	Development of customized high-value added special steel sheet: 15 types <ul style="list-style-type: none">• Ultra-high-carbon hot-rolled steel for transmission components• High-strength hot-rolled steel sheets for automobile propeller shaft• High-strength hot-rolled steel sheets for offshore	Development of customized special steel sheet: 11 types (6 types of API/ERW pipe, 3 types of cold-rolled sheets, 2 types of structural steel sheets) <ul style="list-style-type: none">• High functional oil pipe lines and non-heat-treated oil country tubular goods• High-strength hot-rolled steel sheets for heavy equipment
Steel Plate		Development of steel plates for very low temperature & high temperature customized for client companies: 16 types <ul style="list-style-type: none">• High-strength E500 for LNG icebreaker in arctic environment• API-X70 for anti-corrosive line pipes• Cr-Mo alloy steel (A387-22-C2) for pressure vessels designed for elevated temperature service	Expanded development of ultra-thick and extremely low temperature steel plates: 16 types (7 types of shipbuilding and offshore structures, 6 types of API pressure vessel, 3 types for structures) <ul style="list-style-type: none">• Thicken the thickness of TMCP²⁾ to be used in extremely low temperature• API steel products for high-strength line pipes

1) TWB: Tailor Welded Blanks 2) TMCP: Thermo Mechanical Control Process

Key R&D Activities

Application Technology for Ultra-high-strength Automotive Steel Sheets

As the automobile industry continuously seeks products that are lighter yet stronger, the application of ultra-high-strength steel for car bodies has increased. Hyundai Steel’s R&D Center is focusing on developing the application technologies in forming, welding, anti-corrosion, and modularization of ultra-high-strength steel products for their efficient application.

- Enhancing formability: standardization of property evaluation method

In order to enhance the formability of ultra-high-strength steel, Hyundai Steel standardized the property evaluation method. Based on the standardization, Hyundai Steel established comprehensive evaluation and application standard of materials in macroscopic and microscopic perspectives – structure, illumination intensity, etc. - and allowed customers to easily apply the components. The company shared the result of the evaluation with client companies and maximized customer-centric material application process¹⁾. In addition, by verifying the durability of components in early developmental stage, Hyundai Steel was able to verify the usability of new products and newly applied technologies.

1) co-designing strength and thickness with client companies

- Enhancing formability: development of hot-stamping method

In a bid to enhance the safety and crashworthiness of automobiles, Hyundai Steel developed hot stamping steel plates. The strength of car bodies has been improved by substituting some of their parts that used 80-120K cold-rolled steel plates with 150K hot stamping steel. While the existing ultra-high-strength steel was used only for the components in simple forms, hot stamping method²⁾ allowed more complicated shapes, increased the degree of precision in measurement, and enhanced its strength which naturally led to the reduction in weight.

Backed by the development of hot stamping method, an average of more than half of the new car models are now equipped with ultra-high-strength steel.

2) A technology that manufactures components by heating the materials, forming them in heat, and then cooling

- Enhancing ability to weld: development of specialized electrode tip for ultra-high-strength steel

One of the elements that decreases the welding quality of ultra-high-strength steel when applying the material is the high percentage of alloy. Hyundai Steel developed an electrode tip specialized for ultra-high-strength steel that can increase the quality of a product by stably controlling the size of the weld zone. As a result, the quality of welding for alloy materials was secured. In addition, the company was able to contribute to the expansion of stabilized material applications through technology transfers to the client company. Moreover, Hyundai Steel conducts R&D activities, such as an advanced research on hybrid laser-arc welding technology, to enhance and stabilize the quality of weld zone and to optimize welding conditions according to each product’s attributes.

- Enhance anticorrosion: development of waterproof coating technology

In order to enhance the durability of a sash, the major component of an automobile, Hyundai Steel conducts various R&D projects. The company was able to enhance rust resistance of weld zones of car bodies and hot-stamped galvanized connection by the research on water-repellent coating³⁾. In addition, Hyundai Steel minimizes poor-quality products caused during stamping process by researching heavily on the factors of their causes, including structural property of components, the condition of steel material surface, and the characteristic of stamping process.

3) Coating method unloaded without flowing water impermeable



Development of new molding process



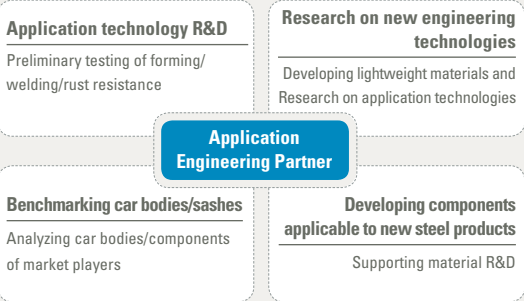
Development of leading laser welding technology



Paint and corrosion evaluation

Application Engineering Partner

Going beyond the stage of offering customized product development, Hyundai Steel now implements ‘EVI (Early Vender Involvement)’ to offer customers an emotional service that provides function, service, and emotional satisfaction. The newly established system not only includes general exchanges with client companies, but also includes field solution providing. Through EVI, Hyundai Steel’s Research Center will strengthen mutual confidence with clients and lead a successful paradigm shift in the market as a companion for customers.



Strengthening Product Competitiveness

Securing Technological Competitiveness with Patents

Hyundai Steel has filed an annual average of 1,000 patent applications and currently holds around 7,200 patents related to technology. The company actively pursues the expansion of overseas patents, in a bid to improve the quality of patents and strengthen its presence in the materials market. As a result, Hyundai Steel has secured around 70 world-class technologies.

Developing Key Products

Hyundai Steel builds a solid presence as a steelwork specialized in automotive steel sheets by stable mass production of various automotive steel products such as automotive frames and exteriors, and ultra-high-strength steel for automobiles. In 2014, Hyundai Steel established a stabilized production system and quality by completing development of a total of 480 steel sheets including 95 types of automotive steel sheets, 154 types of hot-rolled coils, and 165 types of steel plates. Even though Hyundai Steel started as a late runner in the energy market, Hyundai Steel secures competitiveness of technology by registering to be vendors of client companies, and obtaining certification with firm conviction and perseverance

Main Areas of R&D in 2014
<ul style="list-style-type: none">• High-performance earthquake resistance H-section• High-strength hot-rolled steel sheet for oil pipes in extremely cold environments• High-strength hot-rolled galvanized steel plates for sash's enhanced anticorrosion• 150K-grade Al-Si coated hot-stamping steel sheet for enhanced crashworthiness• Hot-rolled steel sheet for non-heat-treated oil country tubular goods• Pressure vessel for large high-temperature boiler and heat exchanger• High strength steel plate for ship building in extremely cold environments structures in extremely cold environments• 150K heat-treated hardened steel for torsion beam rear suspension• Heavy guage steel plate with high-strength and high-performance for linepipes• Ultra-high carbon hot-rolled steel sheet for transmission components (SK85, 51CrV4)• 150K ultra-high-powered hot-stamping steel sheet for enhanced crashworthiness• High-strength E500 for LNG icebreaker in arctic environment• Steel materials for engine crankshaft

- Automotive steel sheets

The major issues in the automobile industry are lightening of automobiles to enhance fuel efficiency and strengthening of its bodies to comply with the rules of the road. In order to respond to both issues, Hyundai Steel developed and stably supplied ultra-high-strength steel that makes the steel sheets thinner while improving their strength. Hyundai Steel secured the base to apply them to more than fifty percent of new models of Hyundai and Kia automobiles. In addition, the sophistication of application technology for steel sheets is increasing the application rate of the ultra-high-strength steel. In a bid to lead the future automotive steel sheet market, Hyundai Steel is conducting innovative third-generation steel sheets that are simultaneously high-strength and formable.

- Steel plates for shipbuilding

The trends in the shipbuilding industry are to enlarge the scale of vessels and to develop materials and application technologies that assure stable mining and transporting of energy in extremely cold environments. Just like the automobile industry, when a vessel is enlarged to enhance efficiency in transporting and energy consuming, it needs its steel products to be high-strength and have the property that countermeasures the fracture toughness of ultra-thick steel. The R&D Center at Hyundai Steel developed high-end steel with low temperature (under -60°C) toughness based on 10 ship classification certifications, and secured technological competitiveness to take ranks with other advanced companies.

- Earthquake resistance steel materials

Earthquake resistant steel materials have higher formability than regular steel, but are less likely to break. These materials support constructions so as to prevent them from destroying or collapsing under strong external forces such as an earthquake or crustal disturbance. Hyundai Steel developed not only earthquake resistant reinforcing bars and sections, but also earthquake resistant steel plates and secured outstanding technological competitiveness in the market.

Continued Investments in New Businesses

Hyundai Steel continues to make new investments in a bid to secure technological competitiveness and enhance overseas sales capacity. First, the company established Hyundai Special Steel to reinforce its competitiveness in special steel products. After the establishment, the company has shared technology and information on products to create synergy in material development, and has pursued joint projects to enhance the quality of core materials for both companies. The establishment allowed Hyundai Steel to obtain a stable supply base by building a system of supply chain that covers an entire range from materials to automobiles.

In addition to the diversification of business propelled by the merger with Hyundai Hysco, Hyundai Steel plans to secure overseas SSC (Steel Service Center), to increase its ability to manage the technology and quality related to automotive steel sheets. Based on such efforts, Hyundai Steel will boost the quality competitiveness of lightened products of automobiles and ERW pipes as a major business sector with a global competitive edge by maximizing its synergy



Transparent Management Activities

▼ BUSINESS CONTEXT

With a more complex business environment, it is becoming increasingly important for a company to conduct healthy management practices with a strong sense of ethics and responsibility. A global company, especially, is always responsible for its unethical behavior which presents a negative impact on its corporate values. Compliance with regulations, establishment of a solid ethical management system, and strengthened communication with internal and external stakeholders have become essential prerequisites of sustainable management.

▼ SOCIAL/ENVIRONMENTAL CONTEXT

Enhanced ethics of a company not only improves the soundness of its internal businesses, but also plays a key role to solve the issues raised by its stakeholders, including suppliers and local communities. The legal regulations on fair transaction are becoming more stringent, and the government's interest in mutual growth has increased.

▼ OUR APPROACH

At Hyundai Steel, we pursue the corporate culture that all our employees conduct business in an ethical manner and establish a fair trade order, fulfilling the social responsibility of the company. Our ethical management will encompass our suppliers as well to broaden the scope for preventing unethical behavior.

▼ EFFORTS

Hyundai Steel strives to become a trustworthy corporate that contributes to society with full respect for humanity.

- Increase employees' ethical management practice
- Operate Fair Transaction Compliance Program (CP)

▼ FUTURE ACTION

Hyundai Steel will continue to support its employees' ethical business practices and will steadily pursue transparent management.

2015 GOALS

- Strengthen a sense of ethics by providing ethics trainings for employees and suppliers
- Prevent infringing fair transaction in advance by operating a pre-strategy planning system
- Raise awareness about fair transaction by making a fair trade pledge and increasing training on the subject matter
- Introduce Hyundai Motor Group's fair trade KPI to strengthen the control over violations to fair trade

2014 PERFORMANCE

FAIR TRANSACTION COMPLIANCE PROGRAM



AA
GRADE

ESTABLISHMENT AND OPERATION OF ANTI-CORRUPTION COMPLIANCE PROGRAM



Ethical Management

Ethics Charter and Code of Conduct for Ethics Management

Since its declaration of the Ethics Charter and Code of Conduct for Ethics Management in the early 2000s, Hyundai Steel has carried out various campaigns, including distribution of a Business Ethics Guidebook to all employees, to establish an ethical corporate culture. The company also provides training on 'Understanding Ethics Management' for its new employees and related departments. The trainings on anti-bribe and corruption, protection of confidential information, and morals and human rights are offered not only to its employees, but also the employees of its suppliers. In 2014, Hyundai Steel reinforced its employees' ethics management by creating a new chapter of 'Establishing Transparency in Management' to the Code of Conduct for Ethics Management.



Contribute to the Nation and Society

- We contribute to the development of the national economy through steady creation of employment and unfailing payment of taxes.
- We take the initiative in environmental protection by strictly complying with various environment related laws, while contributing to the society through cultural and welfare projects.



Promoting Rights and Interests of Customers and Shareholders

- We promote the rights and interests of customers with best products and services, while judiciously managing customer information.
- We preserve and increase the assets of shareholders by consistently improving the company's financial structure with maximized managerial efficiency.



Human Respect and Fostering of Talents

- We establish a mature organizational culture based on mutual trust and understanding by respecting individual employees as independent human beings, and also put in our best efforts to prevent sexual harassment at workplace.
- We make active efforts to cultivate the ethical awareness of employees, and provide systematic support from a long-term perspective to foster employees into self-regulated and creative talents.



Establishing Companionship with Our Partners

- We provide active support to ensure mutual growth by securing international competitiveness through technical support and management guidance with our partners.
- We make sure that business with our partners is done on an equal footing, and do not make any unreasonable demands by taking advantage of a superior status in any way, shape, or form.



Establishing Managerial Transparency

- We handle all business operations by rigorous standards and establish a corporate culture of integrity trusted by people, by maintaining fair business relationships to guarantee mutual benefits under transparent conditions, with all business partners including customers and clients companies.
- We reject soliciting in all its forms that may compromise fairness in relation to the duties from all interested parties and will not receive any unreasonable benefits.

Ethics Management Trainings for Employees

In a bid to expand ethics management, Hyundai Steel carries out online and offline training on the subject matter for its employees. In 2014, two training sessions were offered to 107 new employees, and the 'Understanding Compliance Management and Ethics Management' session was provided for employees in the maintenance division.

Anti-Corruption Compliance Program

In a bid to raise the law-abiding spirit of employees and to comply with the Anti-corruption Act, Hyundai Steel established the 'Anti-Corruption Compliance Program'. In 2014, the company enacted 'Anti-Corruption Regulations' based on the Anti-corruption Act, including the Foreign Corrupt Practices Act (FCPA) from the USA, and clearly stated them in the Code of Conduct for Ethics Management. In an effort to implement and distribute 'Anti-Corruption Regulations', all executives made a pledge to comply with the regulations.

Ethics Management Training for Suppliers

Hyundai Steel carries out ethics training for the employees of its suppliers to in an effort to help them observe human rights practices and participate in ethics management. In 2014, the company offered training on 'Ethics Management and Protection of Personal Information' to the CEOs of 117 suppliers, and 'Job Training on Protecting Personal Information' for 87 working-level employees of purchase suppliers.



Cyber Auditor's Office

Hyundai Steel operates a Cyber Auditor's Office to establish transparent management. The Office collects reports on the abuse of authority for unreasonable demands and corrupt behavior of its employees via internet, phone, and fax anonymously or on a real-name basis. Any activity that can incur a loss to the company, such as unfair transactions using school relations or regionalism, excessive demands or offer of money or entertainment, abuse or misuse of authority and soliciting, irrational practices, and other violations to the Code of Conduct for Ethics Management. The Audit Committee and Business Reengineering & Audit Group are responsible for auditing everyday business and support ethics management.



Education on Ethics management for the representatives of Procurement Suppliers' Cooperative Association

Fair Transaction Compliance Program

Operation of Fair Transaction Compliance Program

Since the commencement of Compliance Program (CP) on November, 2002, Hyundai Steel has continued to make various efforts, including the declaration of its commitment for fair transaction, CP training by business unit, and CP meetings with compliance officers from all departments to improve the culture of complying with fair trade related laws. As a result of these efforts, Hyundai Steel acquired Grade AA, which was the highest grade amongst the evaluated companies, by the Korea Fair Trade Commission in 2013. Hyundai Steel will continue to become the leader in ethics management through its CP program.

Practicing Fair Trade

Hyundai Steel declares ethical purchase procedures and uses electronic bidding via its integrated procurement system to implement fair transactions. As a part of its CP Program, the company rewards departments which showed excellence in fair transactions, and reflects fair trade to KPI index and also formulates a compliance handbook. Recently, Hyundai Steel introduced pre-strategy planning system for the contracts amongst the affiliates to prevent the risk of violating Fair Trade Act.

Compliance Program (CP) Practice Review

Period	Target	Subject
First half	Sales Offices in Seoul, Busan, Daegu, etc. (a total of 29 teams) Major departments from Sales, Procurement, Management Support, and Strategic Planning Divisions (a total of 25 teams)	- Inspect compliance with fair trade - Provide consultation on fair trade - Share fair trade trends
Second half	Major departments at Cold-rolled Business Unit and Gwangju Sales Office (a total of 14 teams) Major departments from Sales, Procurement, and Management Support Divisions (a total of 26 teams) Major departments from Procurement Division (a total of 7 teams) Major departments from Seoul Sales Office (a total of 8 teams) Special Inspection of Procurement Division and Management Support Division (a total of 20 teams)	

Fair Transaction Compliance Trainings

Category	Period	Target	Subject
In-house Trainings	First half	2013 2H New Employees (65 employees)	- Introduction to the general fair transaction act and Hyundai Steel's CP
		Employees from the department related to subcontracting (35 employees)	- 1Q Special lecture by external experts (on general subcontracting act and law violation cases)
		Employees from departments related to internal business including Sales/ Procurement at headquarters (42 employees)	- 2Q Special lecture by external experts (on internal business regulation and law violation cases)
	Second half	2014 1H New Employees (42 employees)	- Introduction to the general fair transaction act and Hyundai Steel's CP
		Employees in charge of operating and managing fair transaction with the suppliers in Incheon and Pohang (35 employees)	- 3Q Special lecture by external experts (on understanding unfair transactions with suppliers)
		Employees from Sales Unit at Seoul Sales Office (26 employees)	- 4Q Special lecture by external experts (Regulations of unfair common action and violation cases)
		2014 New Employees (175 employees)	- Online education on major issues related to unfair common action, internal business affairs, and subcontracting, etc.
External Trainings	First half	Compliance Managers (twice)	- Meeting with the chairman of Fair Trade Commission ,Compliance officers' meeting
		Compliance Officers (ten times)	- Fair trade trend, Trainings by different themes of fair trade, Workshop, etc.
		Employees in charge of fair trade related business (twice)	- Special training on Subcontracting Act
	Second half	Chief Compliance Officer(three times)	- Compliance Officers' meetings and forums
		Compliance Officers (six times)	- Specialized training course on Fair Trade Act, training by different themes of fair trade, etc.
		Employees in charge of fair trade related business (twice)	- Seminars on fair trade, special training on Subcontracting Act

ISSUE 3

Reducing Environmental Impacts

▼ BUSINESS CONTEXT

It is no longer sufficient for a company to passively react to the growing interest in environmental issues. Rather, it is crucial to actively pursue activities to reduce pollutants not only for its employees, but also for the local communities to maintain pleasant surroundings. The establishment of eco-friendly facilities that reuse and recycle water from steel mills, and utilize various byproducts created during the process, is an essential method of reducing pollutants and coping with potential risk factors of the environment.

▼ SOCIAL/ENVIRONMENTAL CONTEXT

Due to environmental issues created by accidents in various scales, the interest in the management of pollutants from the government, companies, and citizens has soared. Also, the supervision of the government on such issues has become more stringent while the stakeholders, including civil society and NGOs, have reinforced their monitoring on a company's disposal of pollutants.

▼ OUR APPROACH

At Hyundai Steel, environmental management implies that all business decisions are made keeping in mind the impact on the environment. Production activities and products of the company have a minimal impact on air and water quality as well as climate change. Based on this notion, we have established an environmental management organization and completed a systematic environmental management system, while all employees from our worksites make concerted efforts towards environmental management.

▼ EFFORTS

Hyundai Steel has systematically managed pollutants that occur in the workplace and has conducted activities such as wastewater re-use and recycling of by-products to reduce environmental impacts.

- Recycle dust from electric arc furnace
- Develop wastewater reusing facilities by utilizing reverse osmotic membrane

▼ FUTURE ACTION

Hyundai Steel will minimize the impact on the environment near its worksites through steady reduction of pollutants emissions.

2015 GOALS

- Eliminate violations of environmental laws through a regular inspection of company-wide environment
- Conduct environment-improving activities by establishing internal pollutant-management standards (50% lower than legal standards)

2014 PERFORMANCE

●
BYPRODUCT
RECYCLING RATE



98.1%

●
WASTEWATER
RECYCLING RATE



17%

Efforts to Reduce Air Pollutants

Reduction of Fugitive Dust at Workplace

Hyundai Steel's Dangjin Integrated Steelworks undertakes various initiatives to reduce fugitive dust within and near the worksite. First, it has introduced the enclosed raw material processing facility to handle the entire process from unloading ships, to transporting and storing the raw materials. It has enclosed equipment that continuously unloads raw materials from the ship that has approached the pier, a facility that stores unloaded raw materials, and a belt conveyor that supplies the raw materials to follow-up processes.

Also, the installation of chutes minimizes the generation of dust caused by dropping of ore during transportation, in addition to vacuum suction and cleaning of vehicles, that prevents re-dispersal of dust on the road.

Reduction of Particulate Matter through Voluntary Agreement

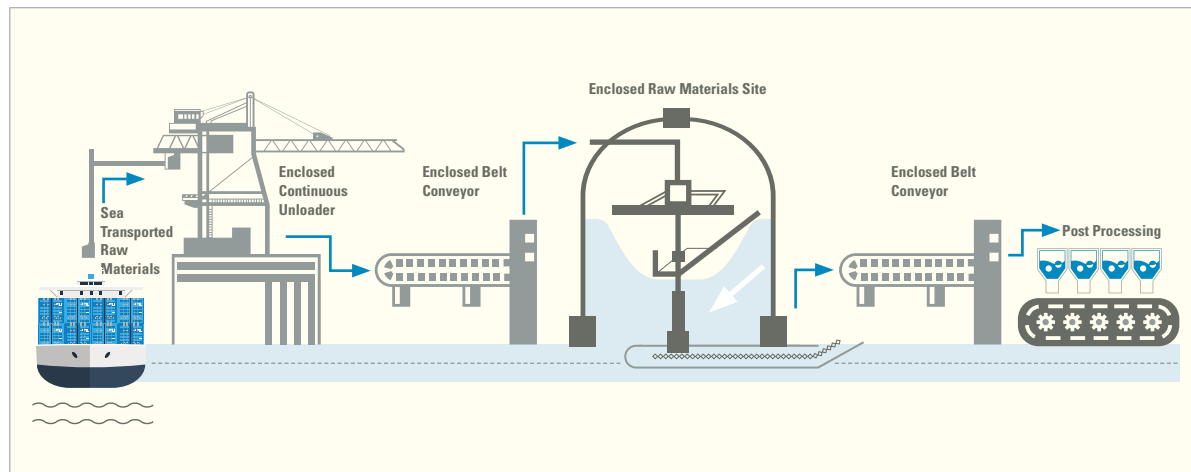
Dangjin Integrated Steelworks made a voluntary agreement with the Ministry of Environment and the nationwide 26 main facilities to reduce particulate matter. In addition to fulfilling the legal duties, Dangjin Integrated Steelworks voluntarily ran optimized particulate-preventing facilities, made improvements on facilities, and enhanced efficiency of its procedures in an effort to reduce particulate matter. We will carry out initiatives to reduce air pollutants including particulate matter, nitrogen oxides, and sulfur oxides.

Installing New Dust Collectors

Pohang Works installed the new 4,100 m³/min dust collector with an investment of approximately KRW 4 billion. The new collector was able to minimize the emission of air pollutants to the worksite and local communities, and improve the work environments for its workers.

Preventing Odors

In a bid to control the generation of foul odors, Hyundai Steel makes various efforts, including adding deodorant to sprinklers in slag storages and installing activated carbon absorption tower to minimize odors from wastewater.



Dust collector installation at Pohang Works



Odor prevention facilities at Dangjin Integrated Steelworks

Efforts to Reduce Wastewater Discharge

Wastewater Recycling Facility using Reverse Osmotic Membrane

Hyundai Steel manages worldwide risks related to water resources by actively recycling them to prevent water resources depletion. With Hyundai Engineering and Construction, the R&D center developed a technology to recycle wastewater from steelmaking and enable it to be used as coolant for each plant. Also, the company has operated a pilot plant that utilizes reverse osmotic membrane to verify the elements of pretreatment and operation for stable treatment.

To apply this technology to worksites, Hyundai Steel is promoting a construction of water reusing facility that can produce 15,000 tons of water per day. With the construction, 56% of wastewater occurring at a steelwork is expected to be reused, and the annual water production cost is expected to decrease by KRW 800 million. We will make every effort to secure original technology of non-discharge system for a steel mill.



Bird's-eye view of water treatment plant at Dangjin Integrated Steelworks



Reverse osmosis concentration facility

Byproduct Recycling Initiatives

Recycling Electric arc Furnace Dust

Hyundai Steel strives to create shared value and minimize the disposal of waste matter by meaningfully utilizing the byproducts from production process. The company has established dealings to recycle byproducts (collect zinc (Zn) in electric arc furnace dusts) by supplying dusts from electric arc furnace at Incheon, Pohang, and Dangjin to a recovery company. As a result, the company achieved annual cost saving effects of KRW 6.3 billion compared to the previous year.



Electric arc furnace dust recycling

Technology to Utilize Electric arc Furnace Slag as Aggregates for Asphalt Concrete

Hyundai Steel's R&D Center developed a technology that utilizes electric arc furnace slag created during steelmaking process, as aggregates for asphalt concrete to secure a stable source of its demand. The durability of the roadway paved in Hyundai Steel's worksite with recycled slag was better by 30%, compared to the roadway made with natural aggregates. Also, this asphalt concrete is expected to create annual value of KRW 6 billion by saving materials and maintenance costs.

1) Electric arc furnace slag: byproducts to be recycled as aggregates such as banking and roadbed ash



Road paving at Dangjin Integrated Steelworks²⁾

2) Dangjin Integrated Steelworks uses asphalt concrete that utilizes slag when paving new roadways or maintaining existing roads

Response to Climate Change

▼ BUSINESS CONTEXT

Since the Kyoto Protocol, the UN promotes global response to climate change with participation from the whole world, beginning from 2020. In Korea, regulations on GHG emissions and energy consumption are strictly enforced through 'Framework Act on Low Carbon, Green Growth', 'GHG & Energy Target Management', and 'Act on the Allocation and Trading of GHG Emission'. Emission Trading Schemes that will take an effect from 2015 is a system to restrict the total amount of GHG emission of the company, and is expected to largely impact overall business conducts.

▼ SOCIAL/ENVIRONMENTAL CONTEXT

As climate change became a significant issue of the society, various stakeholders of the company – government, local government, NGOs, etc. – demanded that the company to respond to such issues. Specifically, the demands to disclose the data of a company's concrete response system to issues such as GHG emission have increased. Many global enterprises now face a situation where they have to respond to social and environmental demands.

▼ OUR APPROACH

At Hyundai Steel, in a bid to preemptively respond to the issues of climate change, we operate a company-wide consultative body that establishes mid- and long-term strategies, participated by all sectors of strategic planning, technology development, and production. The consultative body monitors the internal and external trends on climate change, establishes GHG & Energy reduction goals, analyzes the performance, and develops new technologies to reduce GHG. The results of these efforts are reported to the management class so as to systematically respond to GHG and Energy risks.

▼ EFFORTS

Hyundai Steel responds to climate change by strengthening the management system and increasing energy efficiency of its production process.

- Acquire international certification on Greenhouse Gas Reduction (VCS)
- Increase energy efficiency of production process
- Operate energy management system (ISO 50001)

▼ FUTURE ACTION

Hyundai Steel will continue the efforts to reduce GHG emission and energy consumption at its entire business processes, ranging from the management system to production floors.

2015 GOALS

- Establish effective interanal reduction system by operating a company-wide Emission Trading Scheme taskforce team with the participation of the strategy team at headquarter, energy control teams at works, operation teams, and energy technology development department at work-sites
- Establish a mid- to long-term reduction road-map by achieving reduction technology and analyzing its feasibility

2014 PERFORMANCE

MAINTAINED
ISO 50001,
THE GLOBAL CERTIFICATION
OF ENERGY
MANAGEMENT SYSTEM



WON
**CDP SECTOR
WINNERS**



Strengthening the Management System to Respond to Climate Change

Certification and Operation of Energy Management System (ISO50001)

Energy Management System is used to prepare a system that can steadily reduce energy by analyzing the amount of energy consumption, identifying problems, and applying necessary modifications to operation. Since 2012, Hyundai Steel has carried out systematic initiatives for energy reduction, and has established and operated the energy management system. The company established company-wide Energy Management Polices in 2012 and standardized energy reduction plan in 2013. Also, the company set up and evaluates performance index on energy reduction assignments and maximized its performance in 2014. Based on these activities, the company has acquired the international management standard, ISO 50001.

Taskforce Team in Response to Emission Trading Scheme

At Hyundai Steel, we operate an energy reduction taskforce team, consisting of the departments that actually consume energy such as operation and support departments at each site. The team meets to preemptively respond to GHG & energy issues, and to continuously implement energy reducing initiatives, including establishing energy reduction goals, inspecting and analyzing performance, and sharing and spreading outstanding practice cases.

Acquisition of International Certification on GHG Reduction (VCS)

In Jan. 2015, Hyundai Steel secondly obtained VCS (Verified Carbon Standard), the international GHG reduction certification, following 2012. Instead of emitting waste gas from blast furnace into the air, the company captures it to fuel the saprophagous gas power plant so as to reduce the use of fossil fuel. These endeavors reduced 1.44 million tons of annual CO₂ emissions. This project was the largest industrial project carried out solely by VCS, and the world's first VCS project to be issued from the field of steelmaking.

Selected as Outstanding Company by CDP

Hyundai Steel participates in CDP (Carbon Disclosure Project) where its efforts to handle climate change are disclosed to the public for external evaluation. Hyundai Steel was honored to be selected as an outstanding company in response to climate change, by winning awards for three consecutive years which are Excellent Prize in the Newcomer category in 2012, Sector Leader in 2013, and Sector Winners in 2014. Through the awards, Hyundai Steel's continuous efforts to reduce GHG and energy to cope with climate change were recognized internationally.

Increasing Energy Efficiency of Production Process

Heating Furnace Curtains to Contain Heat

Hyundai Steel analyzes the production process of each business unit to identify the elements that use excessive energy, and strives to increase energy efficiency. An internal heat loss had occurred due to the inflow of external air through the opening when raw material charging¹⁾. In order to fix the problem, a furnace curtain made out of heat resistant metal fiber was installed to prevent air from flowing in. The curtains have successfully blocked the air inflow and prevented temperature drop at the lower part of furnace. The heat efficiency was increased by 3% while there was a reduction of annual 1,065 tCO₂.

1) Raw material charging: Inserting raw material into a heat furnace

Installing Wall-mounted Oxy-fuel Burners for Electric arc Furnace

Hyundai Steel identified a problem where scraps did not melt at the cold spot (spots with temperature lower than other spots) when melting in electric arc furnace. The problem caused an increase in electricity consumption compared to the existing one, due to impediment to collapse²⁾ and longer time to raise the temperature. The company installed three oxygen-fuel burners to solve the problems regarding cold spots and enhanced post combustion function by increasing the supply of oxygen that triggers CO₂ reaction. As a result, the company reduced annual 2,060 tCO₂.

2) Impediment to collapse: having troubles to melt

Collaborative Energy Companionship Project for Large Enterprises and SMEs

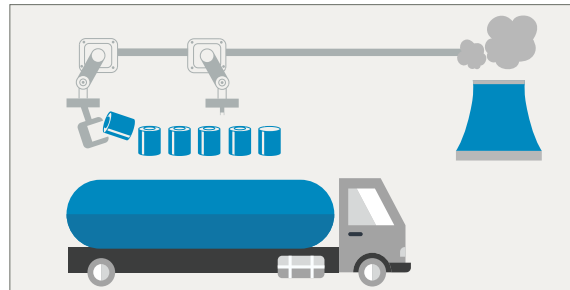
Hyundai Steel has been participating in the Collaborative Energy Companionship Project for Large Enterprises and SMEs organized by the Ministry of Trade, Industry, and Energy for three years. Through the Project, large companies make an agreement with SMEs to distribute its knowledge in energy management. In 2014, Hyundai Steel made an agreement with Hyojun Precision (equipment manufacturer), Koryo Steel Scarp Co., Ltd (steel scrap company). With analyzing their energy consumption status by each site and by each equipment and checking whether they applied relevant cases, Hyundai Steel drew energy reduction projects and supported investment costs for excellent energy reduction items.

Eco-friendly Technology in Response to Climate Change

Development of Technology to Recycle Waste Heat

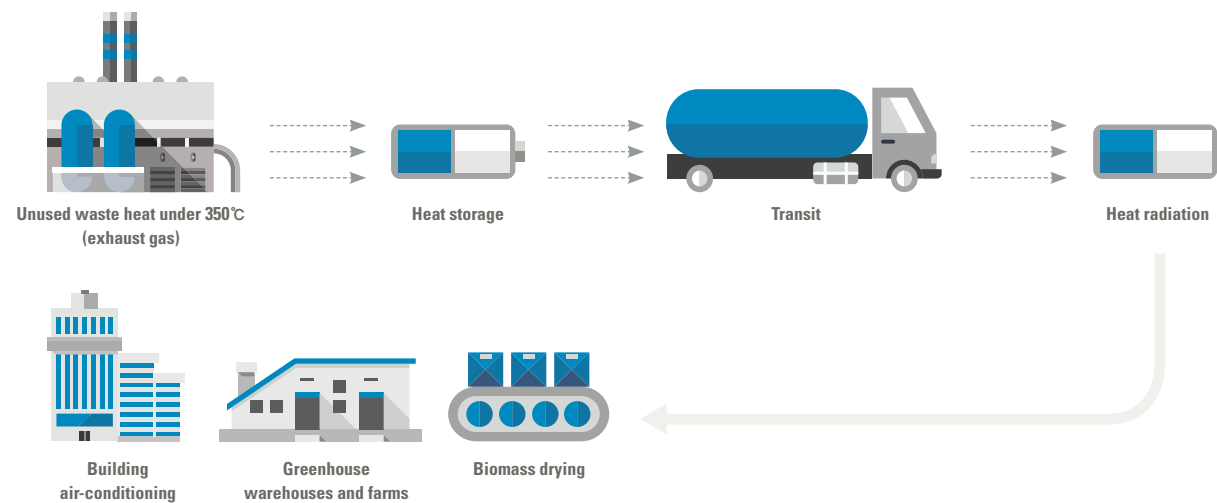
Every year at Dangjin Integrated Steelworks, a total of 3,900 Tcal of mid and low heat is disposed to the air which is sufficient energy for 150,000 households to use for a year. If we recycle this unused waste heat, it not only reduces the energy consumption, but also reduces CO₂ emissions – the serious cause of global warming – at the same time.

The R&D Center at Hyundai Steel developed a heat transportation technology that can reuse heat under 350°C amongst exhaust gases from its various production processes. The pilot scale 0.3 MWh heat transportation container can heat up to 5 apartment households for 10 hours in winter. By utilizing this technology, Hyundai Steel plans to provide waste heat to local facilities within a 40km radius such as greenhouse warehouses, flower gardens, and food waste dehydrators. It is expected to reduce energy by KRW 4.5 billion annually.



What is heat transportation technology?

Heat Transportation is an energy recycling technology that stores low and mid waste heat of 350°C generated from the smokestack gas at Dangjin Integrated Steelworks in thermal mass (alumina), transports the thermal mass to vinyl greenhouse or drying facilities just like a delivery service, and discharges it in constant temperature.



Eco-friendly 'Heat Transportation Business'

Hyundai Steel successfully provided medium-low heat (under 350°C) generated at Dangjin Integrated Steelworks to food waste dehydration facilities in Dangjin City. The waste heat created from the heat furnace in reinforcing bar plants were stored in thermal accumulators and transported on five-ton truck to food waste drying facilities in Dangjin City. The waste heat contained in one thermal accumulator can provide heat to five 112 m² apartments for 10 hours. If we recycle maximum amount of waste heat from Dangjin Integrated Steelworks, it is expected to reduce the annual emission of CO₂ by 65,000 tons which is equivalent to planting 10 million pine trees.

The Heat Transportation business is significant, since it creates a network that allows industry and its local communities to grow and exist together. It is also an excellent win-win model of eco-friendly business because the recycle of discharged medium and low heat reduces GHG emissions of the local community, and the consumers at the local communities can reduce the purchase expense of raw material by more than 90%.



ISSUE 5

Creating Employee Values

▼ BUSINESS CONTEXT

In order to overcome the prolonged global economic recession, a company should ensure internal stability of its competence and make qualitative developments. A company builds a foundation to be a global steel company by fostering talents with expertise and creativity, and creating a culture of communication that shares the corporate vision and philosophy with its employees.

▼ SOCIAL/ENVIRONMENTAL CONTEXT

The role of a company in solving international issues such as racial and gender discrimination, and the gap between the rich and poor has been increased. As a global corporate citizen, Hyundai Steel creates a working environment, where diversity of employees is respected and forms a bond and communicates with the local communities.

▼ OUR APPROACH

At Hyundai Steel, we respect individual distinctiveness and dynamism because we believe these propel changes and innovation. As a result, the company promotes diversity in the workforce and provides equal opportunities to all. Furthermore, we have built a corporate culture that fosters experts who are preparing for the future with creativity and are collaborating with each other on a constant basis.

▼ EFFORTS

The employees at Hyundai Steel realize individual values through self-development, and Hyundai Steel grows together with its employees.

- Establish roles and operational system of HRD, centered on organizational innovation and change management
- Prepare operational training system for cultivating talents based on competence

▼ FUTURE ACTION

Hyundai Steel plans to implement HRD programs that improve job competence and business techniques of all employees.

2015 GOALS

- Develop leaders for changes and draw tasks related to change
- Establish training system for production staff to enhance site-centered education
- Stabilize HRD Training Scheme to increase job expertise

2014 PERFORMANCE

SELF-DEVELOPED JOB COMPETENCY-BUILDING PROGRAMS



125
PROGRAMS

ESTABLISHMENT OF HRD TRAINING SCHEME TO BUILD A FOUNDATION OF DEVELOPING TALENTS



Human Resource Development

HRD System

Hyundai Steel understands the importance of HRD to surge forward and grow continuously, and therefore, reestablishes the roles of HRD and builds a firm foundation for HRD. The company conducted a project that ‘Establishes roles and operational system of HRD, centered on organizational innovation and change management’ and evaluated the condition of HRD. As a result, Hyundai Steel drew 5 strategies and 17 initiatives to achieve its HRD goals. In 2015, Hyundai Steel aims to develop a roadmap for new employees to increase job competence, to develop next generation global leaders, to stabilize job training for general staff, and to establish training scheme for research and technical staffs.

HRD Training Scheme

Hyundai Steel’s HRD Training Scheme lays a foundation for developing talents. The HRD Training Scheme consists of Basic Skills, Leadership, Job Competency, Global Skills, and Organizational Development and offers all employees a systematic training program according to their job position. Based on the HRD Training Scheme, a total of 398,584 hours of training was conducted in 2014.

Basic Skills	Develop core basic skills that determines how an employee works and thinks as a member of Hyundai Motor Group
Leadership	Develop competence to play the role of leaders and grow into leaders of the future
Job Competency	Develop behavioral competency required to conduct business and expertise to grow into professionals
Global Skills	Develop a global communication competence to foster international perspective and insights
Organizational Development	Innovate consciousness and train behavioral changes for radical reform of corporate culture

G: Training program with Hyundai Motor Group

Classification		Basic Skills			Leadership				Job Competency			Global Skills			Organizational Development	
Executives		<div>G</div>			<div>G</div> <div>Advanced management course</div> <div>Workshops for executive leadership</div> <div>G</div> <div>Knowledge forum</div>											
General / Researchers	General Managers	<div>G</div>	<div>G</div>	<div>Common job curriculum</div> <div>Orientation for experienced employees</div> <div>Seminars on the core values</div>	<div>G</div> <div>Leadership Pipeline Program</div> <div>Leadership Competency Program</div>	<div>G</div> <div>HMG PRIME</div>	<div>Leadership course for team managers</div> <div>Global Professional Program</div> <div>Leadership course for field commissioner</div>		<div>General job program</div> <div>Basic job programs</div> <div>Job Expertise Program</div> <div>Developing in-house lecturers</div> <div>Technology training program for researchers</div>	<div>G</div> <div>Intensive courses</div> <div>Conversational skill via meetings in and out of the company or phone</div> <div>Online & radio language course</div> <div>Course for employees taking SPA</div>		<div>Periodical lectures with special themes</div> <div>Course to develop change agents</div>				
	Deputy General Managers															
	Managers															
	Assistant Managers															
	Staff															
	New Employees	<div>Summer camp</div> <div>Orientation</div> <div>G Orientation</div> <div>Organizational adaptation course</div>	<div>Mentoring</div> <div>OJT</div>													

Strengthening Occupational Safety and Health

▼ BUSINESS CONTEXT

Safety and Health management is critical since high risk factors such as large equipment, high gravity, dangerous gases and working in high temperature are always present due to the characteristics of steel industry. Unexpected disasters, especially, can create a significant impact on the economic performance of a company. In addition, clients also consider safety and health as major risks for a stable supply, and as an important factor when evaluating products.

▼ SOCIAL/ENVIRONMENTAL CONTEXT

Due to safety incidents in various scales, the interest in occupational safety from the government, media, and civic society has increased. The restrictions of government on such matters are becoming more stringent while the monitoring of a company's safety from civic society is strengthened. In short, industrial safety, acting as the potential risk, influences a company's reputation in a big way.

▼ OUR APPROACH

Hyundai Steel strives to realize a happy life for individuals and fulfill corporate social responsibility through safety-focused management with a vision of 'creating the century safe steelmaker. The company expands its safety facilities and carries out various activities that inspire safety consciousness to continue zero-disaster incidents. Hyundai Steel created a department in charge of preventing safety incidents at suppliers, and expanded its targets to encompass not only the suppliers in residence, but also construction companies in a bid to secure the safety of every person entering the steel mill.

▼ EFFORTS

Hyundai Steel practices Safety First management and strives to create safe working environment.

- Spread Safety First Management
- Reorganization and Expansion of Safety Department and its manpower
- Prevent incidents through investment in safety
- Establish a new department in charge of enhancing supplier's level of safety

▼ FUTURE ACTION

Hyundai Steel selects 'Establishing a foundation for self-regulated safety' as its initiative and fulfills Safety First management.

2015 GOALS

- Fundamental elimination of factors that create incidents and preemptive management of potential risks by establishing continuous danger management system (Infra)
- Routine intervention to keep safety, by changing the perspective on the matter and habitually inspecting and checking each other's status of safety (System)
- Establish an engaging culture of safety and facilitate communication on safety through sharing of thoughts (Mind)

2014 PERFORMANCE

CONDUCTED CORPORATE SAFETY MANAGEMENT COUNCIL MEETING TO SPREAD THE WILL TO IMPLEMENT SAFETY MANAGEMENT



HELD SEMINARS ON INDUSTRIAL ACCIDENT PREVENTION TO SPREAD THE CULTURE OF SAFETY IN LOCAL COMPANIES



Strengthening the System of Employee Safety and Health

Safety First Management

In 2014, Hyundai Steel has newly established a corporate safety management council meeting hosted by the CEO. It operates a regular council on major company-wide safety issues, including safety performance and plan, safety improvement cases at site, and measures to prevent the re-occurrence of incidents. In addition, each worksite holds its own safety management council meetings every month to discuss various items including improving risk factors at site and enhancing the level of safety management. Hyundai Steel also fortifies its site management by conducting frequent inspections of the sites, and joint inspections by labor and management in addition to various communication channels, including special safety trainings for CEO, and interaction-oriented safety meetings that spreads the desire to practice safety first management.

Site-oriented Safety Management Activities

Since safety incidents are mostly caused by unsafe conditions at sites and unsafe behavior of workers, the site-oriented safety management activities are crucial. Hyundai Steel strives to secure fundamental safety of high-risk equipment and facilities by conducting autonomous inspections of dangerous machinery and gas facilities. In a bid to prevent incidents in advance, Hyundai Steel identifies and makes improvements on unsafe behavior and conditions through various safety inspections, including joint inspection by labor and management, Safety Patrol, and the night watch.

Seminars on Preventing Industrial Accident

In a bid to spread the culture of safety, Hyundai Steel held a seminar on preventing industrial accidents and introducing advanced safety technologies. At the seminar, the safety specialists from government agencies, companies, and academia responsible for the safety of the local community discussed the direction of regulations and policies on industrial safety, and shared best practice cases of advanced safety management techniques. Hyundai Steel plans to develop the seminar into a consultative body that identifies hardships, and prepares supporting plans for better safety management of the company.

Safety Activities Participated by All

Hyundai Steel held 'the first company-wide UCC Contest on Safety' and chose 20 outstanding works out of 117 applications. The outstanding works were shared to remind the safety regulations that every employee should comply with and to raise the awareness on safety. Dangjin Integrated Steelworks held 'Challenge, Safety Green Bell Quiz Contest' to join Hyundai Steel's continuous efforts for zero-incident, which helped to further acquire the knowledge on safety measures. 200 contestants who went through severe preliminary rounds from the company and its suppliers solved the quizzes while forming a safety-centered atmosphere. In addition to these efforts, Hyundai Steel holds various activities related to safety on a regular basis to establish safety as a culture.

Strengtening Safety and Health System and Creating the Century Safe Steelmaker

Hyundai Steel declares the year of 2014 as 'the first year of practicing safety management for non-disaster steelworks' and makes comprehensive improvement on safety management system and safety consciousness. To achieve this, the company sets the elimination of serious disasters as the goal of safety management, and the establishment of safety management foundation and distribution of preemptive safety management as its core initiatives. In order to reach the goal, organic safety management system is formed to prevent incidents by making three core strategies i.e. Infra, System, and Mind.

- Reorganization and expansion of department and its manpower: Dangjin Integrated Steelworks reorganized its safety department from staff-type to the combination-type of staff-line to be more site-centered, and increased its manpower from 88 employees to 200 employees to establish a systematic foundation for safety management. It also created new departments in charge of gas business and suppliers, in an effort to secure safety of high-risk facilities and to improve safety level of its suppliers.

Endeavors to Prevent the Occurrence and Reoccurrence of Serious Disasters

In spite of its various efforts to maintain safety management, a series of unfortunate incidents occurred during the transitional phase of modifying its safety system. To respond to the incidents and to provide safe working environment for employees of the company and its suppliers, Hyundai Steel has been investing large budgets and manpower to fundamentally change the safety management system and prevent serious disasters. At Hyundai Steel, these efforts mean more than a short-term declaration. They mean steady investments in strengthening the safety management system and preventing serious disasters related to the company and its suppliers' employees.

Enhancing Safety Management of Suppliers

Growing Safely with Suppliers

Hyundai Steel actively pursues a safe growth with its suppliers. The company holds a regular council to share safety activities, gather opinions, and provide support for improving unstable conditions. Apart from the regular council, each plant holds regular council meetings hosted by the personnel in charge of safety management to discuss regarding improvement of high-risk potentials and various safety measures.

In addition, the company and all of its suppliers strive to settle the culture of safety through various activities, including UCC Contest on Safety and Challenge! and Safety Green Bell Quiz Contest. By awarding employees and companies with zero disaster, Hyundai Steel encourages its suppliers to execute safety management. Through win-win partnership with its suppliers, Hyundai Steel strives to revamp its consciousness on safety, and to structure a safe work environment.

Safety Trainings for Suppliers

All workers working in Hyundai Steel, including the employees from suppliers, takes new safety training before working. By combining lectures and hands-on experience, the training programs are effective and systematic, and consist of special safety training for CEO, Safety Consciousness Innovation course, lecture on occupational safety and health act, and training for industry safety manager. In a bid to increase the awareness on safety, the company offers same education without distinguishing employee's affiliation.



Award zero-disaster suppliers



Challenge, Safety Green bell

Employees Heath Management

Employees Heath Management

Hyundai Steel creates a working environment where employees can stay safe and healthy with a belief that 'healthy employees are the future of the company'. As part of such endeavors, the company operates health clinic and health management office at each plant to treat its illnesses of its employees, as well as improving health and preventing illness. Clinical pathology department, physical therapy department, and sport therapy department have been newly established with enhanced manpower. In addition, employees and their family members receive support for general health checkups. Moreover, in-house gym, indoor sports facilities (basketball, badminton, table tennis, etc.), and soccer and volleyball fields are operated for employees to relieve stress and train their bodies.



Sports Therapy

Psychological Counseling Center

Stress, the emerging problem today, may have a negative impact not only on one's own mental health, but also on one's family, social relationships, and company life. Hyundai Steel, therefore, has established in-house and external psychological counseling centers and operates a system linked to the hospital for its employees to overcome stress and various emotional conditions.

Creating Pleasant Work Environment

Hyundai Steel takes a step forward in creating a pleasant work environment by making improvements after identifying the exposure and occurrence of harmful factors that may occur at the worksite. In addition to compliance with legal details, including work environment survey and survey of harmful factors for the musculoskeletal system, and management of chemical substances, Hyundai Steel conducts regular site inspections at enclosed facilities to identify risk factors and manages site-specific rating in a bid to create a safe and healthy work environment.



Site inspection for harmful factors

ISSUE 7

Pursuing Mutual Growth

▼ BUSINESS CONTEXT

As the importance of global business and network amongst companies grow, the demand of mutual growth from clients and suppliers has also increased. In addition, the government puts shared growth as top priority amongst its national policies and emphasizes win-win partnership between large cooperates and SMEs with Fair Trade Act and Subcontracting Law. Based on such trend, mutual growth is no longer a practice to be carried out voluntarily, but a mandatory factor in conducting business.

▼ SOCIAL/ENVIRONMENTAL CONTEXT

Identifying and improving risk factors through entire supply chain such as human rights, environment, and labor of suppliers has become the key factor in mutual growth. As boundary and awareness on shared growth expands, it has become the basic element of corporate management and CSR.

▼ OUR APPROACH

By assisting the growth of its suppliers, Hyundai Steel strives to enhance a competitive edge and to secure sustainable competence for itself and its suppliers. Hyundai Steel has gradually expanded its mutual-growth partners, and has carried out various programs, including support for improving managerial environment, technical trainings, financial supports, and support for online recruiting to boost their competitiveness.

▼ EFFORTS

Hyundai Steel strives to enhance its suppliers' competitive edge with various mutual growth programs.

- Establish fair subcontracting order with suppliers
- Operate supplier-driven mutual growth programs
- Increase communication with suppliers

▼ FUTURE ACTION

Hyundai Steel will continue to pursue mutual growth with its suppliers to secure sustainable supply chain.

2015 GOALS

- Comply with four action agendas to establish fair trade order
- Operate financial supports of KRW 53.2 billion
- Enhance relationship with suppliers

2014 PERFORMANCE

220 WIN-WIN PARTNER



220 COMPANIES

ACHIEVED EXCELLENT GRADE FOR WIN-WIN GROWTH INDEX



Operation of Mutual Growth Program

The Result and System of Mutual Growth Enforcement

Under the belief that strong partnerships between large corporations and their SME suppliers add up to stronger competitiveness for all, Hyundai Steel in 2010, expanded the win-win partnership organization to the Win-Win Partnership Committee, which consists of executives from sales, procurement, and production. In the ceremony held in 2011 to celebrate the company’s firm backing of group-wide commitment for mutual growth, Hyundai Steel promoted the former win-win partnership committee to the Mutual Growth Committee for establishing long-term relationship with suppliers and expanding its supporting range, and installed a working group under it. Separately, the CSR team is a team dedicated to mutual growth and is in charge of developing and implementing mutual growth programs.

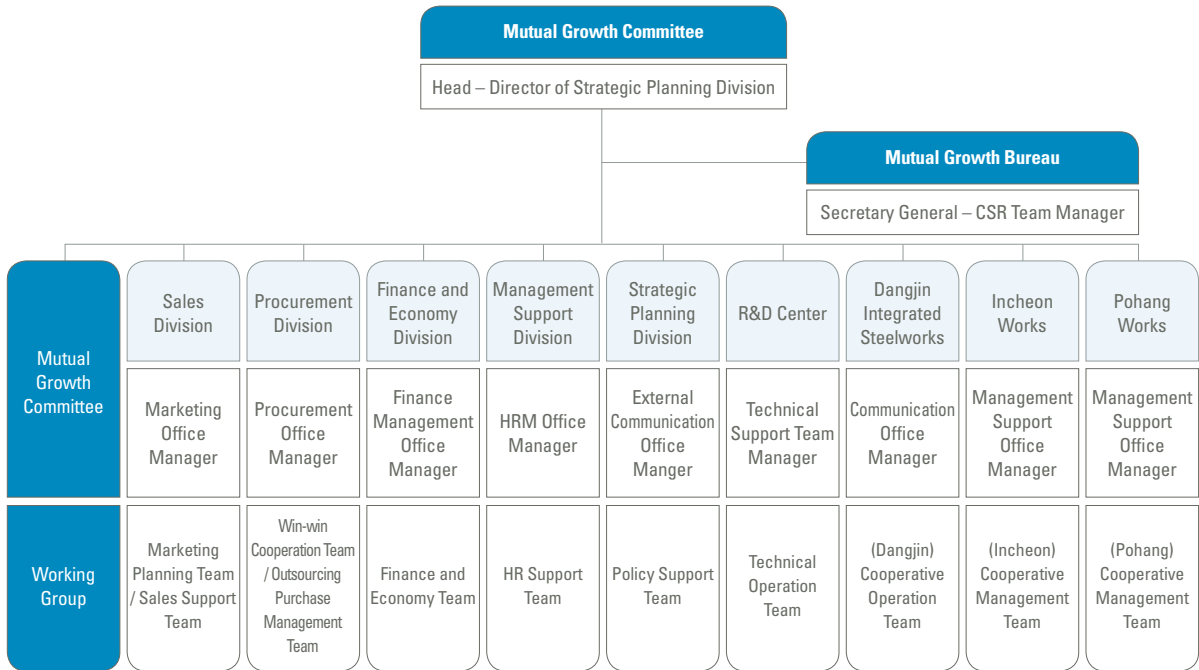
Operation of Mutual Growth Program

The core of mutual growth that Hyundai Steel pursues is to build partnership with its suppliers. In a bid to offer practical aid to suppliers, the company has established a dedicated system for programs such as financial aid, technical support, education and training, and recruitment support. In 2011, Hyundai Steel made a win-win partnership agreement with Fair Trade Commission that its support for the suppliers are evaluated every year. The company will continue to make ceaseless efforts to fulfill win-win growth agreement, and expand its support programs for suppliers so as to boost their competitiveness. In addition, Hyundai Steel will do our best to be a company that sets a good example of mutual growth.

Mutual Growth Program

Introduction and Operation of Four Subcontracting Guidelines
<ul style="list-style-type: none">Comply with Guidelines for Desirable Contract, Partner Company Selection and Management Guidelines, Guidelines for Installing and Operating Subcontracting Internal Review Committee, and Guidelines on Desirable Document Issuance and Preservation.
Operation of Customized Programs
<ul style="list-style-type: none">Performance Sharing System: Hyundai Steel supports its suppliers and shares the results to achieve mutual goalManagement Doctor System: The Federation of the Korean Industries and Hyundai Steel offer managerial consulting for suppliers
Communication Program with suppliers
<ul style="list-style-type: none">Operation of Cooperative Association: To support suppliers directly and indirectly, conduct cooperative association founding ceremony, New Year’s ceremony, workshops, mountain climbing, etc.Mutual Growth Award for Suppliers: Reward outstanding suppliers with excellence in collaborative cooperation.
Financial Support
<ul style="list-style-type: none">Mutual Growth Fund: the investment funds provided at low interest rates against the deposits with financial companiesWin-win bridge Loan: Entitling suppliers to maximum 80% of a contract price in a loan, with just a purchase contract with Hyundai SteelLoan support, subsidies in facility investment expenses and payment guarantee commissions by client companies
Operational Support
<ul style="list-style-type: none">Technical Support: Pursue joint R&D through transfer and collaboration of technologyEducational Training: external consignment training, management training, technical training and labor training on the employees of suppliersSupports talent recruitment by setting up exclusive recruiting center for suppliers

Organizational Chart for Mutual Growth



Major Operational Support

Technological R&D Support and Protection

At Hyundai Steel, we continuously provide technical support and educational programs to help suppliers enhance their technological competitiveness. The company supported the development of secondary processed goods using our products and reinforced products for SME suppliers and client companies, in addition to offering quality and technical guidance on the process of SQ inspection. Lastly, the company bore all expenses associated with filing joint patent rights for the technologies developed in joint R&D, and adopted a technology escrow system to protect the core technologies of our suppliers.

Support of Sales Expansion

In spite of the sluggish economy, Hyundai Steel directly supported its suppliers by increasing its procurement by 1.8% in 2014, compared to the previous year. The company also presents a signboard to its outstanding suppliers to use the brand image of Hyundai Steel for a qualitative increase in sales.

In addition, Hyundai Steel conducted joint R&D projects with the suppliers in Korea to develop spring box for coke oven doors and parts for sintering rod mill feed screw which were previously purchased from foreign countries. By purchasing these test products, Hyundai Steel contributed to expand the sales of its suppliers.

Managements'visit to the Suppliers



Managements' visit to the suppliers

The management in charge of procurement at Hyundai Steel visits its primary suppliers to discuss how to improve the quality of its products. In 2014, a total of 5 visits were made. In the future, Hyundai Steel will expand its mutual growth program to provide substantive support for the suppliers for true win-win partnership and to improve their competitiveness in an unstable management environment.

Outstanding Talent Recruitment Support



Suppliers Recruiting Expo

To relieve the manpower shortage of its suppliers, Hyundai Steel launched an online recruitment system exclusively to support their recruitment issues. In addition, the company supports suppliers in recruiting outstanding talents by encouraging them to participate in the recruiting expo hosted by Korean Commission for Corporate Partnership.

Educational Training

For the employees of suppliers, Hyundai Steel provides external consignment training, management training, technical training, and labor training which is difficult for a small company to afford.

Training Programs for Suppliers

Management Training
<ul style="list-style-type: none">Supplier-invited seminarCEO and manager trainingCompetence improvement training for suppliersInformation security training
Technical Training
<ul style="list-style-type: none">Technological trend and new technology instructionTechnical exchange sessions on using steel
Labor Training
<ul style="list-style-type: none">Amendment status of Labor Act
Safety Training
<ul style="list-style-type: none">Exemplary person of safety award for outstanding suppliersJoint acquisition of safety and health management system (KOSHA 18001) certification

Improving Competitiveness of SMEs

Hyundai Steel provides consultation on the overall management process of production, marketing, HR/labor, and funds/finance for its suppliers to stabilize their management, secure competitiveness, and become hidden champions.

Major Financial Support

Financial Support

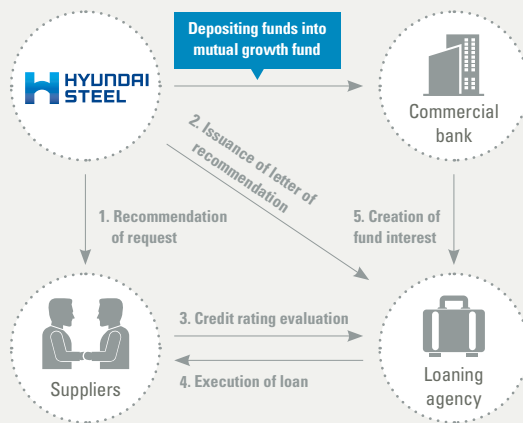
Hyundai Steel offers various kinds of financial aid that can directly support its suppliers. In 2014, the company supported working capital of KRW 13.1 billion to a scrap company in addition to granting KRW 9.3 billion in subsidies for soil scrap disposal as well as payment guarantee commissions with no strings attached. Hyundai Steel also supported KRW 25 billion for a company in need of loan with mutual growth fund while subsidizing the interest expenses. Moreover, the company has contributed KRW 0.1 billion to the Large Corporation-SME Cooperation Fund, financing energy-saving facility installation projects for SME suppliers. Furthermore, the company has signed a Mutual Growth Bridge Loan Agreement with financial institutions in order to support under-banked suppliers, providing a total of KRW 11.19 billion in loans to date.

Increasing Financial Support

Hyundai Steel pegs its procurement prices to commodity prices and reflects other price fluctuation factors, including currency exchange rate and price, in order to lessen the resultant financial burden on its suppliers. Since 2012, the company has continuously improved its payment settlement means and payment periods and has been settling all subcontracting payments in cash, and also maintains 100% payment in cash for SMEs.

Mutual Growth Fund

Hyundai Steel provides investment funds at low interest rate for managerial stability, quality improvement, and productivity upgrade for suppliers with interest created by the fund.



Category	Classification
Target	Suppliers of Hyundai Steel
Period	12 months (extendable until maturity of deposit period)
Interest	<ul style="list-style-type: none"> Differential application according to credit rating and financial evaluation of each company (fixed interest rate)
Collateral	<ul style="list-style-type: none"> Deposit of Hyundai Steel Mutual Growth Fund contribution to a commercial bank Interest rate for suppliers subsidized with interest accruing from deposit

Consolidation of Communication with Suppliers

Hyundai Steel supports the operation of co-operative association and manages outstanding suppliers in order to build up a shared growth model for communicating on various pending issues and consolidating relationship with suppliers. The company holds events with invited suppliers to directly and indirectly support the management of suppliers through co-operative association founding ceremony, New Year's ceremony, workshops, etc.

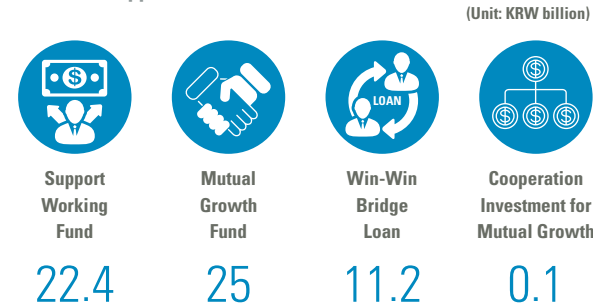
New Year Meetings with Purchase Suppliers



New Year Meetings with purchase suppliers

Hyundai Steel held New Year Meetings with purchase suppliers in January 2015. At the meeting, Hyundai Steel and its purchase partners made a commitment to firmly establish the frame of mutual growth by building strategic partnership. Approximately 200 CEOs from purchase suppliers and top management at Hyundai Steel joined the meeting. Hyundai Steel expressed its gratitude for the suppliers who strived to collaborate with the company in spite of their difficult managerial environment. The company also shared its business plans and initiatives, and discussed win-win management based on the same. With mutual growth as an essential element to manage a company in mind, Hyundai Steel will continue to make efforts to increase its competitiveness with suppliers based on mutual trust. The company will also strive for all suppliers to secure actual competitiveness of expertise, quality, and technology, and to secure sustainable competence.

Financial Support Performance



ISSUE 8

Social Contribution Activities

▼ BUSINESS CONTEXT

CSR activities today mean mutual coexistence of a company and the society using the value and competence that a company has. These CSR activities have positive impact on the business such as boosting positive image of a company, increasing sales, and securing outstanding talents, and therefore the importance of strategic CSR activities are also steadily growing.

▼ SOCIAL/ENVIRONMENTAL CONTEXT

In addition to economic benefits, people's expectation for a company to generate public interest such as a solution to social problems has also been increasing. Since environmental pollution is caused during the production process, the demand for promoting social contribution activities to protect public resource environment has also raised.

▼ OUR APPROACH

The CSR activities of Hyundai Steel are growing through preparation, quantitative expansion, and qualitative maturity. Partnership with non-profit organizations was consolidated, and various volunteer activities were implemented with direct participation from employees through a selection of core CSR projects in the quantitative expansion period that followed the preparation period. Since 2011 which falls into the qualitative maturity period, and with a long-term plan for over ten years, various CSR activities have been conducted, improving the quality of life for neighbors in local community and protecting the environment.

▼ EFFORTS

Hyundai Steel fulfills its social responsibilities to create a happy world with hope and sharing.

- Hyundai Steel's 3 core projects
- Global CSR activities
- Development of local communities through CSR activities
- Educational support programs

▼ FUTURE ACTION

Hyundai Steel will continue to carry out CSR activities needed by the local communities with utmost sincerity, and enhance CSR strategies by utilizing the nature of its business.

2015 GOALS

- Internalize the culture of volunteering, participated by all employees
- Increase volunteer programs with clients

2014 PERFORMANCE



95%

● SOCIAL CONTRIBUTION INVESTMENT EXPENSES



10.5
(Unit: KRW billion)

Hyundai Steel's 3 Core Projects

Home Repairs for Hope: Energy-efficient Housing Project

In return for its heavy energy consumption, Hyundai Steel fulfills its social responsibility with Home Repairs for Hope: Energy-efficient Housing Project that contributes to saving energy in local communities. The Project is meant to improve residential conditions for two million people with financial and energy shortage, so as to reduce energy bills and establish a foothold to escape poverty.

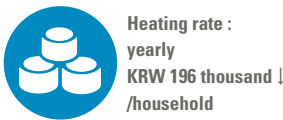
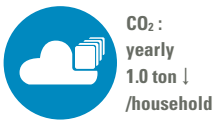
Energy-efficient Housing Construction

The energy efficiency is improved by reinforcing windows and the insulation of buildings. This Project also generates good jobs for people as the company partners up with social enterprises and home repair communities for the construction. In addition, these activities help reduce CO₂ emissions. Therefore, the project has three benefits: improving welfare, solving environmental problem, and creating jobs. In 2014, energy-efficient housing constructions were implemented for 140 houses in Incheon, Pohang, and Dangjin where Hyundai Steel's worksites are located.

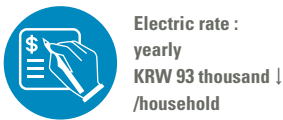
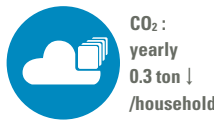
4th Group of Home Energy Coordinators

To be aware of the importance of energy saving for sustainable local communities and to conserve electricity from household, Hyundai Steel conducts standby power conservation campaign with housewives. Each pair of energy coordinators visit weathered households once a month to measure standby power, provide the method of saving energy, and give out energy saving equipment, including high-efficient lamps, power strips, and thermo-hygrometer. In order to increase the expertise and understandings on the necessity of energy saving, Hyundai Steel provides regular trainings for coordinators. Propelled by such efforts, 0.3 tons of CO₂ was reduced per household, and annual average of electricity bills worth KRW 93 thousand were saved in 2014.

The Result of Energy-efficient Housing Construction



The Result of Home Energy Coordinators



Employees volunteering for Home Repairs for Hope



Installing insulation through Home Repairs for Hope



Activities of Home Energy Coordinators

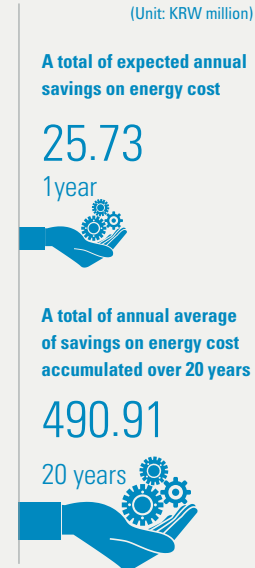


Activities of Home Energy Coordinators

Verifying the Effectiveness of 'Home Repairs for Hope'

Hyundai Steel carried out a research to verify the effect of 'Home Repairs for Hope' in a bid to analyze its social impact with Korea Housing Welfare Association and Energy & Climate Policy Institute. According to the evaluation of 140 households that benefited the Program, energy requirement was reduced by 76.28kWh/m²a over a year, and the energy efficiency of the structure itself was increased by 12.4%. In addition, after installing heat insulation and fittings, the intrusion of outside temperature¹⁾ was reduced by 41.4% which is equivalent to saving heating bills of average KRW 40,000 per household during winter. It is estimated to reduce 1,091 kg of annual GHG emission from each household with an average reduction rate of 12.3% which is equivalent to planting 218 young pine trees. The annual average of 738kW electricity consumption was saved through the activities of Home Energy Coordinators for 300 target households. The analysis indicates that each household can reduce 311.926kg GHG per year which is equivalent to 62 young pine trees. In other words, it is equivalent to planting 16,726 trees considering the entire number of households. Hyundai Steel will continue to analyze the effect of 'Home Repairs for Hope Project' Project in multiple angles to foster more positive changes.

1) Intrusion of outside temperature: If outside temperature enters the house, it is more difficult to maintain steady temperature and more fuel is needed to cool down/heat up the same space.



Green Guardians

In a bid to fulfill the responsibility to take care of the environment and expand eco-friendly activities in the entire range of business, Hyundai Steel has operated Green Guardians, the environmental classes for elementary students. As a part of environmental project since 2007, these classes are intended to raise awareness in future generations on the importance of the environment, and develop them as future environmental protectors who practice eco-friendly habits on a daily basis. The environmental education for elementary students consists of monthly experiments and outing classes with a total of five sessions per school year. Since it is important for parents and teachers to participate, Hyundai Steel also gives education to teachers and holds family camps during vacations. Beneficiary schools are selected every three years. In 2014, we gave the classes to 500 fifth graders at four elementary schools in Incheon, Pohang, and Dangjin for a year.

Happy Yes University Volunteer Group

Hyundai Steel supports college students to grow into talents with sharing spirits who care for their neighbors through Happy Yes University Volunteer Group. One hundred college students across the nation who have been selected, organize volunteer activities for a year, and a total of 600 students have participated from 2009 until 2014. The program is later connected to Hyundai Steel's recruiting process. In 2014, the 6th Volunteer Group carried out activities that they devised and planned under the concept of 'Self-Plan, Self-Action' in Incheon and Dangjin. The various ideas from college students filled up the programs, including building gardens at Dangjin Market, operating eco-life experience zone, taking photos for the elderly, and making and sharing wooden furniture for local children.

- ① Green Guardian – Environmental class
- ② Green Guardian – Family Environment Camp
- ③ Happy Yes – Making and sharing wooden furniture
- ④ Happy Yes – Painting murals
- ⑤ Happy Yes – Field trip to experience marine eco system



Global CSR Activities

Area Development Project in Myanmar

Hyundai Steel conducts CSR activities to develop Taung Bi Lay Village area in Mandalay, Myanmar. The long dry season and water shortage makes it difficult to secure drinking water and maintain hygiene, especially for women and children. As a part of Area Development Project, Hyundai Steel has built a community center and plans to provide mid-to long-term support to develop drinking water, offer job training, and provide programs that create income.



Hygiene education for schoolchild in Myanmar



Completion of Community Center in Myanmar



Sharing presents with Neighbors'love in New Year's day and Chuseok

Developing Local Communities through CSR Activities

Sharing Gifts of Love with Neighbors on Lunar New Year's day and Chuseok

On Lunar New Year's Day and Chuseok, Hyundai Steel shares gifts of love with neighbors with low income in the areas where its worksites are located, to foster mutual growth with local communities. Its employees visit each resident to exchange greetings and share the gift of materials for rituals and daily necessities, creating direct communication with the local communities. In 2014, the company shared gifts of love with 3,000 low-income families in Seoul, Incheon, Pohang, Dangjin, and Suncheon and delivered Onuri Gift Cards worth KRW 70 million to social welfare facilities.

Free Meal Service

Hyundai Steels operates free meal service in Suncheon, providing lunch every day for elderly people who live alone and experience financial difficulties. In addition, employees in Pohang and Incheon regularly visit local free meal service to volunteer to hand out food and help in the operation of the facility.

Health Insurance Premium Support Project

Hyundai Steel has continued the health insurance premium support project for the purpose of improving the medical welfare for low-income people in Incheon and Pohang.

One Team One Village Sisterhood

Dangjin Integrated Steelworks and Suncheon Works have formed sisterhood with nearby farming villages as one team for one village. Through the sisterhood, the employees regularly exchange with village people, provide help during busy farming season, clean up the environment, carry out preventive measures against epidemics in summer, support medical expenses, hold birthday parties for the elderly, and provide gas for senior citizen center.

Beautiful Store

According to an agreement with Suncheon Yeonghyang branch of Beautiful Store, Hyundai Steel is in charge of collecting and selling the articles for the store. In 2014, it opened a new and expanded store. In addition, in Incheon, Pohang, and Dangjin, sharing markets are held with an agreement with local governments where the profits are donated for the needy.

Educational Programs

Junior Engineering Academy

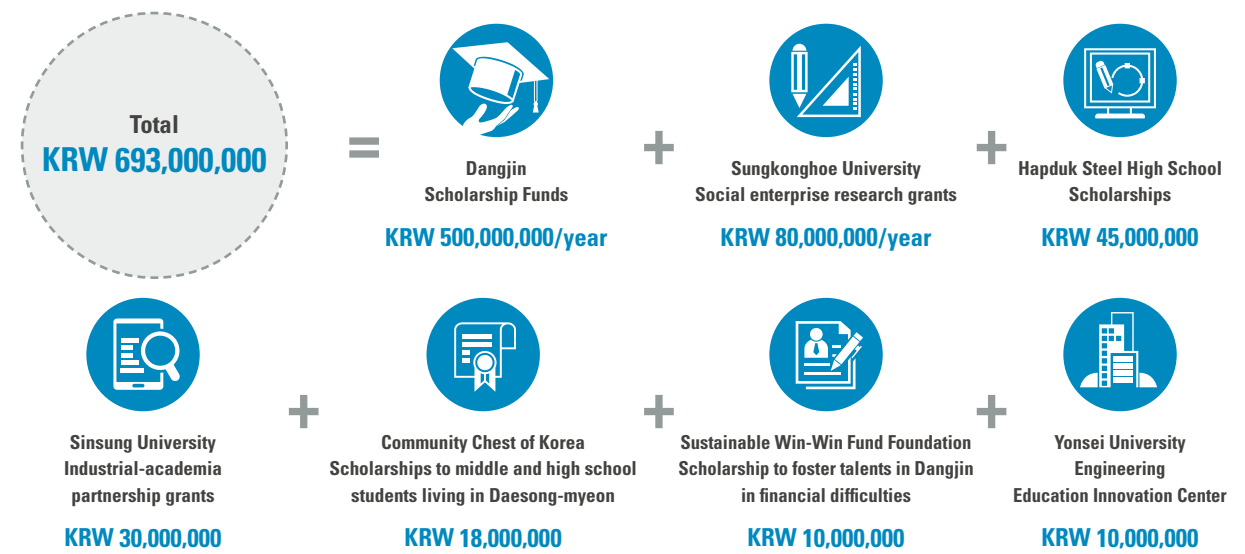
Hyundai Steel has been running a Junior Engineering Academy for elementary school students in Dangjin. Volunteers complete preliminary training programs specially developed by the Korean National Academy of Engineering before giving classes on a wide range of scientific experiments, including Submarines with Propellers (engineering technology regarding maintaining balance), Vertically Flying Object (aeronautical engineering technology using a storage battery), Kinetic Art Figures (advanced engineering technology that controls movements), Electronic Finger Instrument, Music Box and sound technology and flashlight with self-generated electricity. Since its commencement in 2006, Junior Engineering Academy has many instructive and fruitful activities. In 2014, employee lecturers participated in the Academy for 6 times.

Fostering Social Enterprise Researchers

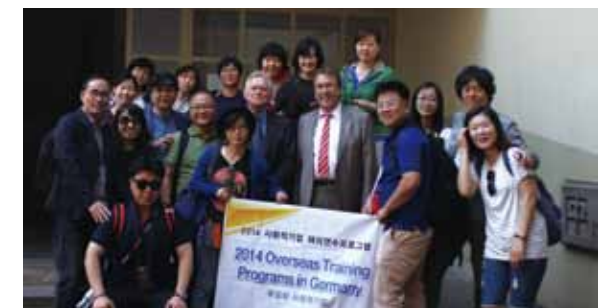
Hyundai Steel actively makes investment as a commitment to creating jobs for the underprivileged and to fostering the stable operation of social enterprises. Since its agreement with the Graduate School of Sungkonghoe University Institute for Social Welfare in 2007, Hyundai Steel has provided domestic and overseas training to those aspiring to become social welfare experts working at social enterprise schools, social enterprise festivals or those who plan on establishing social enterprises. A total of 369 NGO activists participated in domestic and overseas training up to 2014. In 2014, the training concentrated on researching German social enterprises and the results were published in hardcopies.

Scholarships

Hyundai Steel grants scholarships to students from elementary, middle and high schools as well as universities from the local communities where its worksites are located, to help them complete their studies regardless of their financial condition.



Junior Engineering Academy



Overseas study program of social enterprise



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MANAGEMENT REPORT

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MANAGEMENT REPORT

Corporate Governance

Shareholder Composition

The total number of outstanding shares issued by Hyundai Steel stood at 116,549,784 shares, with market capitalization amounting to KRW 7,400.9 billion (based on the end-of-year stock price of KRW 63,500) as of the end of 2014. The largest shareholder of Hyundai Steel is Kia Motors, which holds a 19.78% stake in the company, followed by Hyundai Motor Company, which holds a 7.87% stake. The combined stake of the largest shareholders and specially related persons has now reached 41.81% of the total outstanding shares. The shareholder with a five percent stake or more -barring the largest shareholder and specially related persons- is the National Pension Service with 6.60% of shares. (based on voting rights delegated at the 50th general meeting of shareholders in 2015)

Board of Directors

The board of directors (BOD) of Hyundai Steel is the top decision making body on management and serves to increase the corporate value and to maintain continued growth of Hyundai Steel. The BOD consists of a total of nine directors- four executive directors and five outside directors- with outside directors always being the majority, in a bid to enhance the independence of the BOD and establish transparent and healthy governance. In order to secure expertise in decision making and to support efficient operation, the BOD operates subcommittees, including Ethics Committee and Outside Director Candidate Recommendation Committee. No director shall, without the approval of the BOD, engage in, for his/her own account or for the account of a third party, any transaction in the same line of business of the company or become an unlimited liability member or a director of any other company with the same business purpose. In addition, the director cannot hold more than two positions as the outside director and auditor.

Transparent and Professional Appointment of Director

The board members are appointed at the general shareholders’ meeting (GSM) under the Korean Commercial Law and the Articles of Incorporation of Hyundai Steel. Outside directors are appointed at the GSM from candidates recommended by the Outside Director Candidate Recommendation Committee in consideration of their qualifications. As of March 2015, all outside directors at Hyundai Steel were renowned experts in the fields of taxation, business administration, architecture, legal affairs, and environmental issues, providing professional advice regarding basic management policies and strategies. Executive directors are selected among the heads in charge of each sector of business activities.

In a bid to focus on improving financial stability, the 50th regular GSM held in March 2015 appointed Choong-Sik Song, the vice president (CFO), as a new executive director and Eui-Man Park(tax accountant) and Prof. Eun-Taik Lee as new outside directors. The chairman of the board is appointed at board meetings every year. The vice chairman, Yoo-Cheol Woo, was appointed as the board chairman. Hyundai Steel’s BOD also helps management maximize shareholder value in the long term through transparent and sound business practices.

BOD Composition (as of June, 2015)

Directors	Name	Experience	Subcommittees		
			Audit Committee	Ethics Committee	Outside Director Candidate Recommendation Committee
Executive Director	Eui-Sun Chung	Vice Chairman, Hyundai Motor Company			
	Yoo-Cheol Woo	Vice Chairman & CEO, Hyundai Steel Company			●
	Hak-Seo Kang	President & CEO (Procurement Division, Strategic planning Division, Management Support Division, Finance and Economy Division), Hyundai Steel Company			
	Choong-Sik Song	Vice President & CFO, Hyundai Steel Company			
Outside Director	Ho-Yeol Chung	Professor at Law School, Sungkyunkwan University (Economic Law, Commercial Law)	●	○	○
	Seung-Do Kim	Professor at Department of Environmental and Bio Engineering, Hallym University (Environment)	○	●	○
	Eui-Man Park	Representative Accountant, Yeil Tax Accounting (Tax)	○	○	
	Eun-Taik Lee	Professor at Department of Building Science & Engineering, Chung-Ang University (Architecture)		○	
	Jeong-Seok Oh	Professor at Business School, Seoul National University (Business Administration)	○	○	

Operation of the BOD

Under the BOD are the subcommittees chaired or juried by outside directors. Comprised exclusively of outside directors, both the Audit Committee and Ethics Committee regularly meet and their independence and opportunities to act are protected by a system.

In 2014, the BOD held a total of 11 meetings, including four regular meetings and seven ad-hoc meetings to discuss and approve the 2014 business plans and budgets, corporate bond issuance plans, approval of business results and approval of business with affiliated persons. In addition, the BOD reviewed management’s performance in terms of sustainability based on the reports of the current status of the internal accounting and fair trade Compliance Program (CP). Establishing and passing a resolution requires the presence of more than half the board members, with a majority of those present voting in favor. Any member of the board facing a conflict of interest on a particular issue is not allowed to cast a vote on the issue. The attendance rate of outside directors at meetings was 96.4%.

Composition of the BOD (as of June 2015)



Ethics Committee

Hyundai Steel operates Ethics Committee to establish ethical corporate culture, realize transparent management and deliberate on and resolve business ethics issues. In 2014, a total of seven meetings were held to resolve the transaction with major shareholders and affiliated persons. The activities of CP program and law-abiding monitor were also reported to the committee. In addition, the overall social responsibility of Hyundai Steel such as CSR activities, including reviewing the performance and making donation, were evaluated by the Committee.

Independence of Outside Directors

For the BOD to truthfully play the role of ‘check and balance’, Hyundai Steel defines the independence of outside directors in accordance with the Korean Commercial Act. Based on the standard, the outside directors take up 56% of the entire BOD.

1. Directors, executives, and employees who are engaged in regular business of the relevant company, or directors, auditors, executives, and employees who have been engaged in regular business of the relevant company within two years.
2. The principal, his spouse, lineal ascendants, and lineal descendants.
3. Directors, auditors, executives, and employees of the corporation, in cases where the largest shareholder is a corporation.
4. Spouses, lineal ascendants, and lineal descendants of directors, auditors, and executives.
5. Directors, auditors, executives, and employees of a parent company or a subsidiary company of the relevant company.
6. Directors, auditors, executives, and employees of a corporation which has a significant interest in the relevant company, such as business relations with the company.
7. Directors, auditors, executives and employees of another corporation for which directors, executives, and employees of the relevant company work as directors or executives.

IR Activities

Hyundai Steel holds presentations of its quarter, semi-annual, and annual finance result for investors and the press. The presentations are attended by the CFO and executives for active communication with the market. The company also attends many conferences arranged by securities firms in Korea and abroad, and holds non-deal roadshows when required for domestic and international investors as well as visits to their sites as part of its active IR efforts. In addition, the company arranges company visits for domestic and international investors, and plant tours for analysts to promote their understanding of its business. When it is difficult to have face-to-face meetings with investors, Hyundai Steel conducts teleconference calls for optimal communication. At the same time, we publish annual reports in two languages (Korean and English) for international investors. In 2014, the company conducted two surveys of analyst opinions regarding its IR activities. According to the findings, analysts scored the company highly on its IR activities. In particular, they gave high scores in terms of integrity and professionalism.

Evaluation of the BOD

After Hyundai Steel passed a resolution of the cap on annual compensation for directors at a general shareholders’ meeting (GSM) under Article 388 of the Commercial Act and the company’s Articles of Incorporation, the compensation was given fairly and transparently. At the GSM, the cap for the directors was set at KRW 10 billion and the total remuneration actually paid out to directors for fiscal 2014 stood at KRW 5,941 million.

BOD Remuneration

Category	Number of directors (persons)	Total ¹⁾ (KRW million)
Executives	4	5,941
Outside directors	5	416
Total	9	6,357

Category	Director with highest remuneration ²⁾ (a)	Median value of employee remuneration (average) (b)	ratio (a/b)
Remuneration (annual salary and bonus)	1,399	86	16

1) Based on the BOD’s earned income, excluding severance pay
2) Based on current CEO’s remuneration

Stakeholder Engagement

Facilitating Communication with Stakeholders

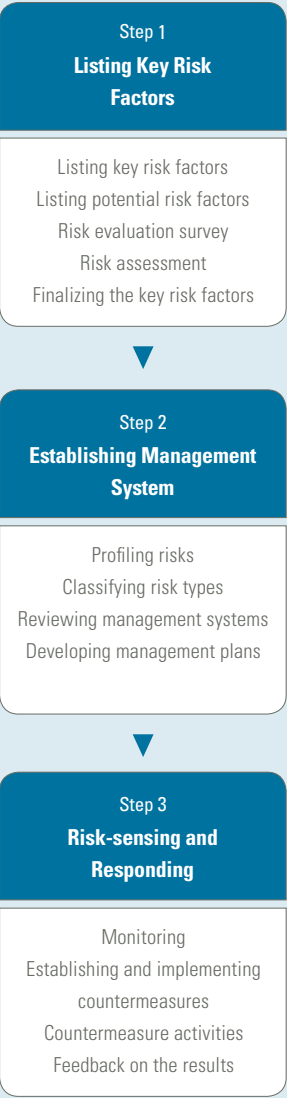
Hyundai Steel aims at sustainable growth for the company and its stakeholders- customers, employees, suppliers, local communities, shareholders/investors, and NGO/media/government. Therefore, the company establishes specialized communication channels for each group of stakeholders, and gathers various opinions to ensure that their voice is taken into account in its business activities. Different departments cater to different stakeholders to gather their opinions and facilitate effective and professional communication. In future, the company aims to further boost communication with its stakeholders and activate stakeholder engagement.

Stakeholder Classification & Communication Channels

Category	Definition	Communication Channel	Department in Charge	Material Issues in the Report
<div>Customers</div> <div></div>	Source of economic and corporate value creation	Customer meetings, technology seminars, customer satisfaction surveys, customer portal website, corporate website, magazine	<div>• Sales Division</div>	<div>• Securing Technological Competitiveness</div>
<div>Employees</div> <div></div>	Key members of the organization for sustainable growth	Intra-net, SMART Board, surveys about core value and organizational commitment, labor-management council	<div>• Management Support Division</div> <div>• Strategic planning Division</div>	<div>• Securing Technological Competitiveness</div> <div>• Transparent Management Activities</div> <div>• Reducing Environmental Impacts</div> <div>• Response to Climate Change</div> <div>• Creating Employee Values</div> <div>• Strengthening Occupational Safety and Health</div> <div>• Social Contribution Activities</div>
<div>Suppliers</div> <div></div>	Trust-based cooperative partners for co-prosperity	Win-win partnership agreements, supplier meetings, procurement system, technology transfer, corporate website, magazine	<div>• Strategic planning Division</div> <div>• Procurement Division</div> <div>• Incheon Works</div> <div>• Pohang Works</div> <div>• Dangjin Integrated Steelworks</div> <div>• Suncheon Works</div>	<div>• Securing Technological Competitiveness</div> <div>• Transparent Management Activities</div> <div>• Reducing Environmental Impacts</div> <div>• Response to Climate Change</div> <div>• Creating Employee Values</div> <div>• Strengthening Occupational Safety and Health</div> <div>• Pursuing Mutual Growth</div>
<div>Shareholders/ Investors</div> <div></div>	Support the fundamental resources for sustainable growth	General shareholders’ meeting (GSM), earnings releases, conferences, one-to-one meetings, visits to worksites, disclosures	<div>• Finance and Economy Division</div>	<div>• Transparent Management Activities</div>
<div>Local Communities</div> <div></div>	Providing the platform to perform responsibilities as a corporate citizen	Social contribution activities (Energy-Efficient Housing Project, Happy Yes, Green Guard, and others)	<div>• Strategic planning Division</div> <div>• Incheon Works</div> <div>• Pohang Works</div> <div>• Dangjin Integrated Steelworks</div> <div>• Suncheon Works</div>	<div>• Reducing Environmental Impacts</div> <div>• Response to Climate Change</div> <div>• Pursuing Mutual Growth</div> <div>• Implement Social Contribution Activities</div>
<div>NGO/Government/ Media</div> <div></div>	Set the direction for corporate citizenship	Visits to worksites, press releases	<div>• Strategic planning Division</div> <div>• Incheon Works</div> <div>• Pohang Works</div> <div>• Dangjin Integrated Steelworks</div> <div>• Suncheon Works</div>	<div>• Reducing Environmental Impacts</div> <div>• Response to Climate Change</div> <div>• Pursuing Mutual Growth</div> <div>• Social Contribution Activities</div>

Risk Management

Selection Process of
Key Risk Factors



Risk Management System

Hyundai Steel has reorganized its risk management system to take control of all risks arising in due course of business activities to preemptively manage and respond to potential risk factors. Risk indicators are applied according to different business sectors and updated regularly with respect to the changing business environment and feedback from related departments. The company also has in place an internal process for sensing key risk indicators around the clock, and for preemptively counter-measuring these risk factors.

Selecting Key Risk Factors

Hyundai Steel selects key risk factors based on its in-house surveys of risk experts and management environments in and out of the company. A pool for risk factors are listed and then compiled for questionnaires to classify key risk factors. The survey results are then analyzed using a quantitative approach called Analytic Hierarchy Process (AHP) and qualitatively adjusted to draw 10 key risk factors. In addition, Hyundai Steel selects emerging risk factors to manage those that have potential impact on the business such as safety and health, and environmental influence.

Key Risk Management

Key risks are segmented into three types i.e. indicator-management, scenarios, and disasters in order to develop specialized countermeasures. Indicator-management type risks are closely monitored for leading indicators and lagging indicators, and when a high risk potential is detected, countermeasures are promptly made. Disaster-type risks are difficult to forecast or anticipate. Therefore, the company has created response manuals and runs regular drills to minimize losses or damages in the event of such risks. Scenario-type risks are controlled based on scenarios by forecasting and responding to changes in the business environment.

10 Key Risk Factors

Countermeasure Type	Risk Names	Countermeasures
Indicator-management Type	Low-cost imported materials	Develop adequate countermeasures for increasing number of low-cost imported materials in timely manner
	Fluctuating commodity prices	Establish and implement countermeasures in time by monitoring the fluctuation
	Quality competitiveness	Prevent the decrease in quality competitiveness caused by unstable operations and incidents regarding human and physical property
	Financial stability	Prevent interruption in the flow of funds caused by decreased ability to create cash during depression
Scenario Type	Worsening steel market conditions	Analyze the industry's supply balance, profitability of steel company, and restructure of competitors in the industry
	Increased utility expenses	Judge the trend in global utility expenses and monitor countries' electric power policies
	Stringent global market competition	Monitor the excessive supply due to new expansion of South-East Asia market, and changes in competitors' export strategies
	Failing to respond to market changes	Analyze the contracting export market and the stringent competition in domestic demand
	Importance of labor-management relations	Search for ways to reduce risks by establishing advanced labor-management culture
Disaster Type	Increasing natural disasters	Establish a response system to uncontrollable disasters

Emerging Risks

Hyundai Steel analyzed its internal and external status to identify emerging risks in the fields of finance, safety & health, and environment, and strategically responds to them with systemized analysis.

Financial risks

In order to sustain financial stability, Hyundai Steelmanages financial risks such as those associated with foreign exchange or interest rates. In managing risks regarding foreign exchange, the company runs sensitivity analysis tests to analyze, report, and evaluate risks that may occur due to the changes in currency rates of major currencies. In managing risks regarding interest rates, the company strikes the right balance between fixed-rate loans and floating-rate loans through interest rate swap agreements. In addition, Hyundai Steel strategically manages and evaluates financial risks by adjusting the interest rates and risk profiles.

Employee safety risks

Since Hyundai Steel is a company that creates steel products through production process, the safety of employees is a key to increase productivity. Unexpected accidents not only harm the economic performance, but give negative impact on the company's reputation. Hyundai Steel responds actively to issues on safety and health as regulations on the matter become more stringent.

Climate change regulation risks

As climate change becomes an important issue around the world, many international agreements and restrictions in Korea have become more stringent. More social responsibility on the reduction of GHG emission is expected of Hyundai Steel as an affiliate of Hyundai Motor Group. The Emission Trading Scheme that will take effect from 2015 is a system to restrict the total amount of GHG emission of the company, and is expected to largely impact complete business activities. Therefore, Hyundai Steel identifies climate change as an emerging risk and manages it with great attention.

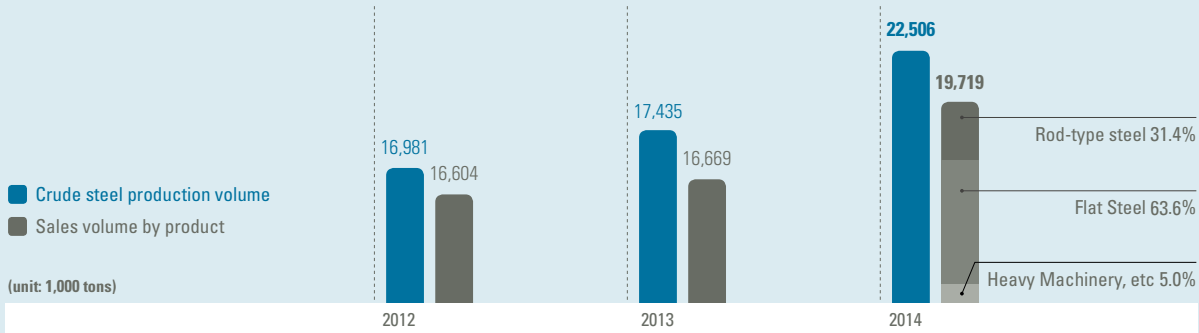
Creation and Distribution of Economic Performance

Market Trend

The growth of the steel industry is closely related to that of major industries, including automobile, shipbuilding, construction, electronics, and machinery. In spite of the decrease in demand due to the global economic downturn, the long-term demand for steel is expected to rise continuously, propelled by the growth of the Korean industry. In addition, following the sophistication of industries, the demand for high value-added and high-performance metal materials is expected to rapidly grow, and this will increase the supply and demand of high-end steel, which used to be considered less advantageous than the production and operation technology in Korea.

Product Sales Volume

Hyundai Steel employs a differentiation strategy for its product sales, creating a product portfolio with an increased portion of strategic and high value-added products. In order to strengthen its technical support, the company also provides total solutions, approaching the distribution channels and end-users directly and indirectly to sell its products. In 2014, since the full operation of the new blast furnace, sales of flat steel outpaced that of rod-type steel products. With regard to flat steel, strategic products for automobile and TMCP products saw their sales jump by 29 percent and 47 percent, from the previous year respectively, while rod-type steel products enjoyed a 20 percent sales growth in high-end products, such as SD 500/600, SHN, and other large-sized products.



Market Share¹⁾

Product	2012	2013	2014
Reinforcing Bars	32.4	31.5	30.4
H-beams	66.9	65.7	68.9
Hot-rolled Coils / Steel Plates	18.2	22.4	26.5
Cold-rolled Coils	-	-	32.5
Stainless Steel	34.8	33.1	35.0

1) Domestic sales of each product, excluding export volume (source: Korea Iron & Steel Association / Market shares include those of Hyundai BNG Steel)

Economic Value Creation in 2014

Throughout 2014, instability in the global economy and sluggish market developments in the domestic and international steel industry lingered. In spite of the difficult situation, Hyundai Steel made an increase in sales and operating profits compared to 2013, thanks to the sales of high value-added cold-rolled sheets products, propelled by the normal operation of the third blast furnace and the merger with Hyundai Hysco. Sales were increased by KRW 3,218.7 billion from the previous year, to KRW 16,032.9 billion, while operating profits stood at KRW 1,440 billion, increased by KRW 723.4 billion year on year. The operating profit margin has increased to 8.9% compared to 5.6% of 2013.

Summary of Economic Value Creation¹⁾

Category	Unit	2012	2013	2014
Total Asset	KRW in billions	22,875	28,932	28,336
Sales	KRW in billions	14,128	12,814	16,032
Operating Profit	KRW in billions	870	716	1,440
Operating Profit Margin	%	6.2	5.6	8.9
ROE	%	8.1	5.2	5.5
EBITDA	KRW in billions	1,589	1,408	2,605
Debt-to-equity Ratio	%	133.4	120.1	108.8

1) Based on separate IFRS

Credit Ratings²⁾

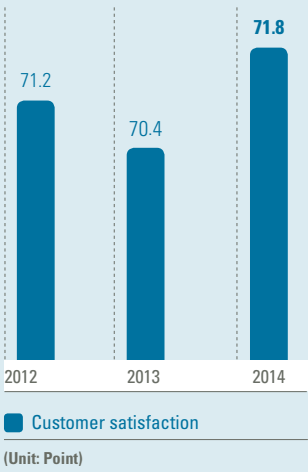
Korea Ratings	Korea Investors Service (KIS)	NICE	S&P	Moody's
AA	AA	AA	BBB-	Baa3

2) Period: Korea Ratings and KIS (Mar. 18, 2010-present), NICE (Apr. 2, 2010-present), S&P (Nov. 14, -present), Moody's (Dec. 14, 2010-presents)

Distributing Economic Values

Hyundai Steel strives to create values for the benefit of society and its development. To reduce the risks related to tax system, the company complies with the liability to pay taxes and discloses its information transparently. The values distributed to its stakeholders, including suppliers, employees, government, and local communities, were KRW 11,721 billion throughout 2014.

Stakeholder	Description	Sum	Note
Shareholder & Investors	Return on investments	KRW 512.9 billion	Provide dividends and interest
Government	Liability to pay taxes	KRW 308.2 billion	Corporate taxes and public imposts
Local Communities	Giving back to society	KRW 10.5 billion	Social contribution expenses
Suppliers	Direct & indirect support for mutual growth	KRW 10,023.6 billion	Procurement expenses and funds for mutual growth
Employees	Work-life balance	KRW 865.8 billion	Total wages



Customer Satisfaction

Hyundai Steel conducts customer satisfaction surveys of the customers who purchased or used its products. The company carries out selective customer satisfaction surveys with strategic priority derived from clients in five main business divisions. The survey encompasses the overall process from a client company's purchase decision-making step to usage step. The quantitative evaluation on customer-oriented environment, pricing policy, technology development, order processing, customer portal system, distribution service, delivery, technical support, and claim processing are made and reflected to draw top priority improvement agendas for enhancing customer satisfaction. In addition to quantitative assessment, Hyundai Steel conducts in-depth interviews with 40 client companies to gather concrete feedback on the awareness of market conditions, product evaluation, and other demands, and derives issues to be improved. Hyundai Steel strived to secure subjectivity and credibility of customer satisfaction surveys by increasing the number of clients participating, increasing number of survey questionnaires, and analyzing its statistics.

Social Performance

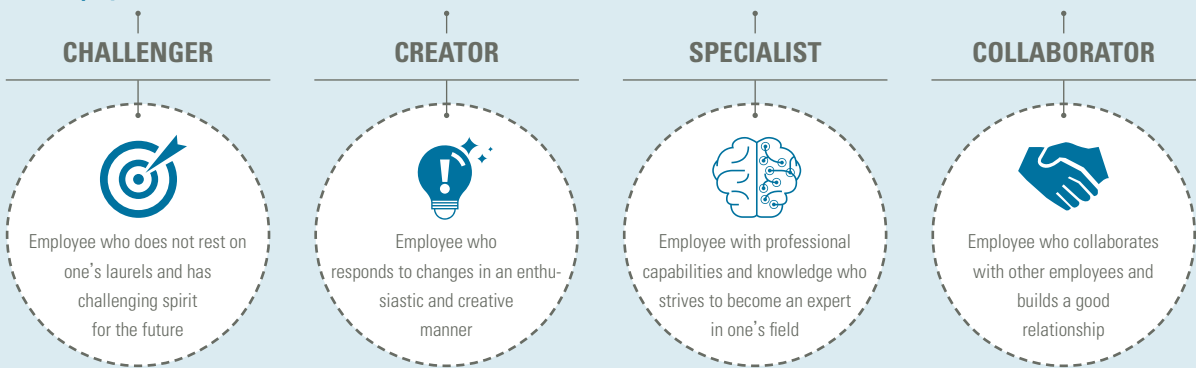
HR Development

HR Development Scheme and Strategy

Hyundai Steel's ideal employee highly values an enterprising spirit, creativity, expertise, and teamwork. In the same context, the company directs its HR development policies in three directions i.e. sharing the corporate culture, fostering next-generation leaders, and developing performance-oriented human resource development schemes.

With a goal of developing global competency and passion in all our employees, Hyundai Steel set three key initiatives - internalize core values, establish a system for competency-building programs, and offer specialized education programs - and offered optimized training programs in different forms.

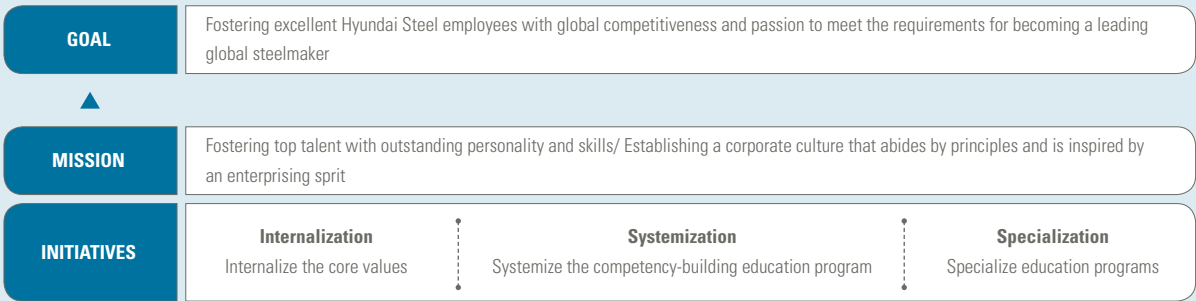
Ideal Employee



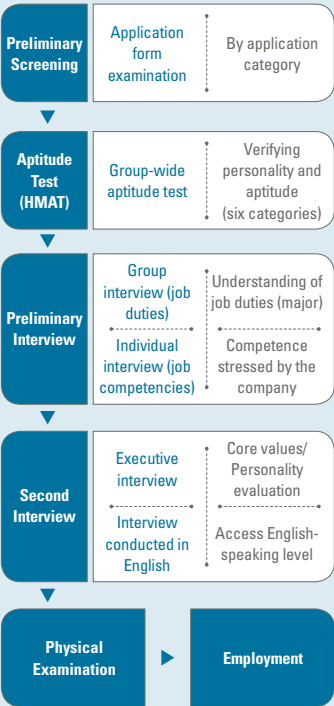
HRD Directions



HRD Policies



Recruitment Procedures



HR Operations

Recruitment Principles

Hyundai Steel regards talented people as an invaluable asset for the competitiveness of the company and invests in employees with long-term high potential. To help our employees realize their full potential and grow into top talents, we make sure that everyone is provided with equal opportunities and fairly compensated for their performance. New employees are recruited twice a year, with experienced employees recruited whenever a new job opens up through application form exams, aptitude tests, interviews, and physical examination following fair and systematic procedures.

Respect for Human Rights and Promotion of Diversity

Hyundai Steel strictly prohibits any form of discrimination based on gender, race, religion, or regional origin through its own system and institutions. We help our employees with different talents and backgrounds motivate themselves at work by, implementing diversity policies and improving related systems. We are also an equal opportunity provider to all our employees to help them realize their full potential. The company also prohibits child labor and forced labor for any reason. We fully comply with the Korean Labor Law and International Labor Organization (ILO) conventions. As a result, we have had no cases of violation with any of these laws and regulations in 2014.

Fair Assessment and Compensation

Hyundai Steel provides equal opportunities for all of our employees to help them realize their full potential, ensuring compensation based on ability and performance, and eliminating discrimination of any kind. Individual employee's abilities and accomplishments are reasonably and fairly assessed (Competence assessment and Performance assessment).

Workforce

The total number of Hyundai Steel employees stood at 10,836 persons as of the end of Dec. 2014, with the average length of service with the company being 11.2 years (11.3 years for males and 8.7 years for females). This represents a higher figure than the average length of service for employees in the manufacturing industry of 500 Korean companies as of September 2014. The job groups can be broadly classified into administrative staff, production, and others. The employees with disabilities are 283 persons in addition to 282 Korean veteran employees.

(Unit: persons)				
Category		2012	2013	2014
Number of All Employees	Number of Employees	9,043	10,737	10,836
- By Gender	Male	8,762	10,381	10,503
	Female	281	356	333
- By Occupational Group	Administrative	2,121	2,618	2,678
	Production	6,371	7,621	7,760
	Etc.	551	498	398
- By Employment Type	Regular	8,655	10,388	10,601
	Contractual	388	349	235
- By Age	~30	1,804	2,706	2,424
	31~40	2,944	3,429	3,717
	41~50	2,386	2,705	2,661
	51~	1,909	1,897	2,034
Number of Employment		875	872	565
Turnover Rate (%)		3.5	3.9	4.7



Best Family Friendly Management Certification

Corporate Culture

Wining Best Family Friendly Management

Hyundai Steel was selected as Best Family Friendly Management by Korea’s Ministry of Gender Equality & Family in 2014. The Best Family Friendly Management certification system is implemented to enhance the quality of life of employees and their families and reinforce a company’s competitiveness by creating a family-friendly work environment. Hyundai Steel provides various support for the self-development of employees and their family’s health, education, and leisure activities. The Best Family Friendly Management certification was given to Hyundai Steel in recognition of its efforts to pursue the happiness of employees and their families and the sustainable growth of the company.










(Unit: persons)

Category	2012	2013	2014
Employees who has taken childcare leave ¹⁾	1	3	15
Employees who returned after childcare leave	1	3	15
Employees remaining at work for 12 months or longer after returning from leave	1	2	3 ²⁾

1) Estimate of employees expected to return in 2014 (based on the last day of parental leave)

2) Estimate of number of employees who returned in 2014 and continued working for more than a year as of May 2015

Welfare Benefit Programs

	Housing support	Support KRW 30 million for buying house, KRW 25 million for leasing house at low interest, accommodations for unmarried persons at Dangjin Integrated Steelworks, Pohang Works, and Suncheon Works
	Commuter bus	Operate commuting buses for all areas including Seoul, Dangjin, Incheon, Pohang, and Sucheon
	In-house gym and swimming pool	Employee-only indoor swimming pool at headquarters, free gym and sauna facilities at Dangjin Integrated Steelworks, Incheon Works, Pohang Works, and Suncheon Works
	Discount at Hyundai & Kia Motors	Offer discount on purchasing automobiles from Hyundai and Kia Motors for employees, additional discount provided in accordance with years of service
	Discount at Hyundai Department Store	Issue employee-exclusive card for 10% discount and operate online Hyundai Department Store website exclusive for employees
	Condominium & Resort	Offer discount on various condominiums and resorts across Korea, including Hyundai I-park Condominium at Seolak and Haevichi Hotel & Resorts Jeju for employees' leisure
	Support club activities	Provide support for various hobby and sports club activities
	Medical support	Offer regular checkups and general health checkups, support hospital bills for employees (100%) and their families (50%), operate health clinic at all worksites
	Educational cost for children	Cover all school expenses for employees' children from high school

Retirement Pension

Since 2011, Hyundai Steel operates a retirement pension plan to secure the stable payment of retirement benefits. The severance pay is given in accordance with DB (defined benefit retirement pension) at the time of retirement. As of the end of 2014, the retirement pension of KRW 454.6 billion is operated for employee’s stable life after retirement.

Retirement Pension	KRW 454,650 million
Number of Employees who Joined the Pension	10,152 persons

Operation of SMART Board

Hyundai Steel operates SMART Board to facilitate communication within the company. Each site (Seoul, Incheon, Pohang, Dangjin, and Suncheon) has its own meeting group, participated by assistant managers and managers. SMART Board comes up with ideas that are feasible and implements them. It also delivers forthright comments from young employees on the future of the company, to the management. Hyundai Steel will continue to utilize SMART Board to generate active communication amongst employees as a horizontal communication channel.

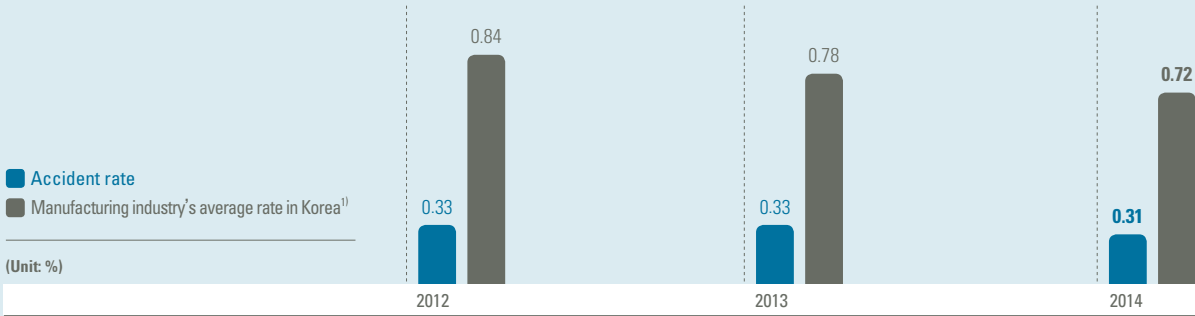
Trust-based Labor-management Communication

Hyundai Steel maintains interactive communication between management and labor for mutual trust. The company consults with its labor union, which represents 71.7 percent of its workforce, on major issues such as employment plans, factory expansion, and adoption of new equipment or facilities. In fact, there is a Labor-Management Council at each of our worksites. Consisting of 10 representatives from both sides, the 20 members of the council convene quarterly meetings to discuss better ways for close cooperation. In 2014, each worksite held four council meetings to devise ways to improve working conditions.

Safety and Health

Occupational Safety and Health Performance

Hyundai Steel acquired OHSAS 18001 certification and operates safety system specialized for each worksite to raise the safety consciousness of its employees and to continue zero-disasters.



1) Refer to analysis on occupational accident 2011-2014 by Korea Occupational Safety & Health Agency

Operation of Occupational Safety and Health Committee

Hyundai Steel operates Occupational Safety and Health Committee for each worksite to promote the culture of safety and health. Through the Committee, the labor and management deliberate and resolve on important safety and health issues to prevent dangers or health hazards of employees. The Committee consists of equal number of employees from labor and management, and includes representative for workers and that of the worksite. The Committee at Dangjin Integrated Steelworks had discussions regarding establishment of an incident-respond system and structuring safety management plans for special steels. At Incheon Works, the Committee discussed about operating psychological counseling and installing positive pressure facilities at the rolling mill. The Committee at Pohang Works inspected the construction safety of CR2 and discussed about the electric arc furnace dust caused by roll manufacturing.

Social Contribution

Core Values of Hyundai Steel's Social Contribution

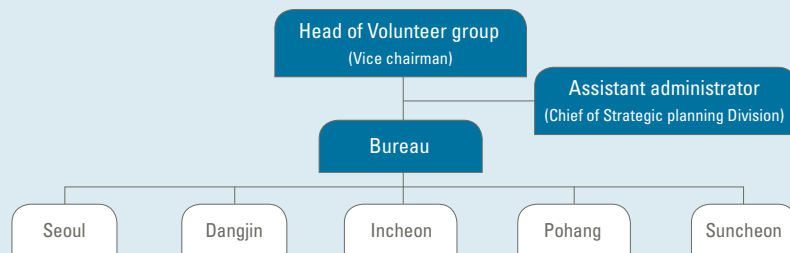
As a global corporate citizen, Hyundai Steel strives to be in harmony with the society, and practices social contribution activities that mirrors the characteristics of Hyundai Motor Group. Based on this philosophy, Hyundai Steel fulfills its social responsibility to create a happy world with hope and sharing.



Social Contribution Organization

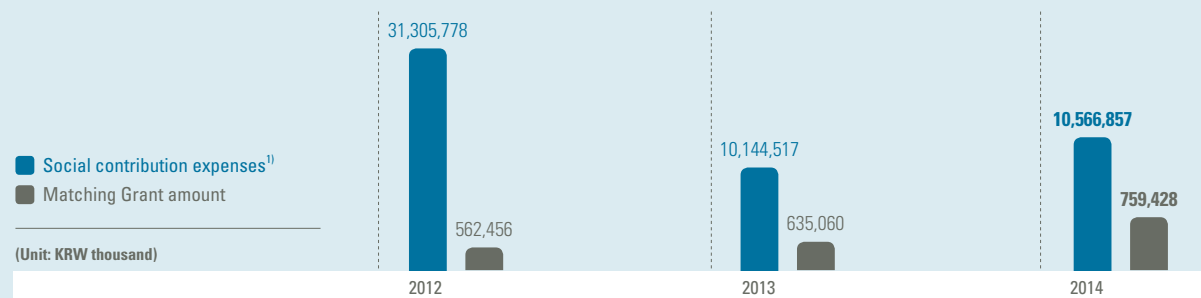
Guided by the social contribution mission of contributing to human welfare and a sustainable society through eco-friendly business activities and proactive fulfillment of social responsibilities, Hyundai Steel has in place a dedicated organization to develop and implement social contribution strategies. The company-wide volunteer activities led by the CEO are conducted through small teams by division and local worksites. Based on a long-term plan spanning from 2011 to 2020, Hyundai Steel is implementing its social contribution programs so that the company as a corporate citizen can achieve mutual growth along with local communities.

Social Contribution Organization



Social Contribution Accomplishments

Category	Unit	2012	2013	2014
Employee Volunteer Hours	hours	111,140	112,536	128,122
Employee Volunteer Participation Rate	%	97	90	95



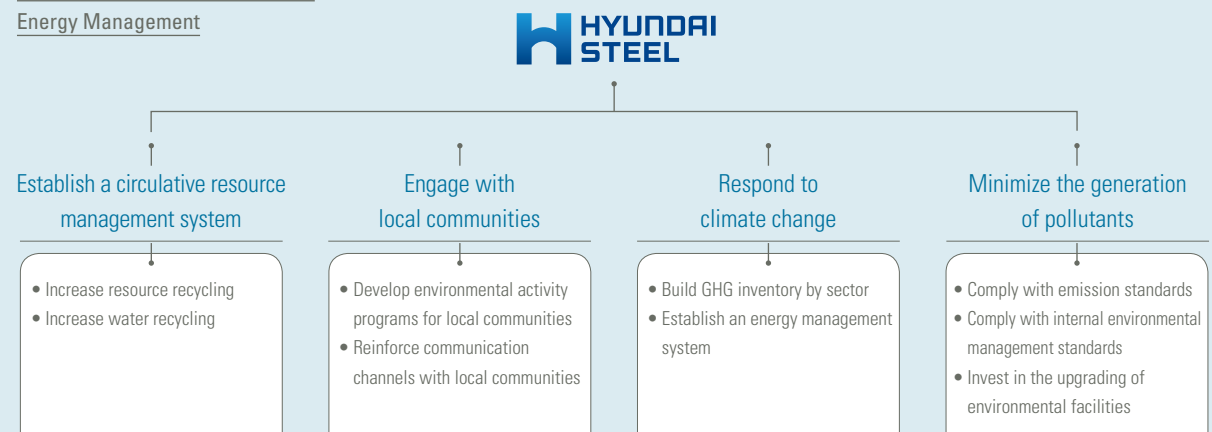
1) Including KRW 19.7 billion for establishment of Dangjin Welfare Town

Environmental Performance

Environment and Energy Management Policies

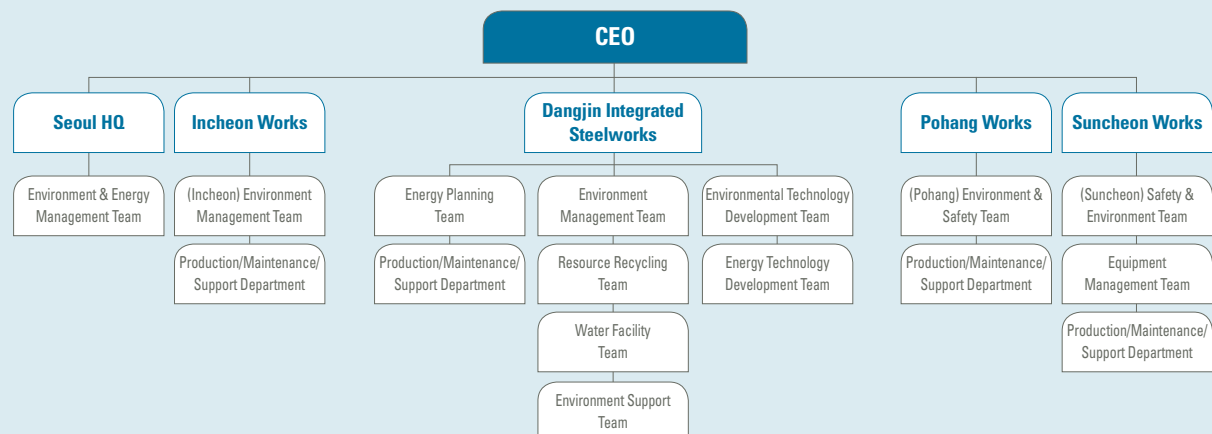
Hyundai Steel strives to minimize its impact on the environment, and achieve sustainable development by utilizing resources and energy efficiently all throughout its business activities. The company instituted Environment and energy management policy and carries out initiatives according to it, in a bid to minimize the emissions of pollutants from the entire process of production, from the input of raw materials to the rollout of finished products. In addition, all worksites acquired ISO 14001, the international environmental management certification, to establish systematical environmental management. By building the Environment and energy management system that meets global standards in all workplaces, Hyundai Steel received certification from the International Organization ISO14001 (environmental management system) and ISO 50001(energy management system).

Key Elements of Environment and Energy Management



Environmental Management Organization

Hyundai Steel has a dedicated organization to Environment and energy management, which plans Environment and energy management strategies, monitors the Environment and energy facility managements and compliance with related regulations, and develops related technologies. The organization consists of a planning team at headquarters, administrative teams at plants, and a technology development team at the R&D Center. The planning team supports the internal and external responses to the environment and energy policies, and company-wide and external environmental and energy-related activities, analyzes trends in external policies, establishes climate change and energy response system, and overlooks the company's response to carbon regulations and energy issues in and out of Korea. Plant-level administrative teams take care of environment and energy-related issues associated with production activities at each steelworks, such as disposal of pollutants and energy management. The team at the R&D Center is in charge of R&D activities specialized in environmental and energy-related technologies and process innovation.



Investment in Environment

In a bid to fulfill the environmental vision of becoming the ‘world’s top eco-friendly steelworks’, Hyundai Steel has increased its investment in environmental facilities, and has continued to improve and create a pleasant working environment.

(Unit: KRW billion)

Section	2012	2013	2014
Environmental Accounting ¹⁾	137	211	298
Environmental Investment Expenses ²⁾	96	62	649

1) The environmental accounting includes environmental facility operation costs (electricity bills, maintenance expenses, and labor expenses), resource creation costs (byproduct processing expenses, transport expenses, reclamation expenses, and consignment expenses), general administrative costs, depreciation costs, energy collection costs, and environmental R&D expenses.
2) Environmental investment expenses are spent in facility improvement and installation to enhance dust collection efficiency, water quality, and slag recycling.

Air Quality Control

Hyundai Steel makes every effort to keep the air quality around its worksites as comfortable as possible through airtight control of pollutant emissions such as dust, odor, or noise with its tele-monitoring system (TMS). Equipped with an enclosed raw material processing system, Dangjin Integrated Steelworks keeps emissions of dust, SOx and NOx 30% lower than the legal minimum. The exhaust gas generated from the sintering process – cutting iron ore into a certain size- goes through several stages of treatment, including an electric dust collector, filter, and activated carbon absorption to keep levels lower than that of the legal minimum.

(Unit: kg)

Category	2012	2013	2014
Chemical Emissions	31,370	42,090	51,228
Air Pollutant Emissions ³⁾	Dust	964,659	1,007,490
	SOx	7,396,580	6,057,266
	NOx	6,254,603	5,314,289

3) The rapid increase in NOx emissions is due to the expansion of the third blast furnace and acquisition of Hyundai Hysco

(Unit: ng/m3)

Category	Worksite	2012	2013	2014
Dioxin Emissions Concentration	Blast furnace in Dangjin	0.04	0.01	0.01
	Electric arc furnace in Dangjin	0.21	0.06	0.03
	Incheon	0.05	0.04	0.06
	Pohang	0.02	0.05	0.04

(Unit: kg/t-s)

Category	Worksite	2012	2013	2014
Air Pollutant Emissions Concentration ⁴⁾	Dust	0.06	0.06	0.06
	SOx	0.44	0.35	0.34
	NOx	0.37	0.30	0.34

4) The rapid increase in NOx emissions is due to the expansion of the third blast furnace and acquisition of Hyundai Hysco

Water Quality Control

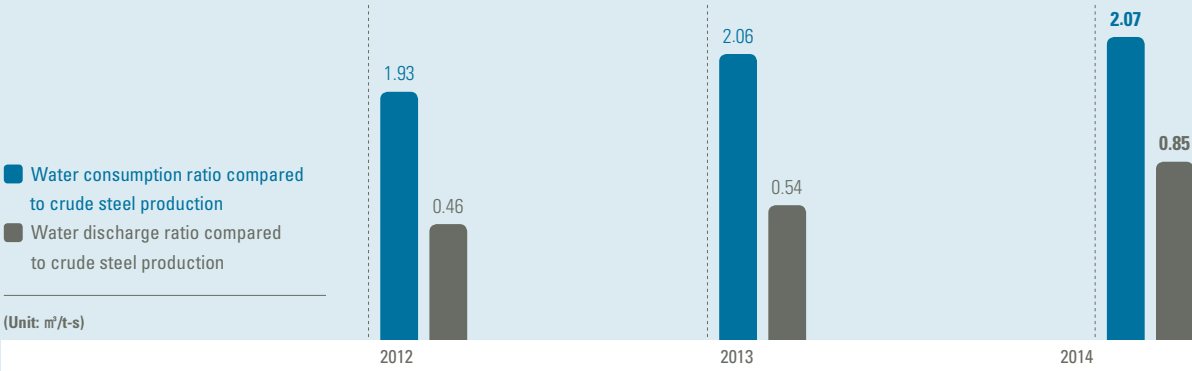
In 2014, Hyundai Steel consumed a total of 46,592,000m³ of industrial water, 36,372,000m³ of which was consumed at Dangjin Integrated Steelworks. While the completion of the third blast furnace at Dangjin Integrated Steelworks and the acquisition of Suncheon Works pushed up the overall amount of water consumption, the ratio of total water usage compared to crude steel production was retained at 2.07m³/t-s, similar to that of the previous year, thanks to the company’s continued efforts in water conservation.

(Unit: 1,000m³)

Category	2012	2013	2014
Water Usage Volume	Total	32,714	35,983
	Industrial Water	24,468	29,323
	Water Supply	4,442	3,328
	Sewage Recycling	3,804	3,332

(Unit: 1,000m³)

Category	2012	2013	2014
Wastewater Treatment Amount	Total	15,428	17,103
	Water Recycling Amount	7,567	7,706
	Discharge Amount	7,861	9,396



(Unit: m³/t-s)

(Unit: mg/l)

Category	Worksite	2012	2013	2014
SS	Blast furnace in Dangjin	1.1	1.4	2.4
	Electric arc furnace in Dangjin	2.2	1.4	1.5
	Incheon	27.0	48.9	24.3
	Pohang	1.7	1.7	1.7
	Suncheon ¹⁾	-	-	0.8

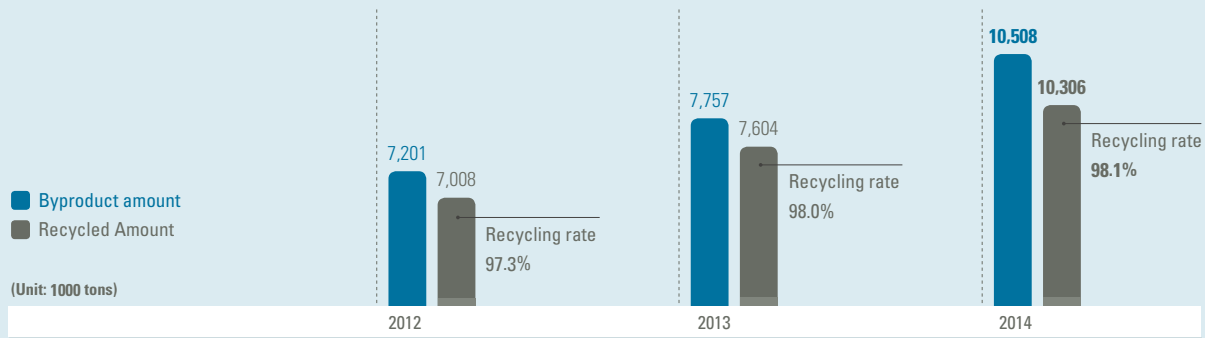
(Unit: mg/l)

Category	Worksite	2012	2013	2014
COD	Blast furnace in Dangjin	17.8	14.4	17.2
	Electric arc furnace in Dangjin	3.3	3.0	2.8
	Incheon	73.1	63.4	64.0
	Pohang	3.7	3.8	3.8
	Suncheon	-	-	8.3

1) Excluding the data of Suncheon Works prior to the acquisition of Hyundai Hysco (2012-2013)

Byproduct Recycling

In 2014, the total amount of byproducts from the four worksites of Hyundai Steel stood at 10,508,000 tons, and 10,306,000 tons were recycled, a 98% recycling ratio.



(Unit: 1000 tons)

Category		2012	2013	2014
Byproduct Amount by Type	Slag	5,118	5,302	6,986
	Dust	398	408	540
	Refractory Waste	118	109	134
	Sludge	391	464	646
	Others	1,175	1,475	2,202

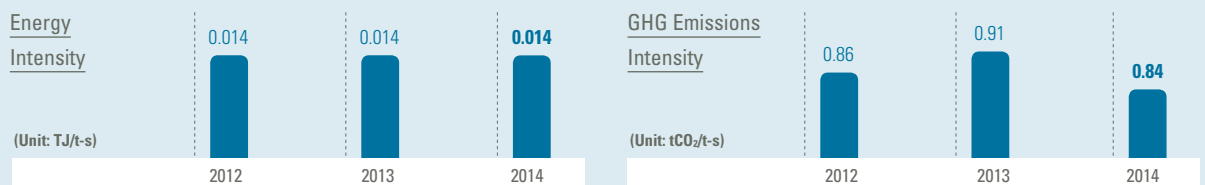
Responding to Climate Change

Hyundai Steel is subjected to report their GHG emissions and energy consumption which are headquarters, Seoul Sales Office, Dangjin Integrated Steelworks, Incheon Works, Pohang 1·2 Works, and Suncheon Works. The figures increased since the gross production volume grew with the merger with Hyundai Hysco's Cold-rolled Business Unit in Jan. 2014. And the operation of the third blast furnace at Dangjin Integrated Steelworks from Sep. 2013. Another factor that affected the rise in GHG emissions and energy consumption is the increased consumption of supplementary power unit caused by the establishment of new special steel business unit in 2014.

(Unit: TJ, 1000 tons CO₂)

Category		2012	2013	2014
Energy Consumption Amount	Total	244,046	245,594	303,999
	Electricity	85,180	91,110	102,819
	Fuel	158,095	152,931	199,006
	Steam	771	1,552	2,177
GHG Emissions ¹⁾	Total	14,660	15,892	18,802
	Scope1	10,337	11,078	13,328
	Scope2	4,322	4,813	5,473

1) Based on revised GHG emissions after review of the Ministry of Environment



Third Party Assurance Statement

Introduction

DNV GL Business Assurance Korea Ltd. (hereinafter “DNV GL”) is commissioned to carry out the assurance engagement of the 2015 Sustainability Report(hereinafter “the Report”) of Hyundai Steel Company ('Hyundai Steel'). This engagement focused on the information provided in the Report and the underlying management and reporting processes. Hyundai Steel is responsible for the collection, analysis, aggregation and presentation of all information within the Report. DNV GL’s responsibility in performing the work follows terms of reference and scope of work agreed. The assurance engagement is based on the assumption that the data and information provided to us is complete, sufficient and authentic. Hyundai Steel’s stakeholders are the intended recipients of the assurance statement.

Scope of Assurance

This Assurance Engagement covered data and information presented only in the Report. The scope of DNV GL’s Assurance Engagement includes the review and assessment of followings:

- Evaluation of the reporting principles for defining the sustainability report content and the quality in the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines 4
- Evaluation of adherence to Accountability principles provided in AA1000 Accountability Principles Standard (APS)2008 with a moderate level of assurance and Type 1 & Type 2.(Applied to specific performance information).
- Check of GRI 4 Disclosure level against GRI 4 Disclosure option

Limitation

The engagement excludes the sustainability management, performance and reporting practices of Hyundai Steel’s suppliers, contractors and any third-parties mentioned in the Report. DNV GL did not interview external stakeholders as part of this Assurance Engagement. Any financial information from Hyundai Steel’s annual report and company reporting on operations in 2014 or other sources are not included in the scope of the Assurance. Economic performances based on the financial data were cross-checked with internal documents and the audited financial statements. The aggregation and calculation process for building economic performances is reviewed and tested by the verification team. The baseline data for Environmental and Social performance are not verified, while the aggregated data are used for the verification. The qualitative statements addressed in the GRI Content Index are not verified but the audit team has just confirmed that the indicator is reported in the GRI Content Index DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Verification Methodology

The Assurance Engagement was planned and carried out in accordance with the DNV GL Verification Protocol for Sustainability Reporting (VeriSustain™ V.4.1) and AA1000AS(2008). As part of the verification, we challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls. In accordance with the VeriSustain, the Report was evaluated with regard to the following criteria: DNV GL has examined and reviewed documents, data and other information made available by Hyundai Steel. We performed sample-based audits of;

- The process for determining the materiality of the contents to be included in the Report.
- The process for generating, gathering and managing the quantitative and qualitative data in the Report.
- The accuracy of data
- Visit to Headquarter and steel mill in Dangjin in korea

Conclusion

In DNV GL’s opinion, and based on the scope of this Assurance Engagement, the report provides a reliable and fair representation of Hyundai Steel’s sustainability strategy, policy, practices and performance in 2014. The report is prepared “In accordance with Core option” of GRI G4. Standard disclosure items assured are indicated in the verification report submitted to Hyundai Steel. Further opinions with accountability principles are made below;

Inclusivity

Hyundai Steel has engaged with a wide range of stakeholders which are employees, customers, business partners, shareholders/investors, local communities, NGO, government, and Media. The report includes a process to derive expectations and interests of internal and external stakeholders. Main issues were clearly represented in the report.

Materiality

Hyundai Steel has formed a sustainability issue pool by analyzing international standards, benchmarking and media coverage for its sustainability and reviewing the material issues reported by peer groups. The material issues are determined by combining the issues which are important for stakeholder and the issues which are relevant for Hyundai Steel in terms of sustainability. The output of the process clearly brings out material issues.

Responsiveness:

Hyundai Steel monitors and reports performances of material issues drawn by the materiality assessment process in the report. The report includes financial (economical) and non-financial (social and environmental) performances. Hyundai Steel states its vision and business strategies with the performances in the report.

Findings in relation to specific sustainability performance information:

DNV GL has evaluated the reliability of data and information about Greenhouse Gas emissions, water usage, the volume of waste water, waste generated in operations, occupational accident rate for Type 2 Assurance. DNV GL has interviewed the personnel responsible for the data and information in order to figure out the generation, aggregation and processing of data and information and reviewed the relevant documents and records based on which the statements in the Report are addressed. The reporting of the sustainability performance presented in the Report make it possible to understand the company’s impact in economic, social and environmental areas, as well as the company’s achievements in those regards. Hyundai Steel has developed an effective methodology for gathering the specific information and data respectively for reporting. The personnel responsible for the data are able to demonstrate to trace the origin and interpret the data in a reliable manner as per internal process. Therefore, the specific data and information are found to be identifiable and traceable. From our analysis of the data and information and Hyundai Steel’s processes, DNV GL concludes that the data and information included in the Report are the results of stable and repeatable activities.

Opportunities for Improvement

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

- The Data and information in the sustainability report should be reviewed by an internal quality control procedure. It is recommended that Hyundai Steel establish an internal quality control procedure for the sustainability data and information.

Statement of Competence and Independence

DNV GL is a leading provider of sustainability services, including the verification of sustainability reports. Our environmental and social assurance specialists operate in over 100 countries. DNV GL was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV GL maintains complete impartiality toward stakeholders interviewed during the verification process.

June 2015

Seoul, Republic of Korea

In-Kyoon Ahn

Country Representative

DNV GL Business Assurance Korea Ltd.



AA1000
Licensed Assurance Provider
000-47

GHG Assurance Statement

Assurance Scope

This assurance statement is written by the request of Hyundai Steel.

Lloyd’s Register Quality Assurance Ltd. (LRQA) was commissioned by Hyundai Steel to assure its Greenhouse Gas (GHG) and energy consumption data and GHG emission amount data disclosed in the 2014 Inventory Report of GHG Emission and Energy Consumption, prepared in accordance with the GHG and Energy Target Management Scheme. They have summarized the result in Table 1 below. The report relates to direct and indirect GHG emissions.

Management Responsibility

The management of Hyundai Steel is responsible for preparing the GHG data and information disclosed in the GHG report, and for maintaining effective internal controls over the data and information disclosed. LRQA’s responsibility was to carry out assurance engagement on the GHG report, in accordance with our contract with Hyundai Steel.

LRQA’s Approach

Our verification has been conducted in accordance with the GHG and Energy Target Management Scheme specification with guidance for verification of greenhouse gas assertions to provide reasonable level of assurance.

In order to form our conclusion, the following assurance engagement activities were undertaken:

- Conducted site visits to check major facilities, and reviewed the process of managing the data of GHG emission and energy consumption
- Interviewed relevant staff responsible for managing and maintaining data of GHG emissions and energy consumption
- Verified the data and information on the 2014 Inventory Report of Hyundai Steel’s GHG Emission and Energy Consumption.

Level of Assurance and Materiality

The LRQA opinion expressed in this assurance statement has been formed on the basis of reasonable level of assurance and at five percent working materiality level.

LRQA’s Opinion

Based on LRQA’s approach, nothing has come to our attention that would cause us to believe that the GHG data presented in the Inventory Report of GHG emissions and Energy Consumption is not materially correct and therefore it is believed to be ‘reasonable’.

March 30th, 2015
17th Fl. Sinsong building, 67 Yeouinaru-ro, Yeongdeungpo-gu, Seoul, Korea (zip: 150-923)

Sang-keun Yoo
Lloyd’s Register Quality Assurance (LRQA)



LRQA REFERENCE: SEO 6016981

Table 1. GHG emissions of Hyundai Steel on the GHG report

Scope (In accordance with the GHG and Energy Target Management Scheme)	2014
Direct GHG emissions	13,328,429
Energy indirect GHG emissions	5,473,867
Total GHG emissions	18,802,293

The data is compensated gross tonnage of CO₂.
Based on revised GHG emissions after review of the Ministry of Environment.

Assurance Statement

This assurance statement is the assurance opinions on the Inventory Report of GHG emissions and Energy Consumption in accordance with GHG & Energy Target Management Scheme.

Liability of third party

Lloyd’s Register Quality Assurance Limited, its affiliates and subsidiaries and their respective officers, employees or agents are individually and collectively, referred to in this clause as the ‘Lloyd’s Register Group’. The Lloyd’s Register Group assumes no responsibility and shall not be liable to any person for any loss, damage or expense caused by reliance on the information or advice in this document or howsoever provided, unless that person has signed a contract with the relevant Lloyd’s Register Group entity for the provision of this information or advice, and in that case any responsibility or liability is exclusively on the terms and conditions set out in that contract.

GRI Index

Aspects	Index	Core	Content	Page	Verified
General Standard Disclosure					
Strategy and Analysis	G4-1	Core	Statement from the most senior decision-maker of the organization	04, 05	●
	G4-2		Key impacts, risks, and opportunities	04, 05, 54, 55	●
Organizational Profile	G4-3	Core	Name of the organization	06	●
	G4-4	Core	Primary brands, products and services	14, 15	●
	G4-5	Core	Location of the organization's headquarters	06, 07	●
	G4-6	Core	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	06, 07	●
	G4-7	Core	Nature of ownership and legal form	50	●
	G4-8	Core	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	06, 07	●
	G4-9	Core	Scale of the organization (Total number of employees, net sales, total capitalization, products and services)	06	●
	G4-10	Core	Total number of employees	06	●
	G4-11	Core	Percentage of total employees covered by collective bargaining agreements	61	●
	G4-12	Core	Describe the organization's supply chain	39, 57	●
	G4-13	Core	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	About this report	●
	G4-14	Core	Report whether and how the precautionary approach or principle is addressed by the organization	54, 55	●
	G4-15	Core	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	76	●
	G4-16	Core	Memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization	76	●
Identified Material Aspects and Boundaries	G4-17	Core	Entities included in the organization's consolidated financial statements or equivalent documents	Business Report 3	●
	G4-18	Core	Process for defining the report content and the Aspect Boundaries	16, 17	●
	G4-19	Core	Material aspects identified in the process for defining report content	17	●
	G4-20	Core	Report the Aspect Boundary within the organization	17	●
	G4-21	Core	Report the Aspect Boundary outside the organization	17	●
		Core	Effect of any restatements of information provided in previous reports, and the reasons for such restatements	About this report	●
	G4-23	Core	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	About this report	●
Stakeholder Engagement	G4-24	Core	List of stakeholder groups engaged by the organization	53	●
	G4-25	Core	Basis for identification and selection of stakeholders with whom to engage	53	●
	G4-26	Core	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	53	●
	G4-27	Core	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	16, 17, 53	●
Report Profile	G4-28	Core	Reporting period for information provided.	About this report	●
	G4-29	Core	Date of most recent previous report	About this report	●
	G4-30	Core	Reporting cycle (such as annual, biennial)	About this report	●
	G4-31	Core	Contact point for questions regarding the report or its contents	About this report	●
	G4-32	Core	The 'in accordance' option the organization has chosen.	About this report	●
	G4-33	Core	Organization's policy and current practice with regard to seeking external assurance for the report	About this report	●
Governance	G4-34	Core	The governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	51	●
	G4-35		The process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	51	●
	G4-36		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	50, 51	●
	G4-38		Composition of the highest governance body and its committees	51	●
	G4-39		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)	50	●
	G4-40		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	50	●
	G4-41		Processes for the highest governance body to ensure conflicts of interest are avoided and managed	51, 52	●
	G4-42		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	50, 51	●
	G4-43		Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	51	●
	G4-44		The highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities	52	●
	G4-45		The highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	50, 51	●
	G4-47		The frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	50, 51	●
	G4-51		Remuneration policies for the highest governance body and senior executives for the below types of remuneration	52	●
	G4-54		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	52	●
Ethics and Integrity	G4-56	Core	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	Homepage (Code of Conduct)	●
	G4-57		Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	25, 26	●
	G4-58		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	25, 26	●

Aspects	Index	Content	Page	Verified
Specific Standard Disclosure				
Economic				
Procurement Practices	G4-DMA	Management approach	39	
	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	57	●
Environment				
Raw Material	G4-DMA	Management approach	27	
	G4-EN1	Materials used by weight or volume	Business Report 16-17	●
	G4-EN2	Percentage of materials used that are recycled input materials	66	●
Energy	G4-DMA	Management approach	30	
	G4-EN3	Energy consumption within the organization	66	●
	G4-EN5	Energy intensity	66	●
	G4-EN6	Reduction of energy consumption	31, 32	●
	G4-EN7	Reductions in energy requirements of products and services	31, 32	●
Water	G4-DMA	Management approach	27	
	G4-EN8	Total water withdrawal by source	65	●
	G4-EN9	Water sources significantly affected by withdrawal of water	-	No significantly affected water source ●
	G4-EN10	Percentage and total volume of water recycled and reused	65	●
Emissions	G4-DMA	Management approach	30	
	G4-EN15	Direct greenhouse gas (ghg) emissions (Scope 1)	66	●
	G4-EN16	Energy indirect greenhouse gas (ghg) emissions (Scope 2)	66	●
	G4-EN18	Greenhouse gas (ghg) emissions intensity	66	●
	G4-EN19	Reduction of greenhouse gas (ghg) emissions	31, 32	●
	G4-EN21	NOx, SOx, and other significant air emissions	64	●
Wastewater and Waste	G4-DMA	Management approach	27	
	G4-EN22	Total water discharge by quality and destination	65	●
	G4-EN23	Total weight of waste by type and disposal method	66	●
	G4-EN24	Total number and volume of significant spills	-	No spill occurred ●
	G4-EN26	Identity, size, proteted status, and biodiversity value of water bodies and realted habitats significantly affected by the organization's discharges of water and runoff	29	●
Products and Services	G4-DMA	Management approach	27, 30	
	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	28, 29, 31, 32	●
Overall	G4-DMA	Management approach	27, 30	
	G4-EN31	Total environmental protection expenditures and investments by type	64	●
Labor Practices and Decent Work				
Occupational Health and Safety	G4-DMA	Management approach	36	
	G4-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	61	●
	G4-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	61	●
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	37, 38	●
	G4-LA8	Health and safety topics covered in formal agreements with trade unions	61	●
Training and Education	G4-DMA	Management approach	33	
	G4-LA9	Average hours of training per year per employee by gender, and by employee category	34	●
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	35, 60	●
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	60	●

GRI Index

Aspects	Index		Content	Page	Verified
Social					
Local Communities	G4-DMA	Management approach	27, 43		
	G4-S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs	44-47		●
	G4-S02	Operations with significant actual and potential negative impacts on local communities	16, 17, 28, 29		●
Anti-Corruption	G4-DMA	Management approach	24		
	G4-S03	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	25, 26		●
	G4-S04	Communication and training on anti-corruption policies and procedures	25, 26		●
Anti-Competitive Behavior	G4-DMA	Management approach	24		
	G4-S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	-	No such actions occurred	●
Compliance	G4-DMA	Management approach	24		
	G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	-	No such actions occurred	●
Other Disclosure					
Economic					
Economic Performance	G4-EC1	Direct economic value generated and distributed	56, 57		
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	31, 32, 55		
	G4-EC3	Coverage of the organization's defined benefit plan obligations	60		
	G4-EC4	Financial assistance received from governmen	Business Report 56		
Market Presence	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	-	Percentage of average wage for new recruits against national minimum wage: 356%	
Indirect Economic Impacts	G4-EC7	Development and impact of infrastructure investments and services supported	44-47, 57		
	G4-EC8	Significant indirect economic impacts, including the extent of impacts	57		
Environment					
Boidiversity	G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas	-	No operational sites adjacent to protected areas	
	G4-EN12	Description of significant impacts of activites, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	-	No operational sites adjacent to protected areas	
Compliance	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	-	No such sanctions occurred	
Transport	G4-EN30	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	-		
Supplier Environ-mental Assessment	G4-EN32	Percentage of new suppliers that were screened using enviromental criteria	-		
	G4-EN33	Significant actual and potential engative environmental impacts in the supply chain and actions taken	-		
Environmental Grievance Mechanisms	G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	-	No case	
Labor Practices and Decent Work					
Employment	G4-LA1	Total number and rates of new employee hires and employee turnover	59		
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	60		
	G4-LA3	Return to work and retention rates after parental leave, by gender	60		
Labor/Management Relations	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	-	No regulations, but notify the union	
Diversity and Equal Opportunity	G4-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	59		
Equal remuneration for women and men	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Business Report 202		

Aspects	Index		Content	Page	Verified
Supplier Assessment for Labor Practices	G4-LA14	Percentage of new suppliers that were screened using labor practice criteria	-		
	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	-		
Labor Pracitces Grievance Mecha-nisms	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	-	021	
Human Rights					
Investment	G4-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	25-26	100%, Sexual harassment prevention training	
Non-discrimination	G4-HR3	Total number of incidents of discrimination and corrective actions taken	-	No such incidents occurred	
Freedom of Associa-tion and Collective Bargaining	G4-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	61		
Child Labor	G4-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	59		
Forced of Compul-sory Labor	G4-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	59		
Assessment	G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	25, 59		
Supplier Human Rights Assessment	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	25		
	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	-		
Human Rights Grievance Mechanisms	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	-	No case	
Social					
Public Policy	G4-S06	Total value of political contributions by country and recipient/beneficiary	-	No donations to political parties or politicians	
Supplier Assessment for Impacts on Society	G4-S09	Percentage of new suppliers that were screened using criteria for impacts on society	-		
	G4-S010	Significant actual and potential negative impacts on society in the supply chain and actions taken	41, 42		
Grievance Mecha-nisms for Impacts on Society	G4-S011	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	-	No case	
Product Responsibility					
Customer Health and Safety	G4-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	-	No such incidents occurred	
Product and Service Labeling	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	-	No such incidents occurred	
	G4-PR5	Results of surveys measuring customer satisfaction	57		
Marketing Communi-cations	G4-PR6	Sale of banned or disputes products	-	No such incidents occurred	
	G4-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	-	No such incidents occurred	
Customer Privacy	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	-	No losses of customer data, no such complaints received	
Compliance	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	-	No such violations occurred	

UN Global Compact

Communication On Progress

Hyundai Steel joined UN Global Compact and complies with the Ten Principles in four areas of human rights, labor, environment, and anti-corruption. The activities related to UNGC 10 principles can be found in the pages indicated on the table below. In addition, Hyundai Steel complies with Universal Declaration of Human Rights and UN Guiding Principles on Business and Human Rights (Ruggie Framework) and strives to prevent violations of human rights during its business processes. By reflecting international standards on sustainable management and intensifying its will to practice, Hyundai Steel will fulfill the social responsibilities and roles as a global steelmaking company.

Areas	Principle	GRI G4	Page
Human rights	1. Business should support and respect the protection of internationally proclaimed human rights.	G4-HR2, G4-HR7, G4-HR8, G4-HR9, G4-HR12, G4-SO1, G4-SO2	16, 17, 25, 28, 29, 59, 44~47
	2. Businesses should make sure that they are not complicit in human right abuses.	G4-HR1, G4-HR10, G4-HR11	25
Labour	3. Businesses should uphold the freedom of association and the effective.e recognition of the right to collective bargaining.	G4-11, G4-HR4, G4-LA4	61
	4. Businesses should uphold the elimination of all forms of forced and compulsory labour.	G4-HR6	59
	5. Businesses should uphold the effective abolition of child labour.	G4-HR5	59
	6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	G4-10, G4-EC5, G4-EC6, G4-LA1, G4-LA3, G4-LA9, G4-LA11, G4-LA12, G4-LA13, G4-HR3	06, 34, 59, 60, Business Report 202
Environ-ment	7. Businesses should support a precautionary approach to environmental challenges.	G4-EC2, G4-EN1, G4-EN3, G4-EN8, G4-EN15, G4-EN16, G4-EN17, G4-EN20, G4-EN21, G4-EN27, G4-EN31	28, 29, 31, 32, 55, 64, 65, 66, Business Report 16~17
	8. Businesses should undertake initiatives to promote greater environmental responsibility.	G4-EN1 ~ EN34	27~32, 63~66, Business Report 16~17
	9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	G4-EN6, G4-EN7, G4-EN19, G4-EN27, G4-EN31	28, 29, 31, 32, 64
Anti-corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	G4-S6, G4-S7, G4-S8, G4-SO3, G4-SO4, G4-SO5, G4-SO6	24, 25, 26, Homepage

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