

BEYOND STEEL

ABOUT THIS REPORT

Reporting Outline

Since the beginning of 2016, Hyundai Steel has been publishing "Beyond Steel," the integrated report, each year to disclose our management and sustainability performance to stakeholders. The 2019 Integrated Report is published in the form of a magazine to ensure readability and easy comprehension. More specifically, we categorized our topics into three sections: Issue Book, which covers Hyundai Steel's new values; Company Overview, which provides information on our company; and Fact Book, which discloses our financial/non-financial performance.

Reporting Principles

This report follows the GRI Standards guidelines based on IIRC's IR framework in accordance with the Core option of Global Reporting Initiative (GRI) standards and refers to the Integrated Reporting (IR) Framework of the International Integrated Reporting Council (IIRC). Specific details can be found on the GRI Index page.

Reporting Scope and Boundaries

The report covers period from January 1st to December 31st, 2018. The report includes key information that may impact stakeholder's decision making. The report mainly includes information on Hyundai Steel's headquarters domestic worksites, and partial data on overseas worksites is provided.

Report Assurance

To ensure its reliability, this report has been verified by the global verification agency DNV GL. The results can be found on pages 101-102.

Reported by

CSR Team, Management Support Division, Hyundai Steel
12 Heolleung-ro, Seocho-gu, Seoul



Take a leap

BEYOND STEEL

To make the future safer and stronger,
we are constantly thinking
about innovative products

We will show our children
the preciousness of nature
on which we stand.


We, always think from the
perspective of the customer delivering
differentiated services and perfect quality.

We will not grow alone,
but with our neighbors
hand in hand.

Hyundai Steel will create sustainable value and
make a new leap forward for a better future.

BEYOND STEEL

Hyundai Steel Integrated Report 2019

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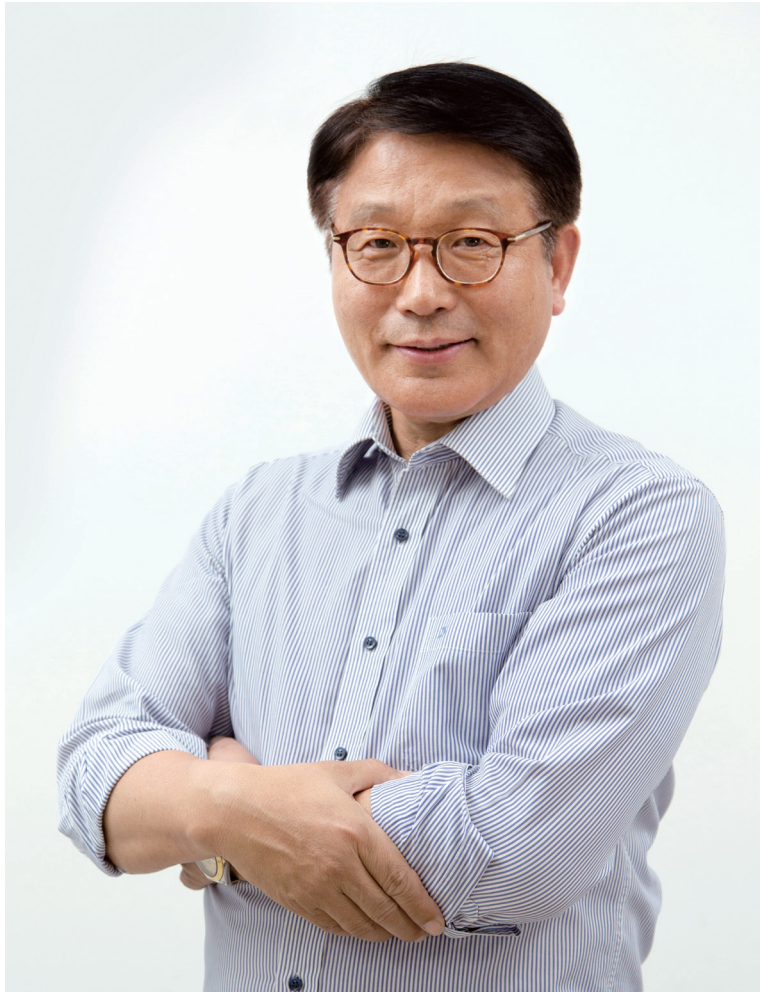
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**HYUNDAI STEEL WILL PREPARE
THE FOUNDATION TO TAKE A LEAP
FOR THE FUTURE.**



Dear stakeholders,

In 2018, Hyundai Steel pursued a new change through the management slogan "Change Based on Fundamentals and Sharing Growth with Stakeholders." We created an environment in which all of our stakeholders, including customers and suppliers, can grow together. I would like to express my sincere gratitude to our stakeholders for their steadfast support and to our employees for their commitment in every part of the business.

Overall, forecasts for the global economy this year are similar to last year. A number of risk factors lie ahead, however, such as the U.S.-China trade war, rising U.S. interest rates and economic crises in emerging economies. The Korean economy is likely to experience a slowdown. We can expect difficulty and economic stagnation, which could include a slowdown in facility and construction investment and a slump in the employment market.

Despite these internal and external difficulties, Hyundai Steel is determined to overcome these challenges and prepare for a new leap forward. Accordingly, in 2019, we plan to focus on reinforcing our business capabilities with practical change and implementing the following strategic directions to achieve our goals.

First, we will establish a mid- to long-term strategy implementation system.

Hyundai Steel will complete the establishment of mid- to long-term strategies for each business division in line with the company's vision and establish an integrated management system for practical implementation, management and evaluation. Based on these efforts, we aim to secure the foundation for sustainability in the rapidly changing environment both at home and abroad.

Second, we will reinforce our global business foundation.

Hyundai Steel plans to strengthen the marketing capability of our overseas business sites, establish a rapid customer response system and develop high value-added steel technology with the aim of expanding our global sales of automotive steel sheets. Also, we will enhance our global competitiveness through the launch of our "H-Solution" brand as a customized automotive solution.

Third, we will strengthen our culture of trust and communication.

At Hyundai Steel, we are constantly developing our existing corporate culture of trust and communication based on stable labor-management relations. We strive to build a corporate culture in which all parts of the organization and employees take initiatives in their work instead of simply carrying out directed tasks. This confidence will help us build an environment of mutual trust and communication.

Finally, we will put sustainability management into practice.

Hyundai Steel will continue to conduct thorough environmental and safety compliance in our day-to-day management in recognition of safety as our highest priority value. We will also devote every effort to establish a sustainable community in close cooperation with our stakeholders, including suppliers and local communities.

Our achievements so far are not a guarantee of success in the future, but through practical change, Hyundai Steel will strive to establish a foundation for future growth. I sincerely hope you, our valued stakeholders, will continue to give us your unwavering support.

CEO & President of Hyundai Steel

An, Tong il



WE INNOVATE





WE INNOVATE

FOR THE PEOPLE

Technology for the People

Due to increasing number of natural and social disasters, there is a growing awareness of the importance of safety. The industrial ecosystem is also changing with ever-stricter government regulations, the development of new technologies and the creation of new demand. In response, Hyundai Steel has developed safe, innovative, and human-centered technologies to lead the way to a safer, stronger future.

Advanced
high-strength steel¹⁾(AHSS)
used in Genesis G80

51.5%

16%

Sales of H CORE
earthquake-resistant steel
increased by
(compared to 2017)

100k²⁾

Developed TWB hot
stamping steel
to ensure
crashworthiness

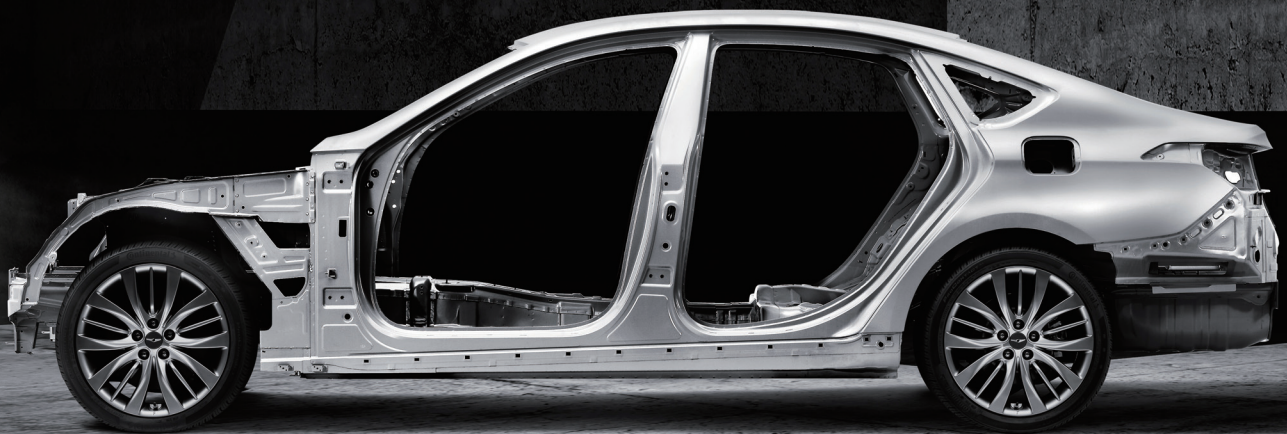


1) Tensile strength of 60K or higher

2) Tensile strength in which material of 1mm² can bear weight of 1kg



For safety and strength of vehicles, Hyundai Steel performs machine learning-based research activities in order to develop next generation ultra high strength steel while developing automotive steel sheets with high formability and strength.



For safe and strong vehicles

High-Strength, High-Formability Steel | Next-Generation Ultra High-Strength Steel

To improve crashworthiness, we are leading the development of high-strength, high-formability automotive steel sheets. As for existing Dual Phase (DP) steel sheets, greater strength results in less formability and it hinders the application of such ultra high-strength steel sheets to automotive body parts. We are conducting R&D activities for 60-100K DH(Dual Phase High Formability) steel sheets to improve formability compared to existing steel sheets. By doing so, we aim to make ultra high-strength steel sheets more applicable to automotive body parts and contribute to improving crashworthiness. We have also developed 100K TWB (Tailor Welded Blank, double strength/thickness welding) for regular cold rolled sheets and hot stamping materials, and used it in vehicle collision tests. By 2020, new vehicles will have center pillars using 100K TWB hot stamping steel, which will help make vehicles lighter and improve safety of users. Furthermore, we are continuously engaged in machine-learning based research to develop next generation ultra high-strength steel.



up) GENESIS G80, Hyundai Motor Company

down) Ultra High-Strength Steel

H CORE Supports Safety of Korea

Launch and Sales Expansion of H CORE Brand

In November 2017, Hyundai Steel has launched Korea's first earthquake-resistant steel brand H CORE. Frequent earthquakes have raised public interest in residential safety, and standards have been enhanced for earthquake-resistant designs. With the H CORE brand, we demonstrated the importance of earthquake-resistant steel to residential safety. Interests and sales of earthquake-resistant steel increased by 16% in 2018 compared to the previous year in response to rapidly increasing demand.

HYUNDAI STEEL 현대제철

이제, 집을 볼 때
지진에 강한 철 H(CORE)를
확인하세요

집을 선택할 때 안전과, 편의, 접근성만 보셨나요?
이제, 내 삶의 안전까지 생각해야 합니다.
지진의 충격을 흡수하는 내진 철강재,
현대제철 H(CORE)로 지은 집만
일으키는 건물 속까지 피하겠어요.

H(CORE)는 지진의 충격을 흡수,
완충하여 안전하게 대응하는
현대제철의 새로운 내진 철강재 브랜드입니다.

최적의 강판 용
H(CORE)

H CORE Brand Commercial

WE PRESERVE



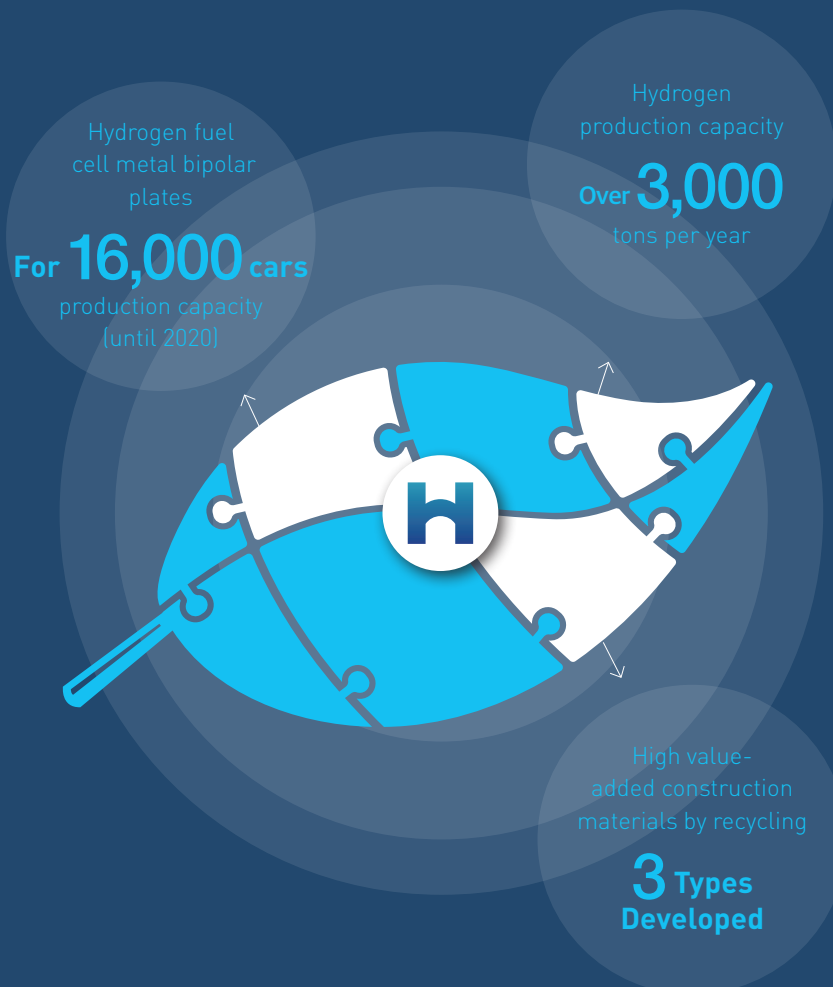


WE PRESERVE

FOR THE NEXT GENERATION

Eco-Friendly, Innovative Technology for the Future

Environmental management is becoming ever more important to respond to climate change, fine dust pollution and creation of new resources from by-products. Cooperating with Hyundai Motor Group, we are leading the way to future hydrogen economy and doing our utmost to preserve the environment for future generations by promoting renewable, eco-friendly steelworks that create value.





Hyundai Steel is leading the establishment of hydrogen gas infrastructure for the future. We currently operate hydrogen factory with annual production capacity of over 3,000 tons, and enlarging investment to enhance metal bipolar plates, one of the core parts of fuel cells.



Preparing for the Future Hydrogen Economy

Hydrogen Gas Infrastructure |

Hydrogen Fuel Cell Metal Bipolar Plates

Stricter regulations on automotive exhaust gas and greenhouse gas are raising worldwide interest in hydrogen electric vehicles without CO₂ emissions. Hyundai Motor Group has joined a government-led plan to stimulate and grow hydrogen economy, announcing a roadmap to year 2030, which aims at producing 500,000 hydrogen vehicles per year. Since 2016, Hyundai Steel has been using by-product gas to secure hydrogen production capacity of 3,000 tons per year. In April 2019, we started mass production of metal bipolar plates, the core material of hydrogen vehicle fuel cell systems. Continuing expansion of our facilities, we will establish a production annual capacity of 16,000 hydrogen electric cars by 2020.



up) NEXO (Hydrogen Vehicle), Hyundai Motor Company
down) Hydrogen Gas Factory, Dangjin Integrated Steelworks

Transplanting Eco-Friendliness into Steelworks by Recycling Resources

High-Value-Added Construction Materials by Recycling | Establishment of ESS by recycling EV Batteries

Hyundai Steel has developed a range of high value-added construction materials by utilizing slag from Blast Furnace. Three types of slag cement products (crude steel, regular and low-heat) developed jointly by Hyundai Steel and Hyundai Engineering help reduce hydration heat and improve long-term strength. They are widely used cement alternatives. In addition, FerroPhalt, an eco-friendly road pavement material utilizing slag, drastically reduces the cost of road maintenance as it is at least 40% more durable than existing products. In cooperation with Hyundai Motor Group, we have also taken lead in realizing a resource-circulating business system, using EV waste batteries to establish ESS(Energy Storage System) facilities with capacity of 1MWh. These innovative examples of resource recycling will enable us to build more eco-friendly sites.



up) FerroPhalt, Eco-Friendly Road Pavement Material
down) ESS by recycling EV batteries

WE THINK





WE THINK

FOR THE GLOBAL CUSTOMERS

Providing Customized Solutions and Strengthening Global Network

Hyundai Steel aims to provide customers with new value through differentiated services. To improve product performance, production costs and quality, we launched H-Solution, a specialized automotive brand with a wide range of services including automotive materials, forming, welding, anti-corrosion and modularization. To increase sales of global automotive steel sheets, we are consistently investing on reinforcing customer networks and expanding overseas subsidiaries.





Hyundai Steel has launched H-Solution, a brand specialized in automobiles, providing new value to customers through differentiated services. Also, from the experienced gained by participating in principle development of vehicle, we are able to make use of our outstanding R&D capabilities and high-quality product portfolio to become a leader in the global automotive steel sheet market.



H-Solution: A Specialized Solution for Customers

Launch of Automotive-Specialized Brand

Hyundai Steel wants to provide new value to customers through differentiated services. Thus, we have launched the H-Solution technology brand which can provide customized technology services to fulfill consumer needs throughout the process, from the basic properties of materials to the development, production and inspection of parts. These services include the provision of not only basic material properties but the entire process of parts development, production and inspection. We have partnered up with our clients through Early Vendor Involvement (EVI) based on our expertise in vehicle, testing and evaluation. This cooperation enables us to provide manufacturing solutions for vehicles that are safe and lightweighted. We have developed a vehicle body with an independent design concept by applying new materials and methods, which confirmed that these technologies are applicable at the complete-vehicle stage, the outcome was displayed at Auto Shanghai April 2019. By doing this, Hyundai Steel will continue to solidify our role as customer's business partner and enhance the value of our products.



up) H-Solution, Automotive-Specialized Brand
down) H-Solution Launching, Auto Shanghai 2019

A Future Leader of Global Automotive Steel Sheets

Expansion of Global Automotive Steel Sheets Sales | Operation of SSC | Reinforcement of Customer Network

Hyundai Steel has continuously expanded overseas sales of automotive steel sheets through high competence, active participation in vehicle development and portfolio of products focused on ultra high-strength steel. By 2020, we aim to increase our global sales of automotive steel sheets (excluding affiliate companies) to 1.2 million tons by attracting new customers and continuing to develop automotive steel technologies. In addition, we operate Steel Service Centers (SSC) in nine countries overseas to provide customized services locally. In March 2019, Hyundai Steel Anantapur Private, Ltd. began normal operations as our 14th steel service center. We also hold an annual Global Customer Convention to strengthen our customer network. In 2018, we invited 67 employees of customer companies from 26 countries, giving tours to Dangjin Integrated Steelworks and the KIA Motors Hwaseong factory which helped us to promote our products and provided opportunities for better communication between participating companies.



up) Hyundai Steel Anantapur Private Limited
down) Global Customer Convention

WE SHARE





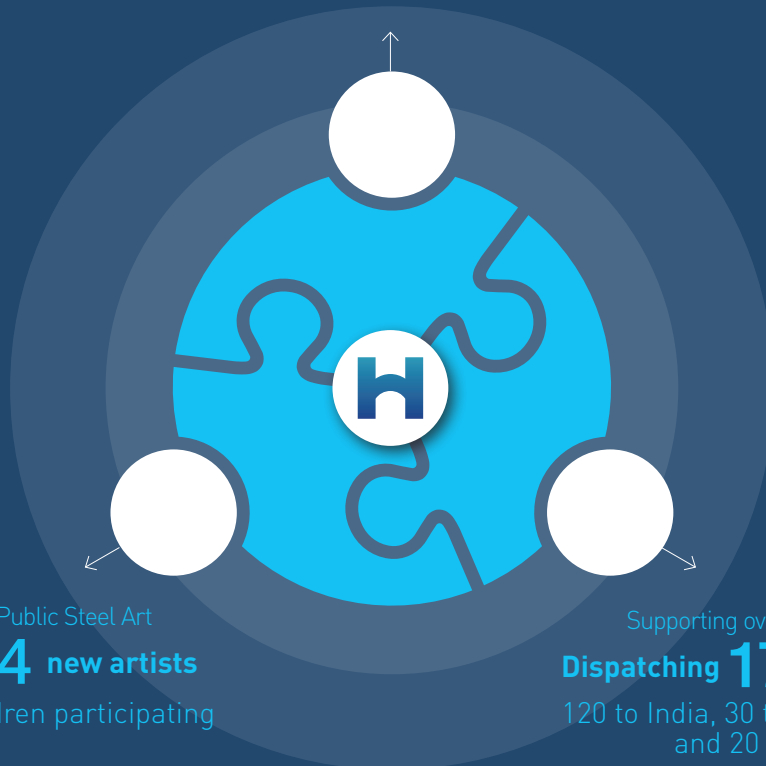
WE SHARE

FOR THE SOCIETY

Creating New Social Value and Serving as a Global Companion

The scope of corporate social responsibility is expanding to include the leveraging of core capability to address social issues and participating proactively in the development of local communities. Along with these changes, Hyundai Steel is taking lead in creating new social values and providing opportunities for future generations of students, artist, social enterprises and social ventures. We are also actively engaged in worldwide development of local communities, contribution of social change and improvement of quality of life for all people.

Project for recycling coffee grounds
Supporting 5 social enterprises
 60 local coffee shops participating



Project for Public Steel Art
Supporting 4 new artists
 100 local children participating

Supporting overseas projects
Dispatching 170 volunteers
 120 to India, 30 to the Philippines
 and 20 to China



Hyundai Steel operates the H-Steel Atelier Project for Public Steel Arts, which provides a new cultural art space for local residents and gives new artists opportunities create their own work.

Creating New Social Value

H-Steel Atelier Project for Public Steel Art

Hyundai Steel operates the H-Steel Atelier Project for Public Steel Art. In 2018, we held a contest for ironwork-based public artworks under the theme “Design a Forest of Steel.” We donated four selected artworks and one piece of artwork made by 100 children in Dangjin Samseonsan Arboretum”. Through these activities, we hope to vitalize local culture development and give new artists the opportunity to create their own work.



Project for recycling coffee grounds

Hyundai Steel runs a project for making resources from coffee grounds as a way to find useful solutions rather than wasting it. The project addresses the problem of how to reclaim and incinerate the 103,000 tons of coffee that are wasted in domestic every year. We worked with several groups to address the issue and in 2018, we came up with a three-year plan to collect and transfer coffee grounds, develop recycled products and create resources from daily waste. In 2018, 60 coffee shops in Incheon joined the project and carried out pilot operations for collecting coffee grounds. We also hold an idea contest for developing recycled products and business models, and support provided to the five winning social enterprises and ventures.



up) H-Steel Atelier Project for Public Steel Art

down) Project for recycling coffee grounds

* Coffee grounds: Coffee residue left behind the coffee

Global Companion for a Better Future

Happy Safe Village in India | Sports CSR in China |

Self-Reliance Support Model in the Philippines

Hyundai Steel oversees several social projects to fulfill its social responsibility as a global steel company and promotes sustainable development of local communities. In India, we run the “Happy Safe Village” with Hyundai Motor Group to create a safe village and school environment by installing solar street lights, CCTVs and appropriate technologies. In the Philippines, we run a project to support the self-reliance of young people through job training centers, education courses and financial support. In China, we operate a “Sports CSR” project by utilizing the talents of the Hyundai Steel Red Angels Women’s Football Club. We also support local communities in China through girls’ football programs and infrastructure improvements.



up) Happy Safe Village in India

down) Self-Reliance Support Model in the Philippines

COMPANY OVERVIEW

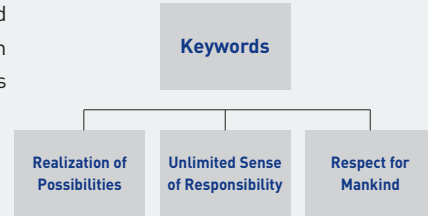
COMPANY OVERVIEW

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Hyundai Motor Group's Corporate Philosophy

Management Philosophy

Achieving the dream of humankind by creating a new future through ingenious thinking and ceaseless exploration.



Vision

LEADING THE NEW ERA OF STEEL

As an eco-friendly and resource-circulating company, Hyundai Steel provides advanced products and services based on cooperative relationships. We are achieving the highest levels of competitiveness to lead the world into a new era of steel.

Core Values



CUSTOMER

We promote a customer-driven corporate culture by providing impeccable service centered on creating value for 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.



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 corporate citizen worldwide.



PEOPLE

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

Vision 2025

Future Vision	Engineering the Future Beyond Steel
Business Strategy	Application Engineering
Management Infrastructure	Open System
IT Strategy	Smart Platform

Engineering the Future Beyond Steel	<p>“Steel” emphasizes the core business and the identity and future of Hyundai Steel. “Beyond” signifies an expansion into new products, services and businesses beyond the expectations of customers and competitors. “Engineering” means our determination to create value in ways beyond simple production.</p>
Application Engineering	<p>We leverage our unique technological strengths to provide value in terms of application. We design and supply products and materials of the highest quality to help our customers raise their competitiveness.</p>
Open System	<p>A system that connects employees and all other elements to promote continued growth, with an open attitude towards internal and external changes.</p>
Smart Platform	<p>A system that organically connects all information in all processes, from our materials to our customers.</p>

Hyundai Steel around World

Over the past half century, Hyundai Steel has broadened the possibilities of steel and played a pivotal role in the industrialization of Korea. Our steel products help our customers succeed, thanks to a world class portfolio achieved through an operation that ranges from electric Arc Furnaces to Blast Furnace. With customer-centered thinking and continuous R&D, we are making a concerted effort to realize the infinite potential of steel and our role as a global steelmaker.



DOMESTIC NETWORK

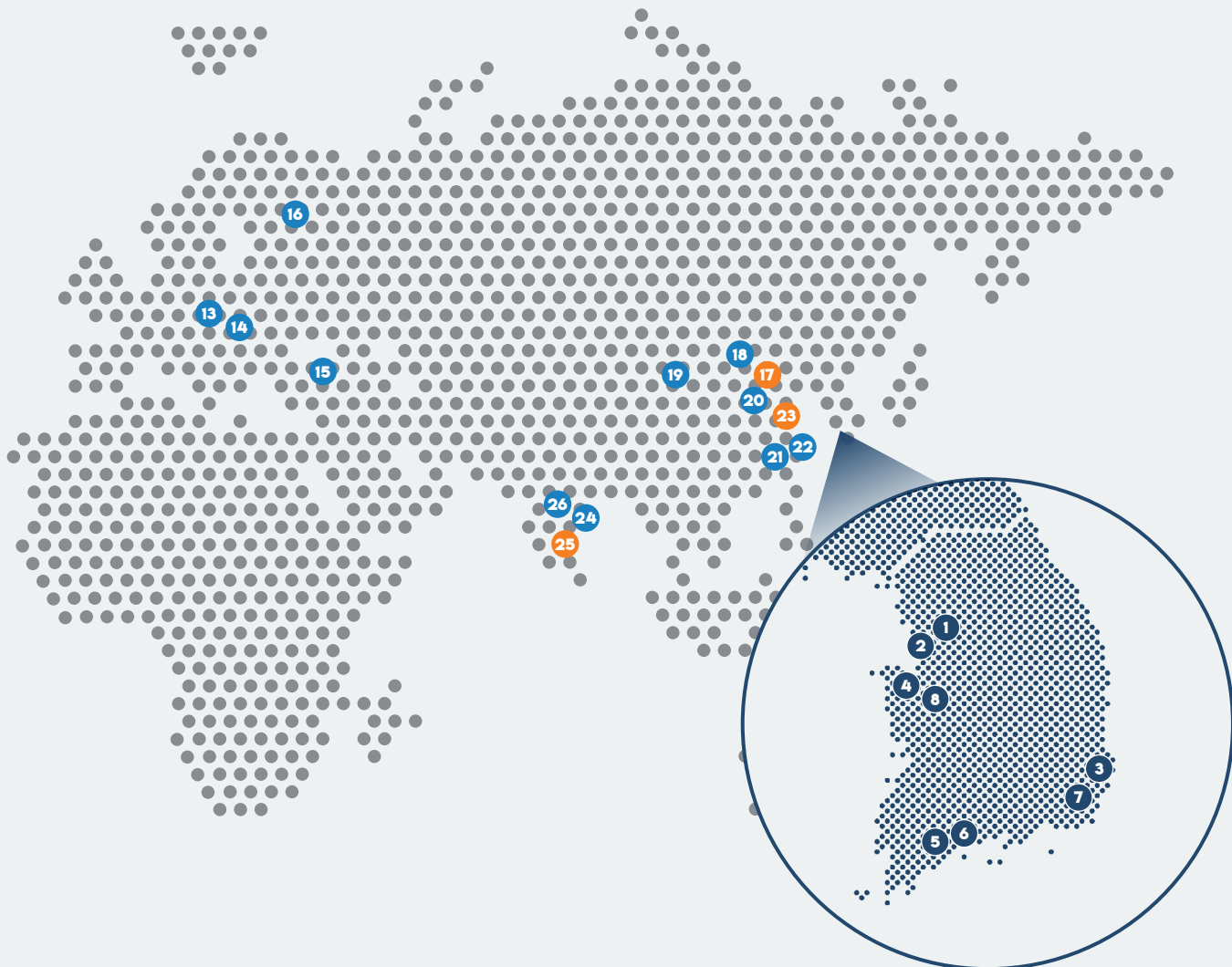
- | | | | |
|------------------------|--|---------------------------------|----------------------|
| 1 Head Office | 3 Pohang Works | 5 Suncheon Works | 7 Ulsan Works |
| 2 Incheon Works | 4 Dangjin Integrated Steelworks | 6 Suncheon Forging Works | 8 Yesan Works |

* Sales offices (Seoul, Busan, Ulsan, Daegu, Gwangju)

OVERSEAS NETWORK

- | | | | |
|---------|--|---|---|
| America | 9 Hyundai Steel USA, Inc. (HSSA) | Asia | 17 Hyundai Steel Investment (China) Co., Ltd. (HSCN) |
| | 10 Hyundai Steel America, Inc. (HSAL) | | 18 Hyundai Steel Beijing Process Co., Ltd. (HSBJ) |
| | 11 Hyundai Steel Mexico S de R.L. de C.V. (HSMX) | | 19 Hyundai Steel Chongqing Co., Ltd. (HSCQ) |
| | 12 Hyundai Steel Industry and Trade Brazil LLC. (HSBR) | | 20 Hyundai Steel Tianjin Process Co., Ltd. (HSTJ) |
| Europe | 13 Hyundai Steel Czech s.r.o. (HSCZ) | | 21 Hyundai Steel Suzhou Process Co., Ltd. (HSSZ) |
| | 14 Hyundai Steel Slovakia s.r.o (HSSK) | | 22 Hyundai Steel Jiangsu Process Co., Ltd. (HSJS) |
| | 15 Hyundai Steel TR Automotive Steel Parts Co., Ltd. (HSTR) | 23 Qingdao Hyundai Machinery Co., Ltd. (HSMC) | |
| | 16 Hyundai Steel Rus LLC. (HSRU) | 24 Hyundai Steel India Private, Ltd. (HSCH) | |
| | | 25 Hyundai Steel Pipe India Private, Ltd. (HSPI) | |
| | | 26 Hyundai Steel Anantapur Private, Ltd. (HSAN) | |

* Branches (Frankfurt, Tokyo, New Delhi, Dubai, Singapore, Hanoi)



Products & Application

Hyundai Steel provides high tech-high quality products to different industries based on continuous R&D and advanced technology.

AUTOMOBILE

Cold Rolled Coil

Cold rolled coils are mostly used in automotive steel sheets for the exterior and interior of the car body. They are produced by rolling hotrolls at room temperature, Hyundai Steel's cold rolled coils have even thickness, smooth surface and high level of corrosion resistance and workability.

Automotive Parts

Automotive parts are used at major collision points, inner door panels and chassis. Processes such as Hot Stamping and Tailor-Welded Blanks (TWB) are applied to create automotive parts with precise shapes and dimensions.

Special Steel

Special steel is used in core automotive parts such as crank shafts, con rods and other types of gears. Mainly used in power transmission parts such as the engine and power train, special steel requires high strength and high durability.



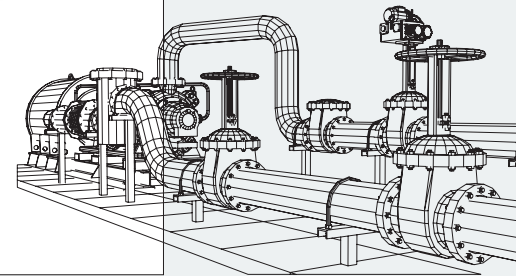
ENERGY

Pipe

Steel pipes are used in the energy sector for drilling, mining and transporting energy resources. A high level of technology is required because the pipes must be able to withstand high pressure, and rapid changes in temperature and corrosion.

Plate

In the energy industry, steel plates are used to make pressure containers for refining and storing oil and gas. Depending on the type of oil or gas to be processed, pressure containers must be able to withstand low and high temperatures and corrosion, and have a high level of weldability.



CONSTRUCTION

H-Section

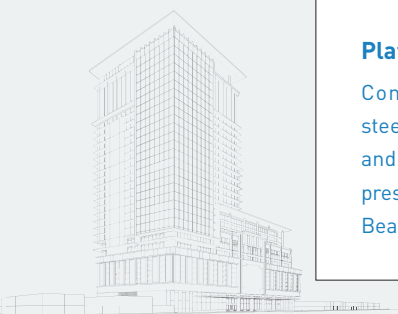
H-sections are mostly used in the structures of large buildings or in civil engineering construction. With high weldability and shock-resistance, relatively less amount of steel material and shorter construction period are required for use with H-sections.

Reinforcing Bar

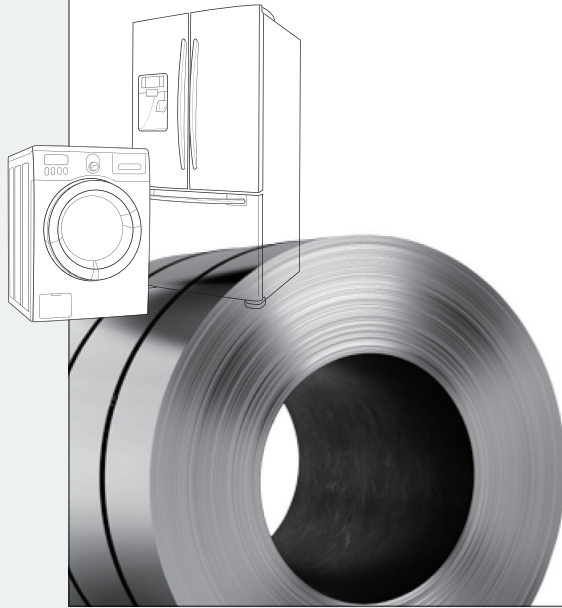
Reinforcing bars are mostly used in construction and civil engineering projects. Ultra high-strength reinforcing bars reduce the amount of material needed and increase constructability, while screw-type reinforcing bars shorten construction periods by eliminating the need to make screw threads. Earthquake-resistant reinforcing bars are optimized for shock absorbance to make a structure safer.

Plate

Construction plates are mainly used in large-scale steel structures such as bridges, plants, large buildings and offshore structures. When the usage of H-sections presents problems in terms of size or standards, Build-up Beams are employed using the plate welding.



HOME APPLIANCES



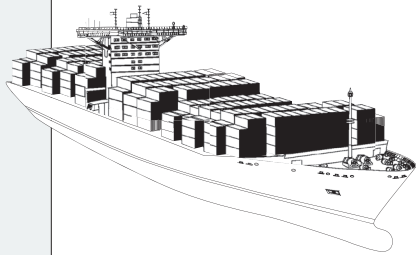
Cold Rolled Coil

Cold rolled coils for home appliances are used in various products, including TVs, refrigerators and the outer panels of washing machines. Cold-rolled coils come in a range of designs thanks to a high level of workability of our product. They are also highly corrosion-resistant and have a high level of conductivity.

Stainless Steel

Stainless steel is widely used in home appliances such as dishwashers and washing machines. Stainless steel does not easily rust and is thousands of times more resistant to corrosion and heat than other steel products.

SHIPBUILDING



Plate

In shipbuilding, plates are mainly used for internal walls, external walls, upper decks and hatch covers of bulk carriers, container carriers and LNG carriers. Plates now have high strength and low-temperature toughness following recent improvements in lightweight vessels and growing customer demand.

Section

Sections are used for shipbuilding plate stiffeners or deckhouses and are required to have high strength and high levels of shock absorption.

Forged Steel Products

Forged steel products are mainly supplied to shipbuilding engine manufacturers to be used in manufacturing crank shafts for the engines of large-scale vessels. They must have the highest levels of quality and processing technology. This is because forged steel products change form significantly during processing and must not have any defects or segregation.

OTHERS



Railway Rails

Railway rails are used for high-speed trains, regular trains and magnetic levitation trains. Compared to other types of shaped steel, railway rails have a higher level of strength and abrasion resistance.

Track Shoe Assembly

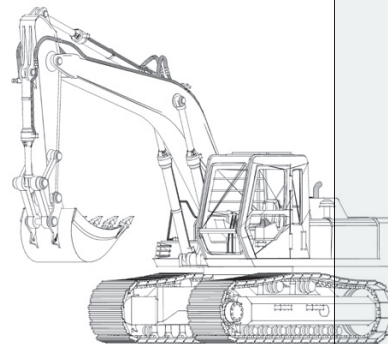
As the lower structure of an excavator, the Track Shoe Assembly is a high-strength, high-precision product operated on a slope. It stays stable under loads on the sand and gravel found at construction sites.

Roll

Rolls are installed in the press and are used to press the high temperature semi-finished products such as slabs or billets. Rolls serve a key role in maintaining a level and secure surface thanks to a high level of abrasion, heat resistance and durability.

Sheet Pile

Sheet piles are used to resist water and oil pressure at construction sites near rivers and streams. Sheet piles come in different forms such as key and straight types, and they require superior flood control to ensure that connecting parts are secure.



Business Model

Financial Capital

The company operates on the basis of funds raised by shareholders, creditors, etc. It enhances shareholder value through shareholder return policy.

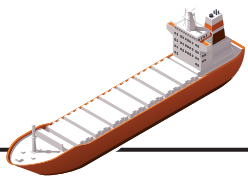
Productive Capital

We continue to strengthen production capacity by completing new business establishment and investing in facilities.

Human Capital

We continue to invest in recruiting and nurturing talented people as a key factor in strengthening our corporate competitiveness.

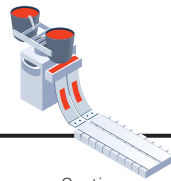
Integrated Steelworks Processing



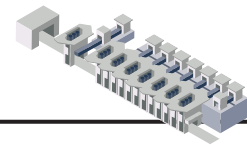
Raw materials (iron ore, coal)



Blast Furnace



Casting



Rolling

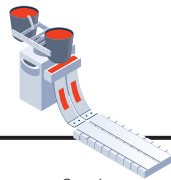
Electric Arc Furnace Processing



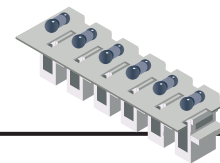
Raw materials (scrap)



Electric Arc Furnace



Casting



Rolling



Sales
KRW 20.78 trillion



Production
23.76 million tons



Employees
11,552 persons

Intellectual Capital

Through continuous R&D investment in customer products, we secure technological competitiveness.

Environmental Capital

We manage the environmental impact by investing in facilities for effective utilization of resources and developing eco-friendly process technologies.

Social Capital

While establishing cooperative relationships with various stakeholders, the company carries out social contribution activities based on its social contribution vision.

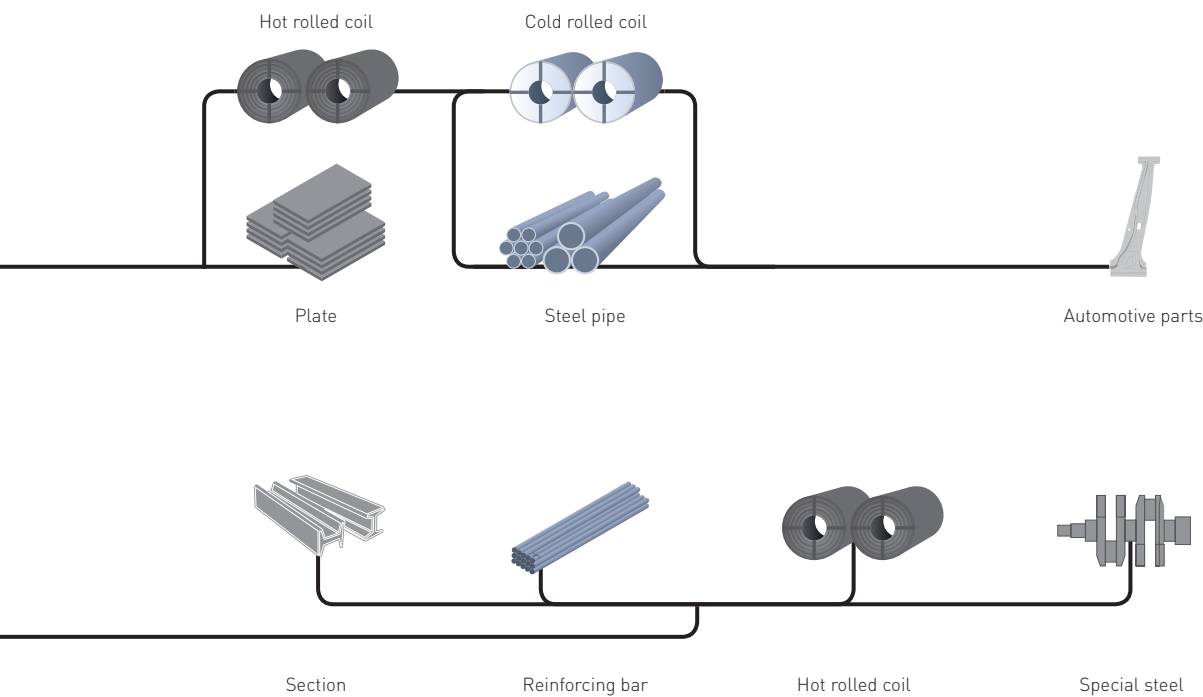
INPUT



VALUE CHAIN



OUTPUT



R&D cost
KRW 119.1 billion



By-product recycling rate
97.5%



Social contribution investment
KRW 13 billion

FACT BOOK

FACT BOOK

	Economic Performance
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057	Customer-Centered Management
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	Social Performance
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088	Social Contribution



Production
 **23.76**
MILLION TONS

Compared to 2017
 (23.29 million tons)
 Increase of 2%

Sales
 **KRW 20.8**
TRILLION

Compared to 2017
 (KRW 19.1 trillion)
 Increase of 8.4%
 (based on K-IFRS)


ECONOMIC

Global premium
 product sales
 **INCREASE OF**
6%


2018 (8.91 million tons)
 compared to 2017
 (8.41 million tons)

R&D costs
 **KRW 119.1
BILLION**

Based on the consolidated
statement for 2018

Support for expanding
sales channels
 **64 SUPPLIERS**

Participated in Hyundai
Steel Tech Show

H CORE sales
 **INCREASE OF
16%**

Compared to 2017
(KRW 777.7 billion)
2018 (KRW 907.9 billion)

PERFORMANCE

- 048 R&D
- 052 Supply Chain Management
- 055 Risk Management
- 057 Customer-Centered Management
- 060 Ethics Management
- 062 Corporate Governance
- 065 Tax Strategy

Distribution of
economic value
 **KRW 13.9
TRILLION**

Increased by 9.4%
compared to 2017
(KRW 12.7 trillion)

Support for Win-Win growth
with suppliers
 **KRW 77 BILLION**

Amount of direct and indirect support
(Win-Win Growth Fund, Investment
finance business)

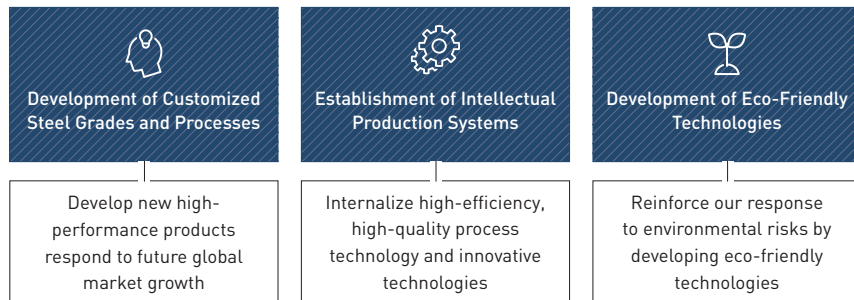
Research & Development

BUSINESS CONTEXT

Amid continuous oversupply in the steel market, global steelmakers are focusing on developing new high-performance products to expand the market. They are also reinforcing their differentiated positions in the market by developing new products and production technologies to meet the needs of key customers in the automotive, construction and shipbuilding industries. In this environment, it is increasingly necessary to establish infrastructure for future innovation by using the latest material technology in combination with new IT technologies. Furthermore, another key element is to seek sustainable growth is developing eco-friendly technologies.

OUR APPROACH

Hyundai Steel proactively deals with changes in customer needs and demands. We focus our capabilities on developing customized steel grades, processes, and new high-performance technologies. We have also established an intelligent production system throughout the entire processes from R&D to production. We further aim to develop high-efficiency, high-quality process technology and internalize future innovation technology. In addition, we are continuously investing in eco-friendly technologies and an extensive range of R&D to deal with strengthening regulation and growing social interest in the environment.



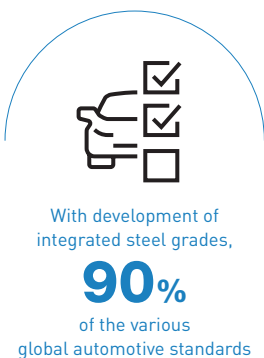
FUTURE ACTION

Our goal is to strengthen our R&D capabilities to improve the competitiveness of our products. To reach out into the global market, we will develop and supply customized products in a timely manner. Furthermore, to make sure our customers are satisfied, we will also reinforce technical support systems for each customer region and improve responsiveness of our EVI (Early Vendor Involvement). As the Fourth Industrial Revolution takes hold in the steel industry, we will strive to lead the changes ahead of us by harnessing big data and machine-learning technology. This will also help us pioneer the development of eco-friendly technology by establishing an intelligent production system.

PERFORMANCE

Development of Automotive Steel Grades to Expand Global Market

Hyundai Steel has reviewed steel grade standards for the world's top 20 automakers and established a strategy for integrated steel grade development. We aim to complete development of the strategy by 2020 and have capability of respond to over 90% of the automotive steel grade standards. In addition to the development of mass-produced steel grades, we are working to develop upgraded steel grades for the global market and firmly



establish our company as a specialized automotive materials company. There are strict requirements for being eligible to sell automotive steel sheets to global automakers. The evaluation standards are stringent not only in terms of the purity of each steel grade, but several other properties important in manufacturing automobiles (weldability, paintability, formability, etc.). Hyundai Steel is proactive in anticipating in evaluation standards, and we prepare ourselves to cope with potential issues in the process of obtaining required certificates by adhering to even higher standards in the independent pre-evaluation before we provide certification samples to our customers. We will also improve our customized technical support for customers by setting up region-specific systems (One Stop Service*) to handle our growing global sales of automotive steel sheets.

* One Stop Service: Operating an overseas technical support organization, web certification management system and operating customized contents.

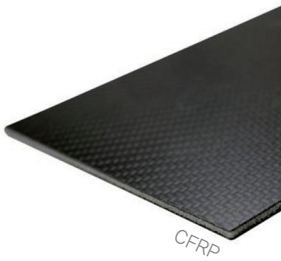
Development of EH40-TMCP with High Heat Input Welding for Vessel Hull Structures

When using high heat input welding, the steel used in regular vessel hull structures can be reduced in strength and toughness by growth and softening in the refined structure of the heat-affected zone*. In particular, in the high-strength/high-toughness plates used in container carriers (steel of 50mm or more in thickness), lower levels of strength and/or toughness caused by high heat input welding produce defects in the vessel. This is why welding with high heat inputs requires using separate steel. We developed our EH40-TMCP steel with high heat input welding by optimizing property design and the TMCP rolling process. The refined structure of the heat-affected zone is controlled, and strength and toughness are maintained even when using high heat input. Currently, EH40-TMCP is customized with set specifications created through our R&D system in cooperation with our customers. We are working to establish a mass production system and increase sales. We are also continuing to develop complex performance steels, including those with high heat welding properties and even brittle fracture toughness.

* High Heat Input Welding: A method to shorten welding time by increasing the heat input rate for a specific welding part. It is mainly used in large vessel shipbuilding.



EVI Research Activities for Optimizing Body Structures



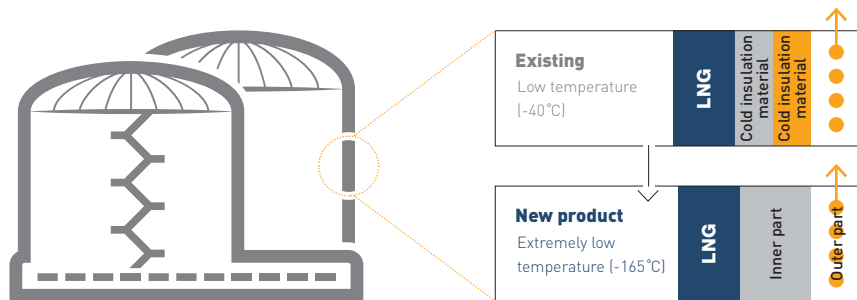
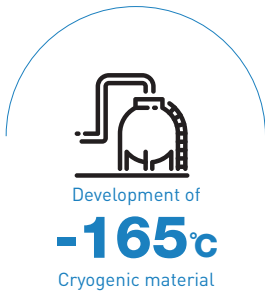
CFRP

Advanced Development of CFRP Parts

As a plastic composite material reinforced with carbon textile, CFRP (Carbon Fiber Reinforced Plastics) is relatively lightweight but has twice strength than other plastics. Hyundai Steel completed construction of its CFRP research center in December 2017 with the aim of adapting to the rapidly changing environment and trends in automotive materials. We completed the advanced development of our Carbon Fiber Exposed-Pattern CFRP Roof using the HP-RTM (High Pressure Resin Transfer Molding) method. In addition, we use CFRP mold design technology and WCM (Wet Compression Molding) for automation. We will continue to develop advanced CFRP parts for the inside and independent of automobiles.

Development of Extremely Low Temperature Materials for LNG Tanks

Due to increased demands and sales volume for natural gas, there has been an increase in projects to build LNG terminals. Playing a leading role in steel materials featured enhanced safety including earthquake-resistant steels, we have developed Korea's first reinforcing bar which can be used in the extremely low temperatures on the exterior of LNG tanks. It prevents brittle fractures even in rapidly falling temperatures. We have completed localization of development for the market's maximum strength (YS \geq 500MPa) and maximum applicable standards (D \leq 32mm), and we expect an increase in orders for LNG terminals worldwide, likely of 50,000 tons. In addition, we aim to expand our base for LNG as a clean energy source by reducing LNG tank construction costs and construction time. We will strive to lead in the market for high-functional construction steel to improve structural safety at home and abroad.



Smart Production Processes Using AI and Big Data

Hyundai Steel is working to build intelligent systems throughout the entire processes, with a focus on maximizing synergies. We are working to build a big data platform, reflecting characteristics of the materials industry and a production system to create the optimal conditions for each process. In iron-making process, we are now applying our accumulated experience as part of big data. With the deep learning based process, we are building an integrated guidance system to create the optimal conditions. In steel-making process, we have developed a simulator based on thermodynamics analysis for quality assessment and process improvement. In rolling process, we are working to develop integrated predictive control technology and establish a basis for process automation by building the foundation for big data.

Machine Learning-Based Research on Steel Grade Development Methods and Next-Generation Ultra High-Strength Steel

Starting from late in 2017, a next generation automotive steel sheet is being developed by applying component design calculated from AI algorithm developed by our Advanced Research team from efforts for the past three years. Our technology is similar to AlphaGo, the boardgame-playing computer that can search the tens of millions of games in its memory to find the optimal solution for every situation. Our technology references some 1.5 billion cases to identify the optimal steel proportions that humans could not find because of time and cost. This has led to positive results, allowing us to minimize any rise in production cost, improving strength and workability by 40%, reducing R&D costs by half and cutting the period for product testing by 50%. In addition, we have applied our algorithms to the system for identifying defective sheets, raising accuracy to 99%. This has helped minimize the time and cost of securing samples and analyzing material properties, and improving the quality pass rate by diagnosing defects in advance.

2Pass RO (Reverse Osmosis Water Treatment)

Process water used at the Dangjin Integrated Steelworks is treated by the company's plumbing facility (reverse osmosis) with industrial water from Asan Lake. This provides a process water of 140,000 tons a day. Rising pollution levels, however, along with climate change and urbanization, has caused constant deterioration of the quality of water. This has made it difficult to ensure stable water quality for our process water. To overcome this, we have improved our process technology and set up a 2Pass RO (reverse osmosis) process system, which uses existing RO blocks to re-treat 30% of the purified water produced. Thanks to this effort, we are able to secure process water of sufficient quality even when water quality deteriorates during drought. This was done by using a predictive process that applies to the system autonomously based on the concentration of chlorine in the source water.

Development of Technology to Remove Chlorine from Process Water

As quality of source water used in process water became degraded, the concentration of chlorine rises, which has the biggest impact on water quality. To deal with this risk, our research institute is working on CDI- Capacitive Deionization, a new water treatment technology that improves production efficiency for process water and the reuse of coolant. In 2018, lab testing was done to evaluate its applicability to Hyundai Steel. Based on the test results, we plan to manufacture a small-scale pilot testing device and carry out technology development in 2019. For efficient technology development, we are also looking into joint research with a CDI electrode manufacturer and an EPC (Engineering, Procurement, Construction) company.

Sintering Exhaust Gas Cleaning Facility

Due to emerging risk of fine dust (PM10, PM2.5), management of nitrogen gas(NOx) and sulfur oxides(SOx), substances from PM2.5 and directly have impact on human body, has become critical. In addition, government regulations are more stringent than before. Against this backdrop, we have gradually improved our prevention facilities (desulfurization for sodium bicarbonate and denitrification for selective catalytic reduction) to efficiently reduce NOx and SOx in exhaust gas from the sintering process. After 2022, when all facilities are completed, total emissions are expected to be reduced by up to 50%.



Achievement through
Machine Learning

Strength and Workability

IMPROVED BY

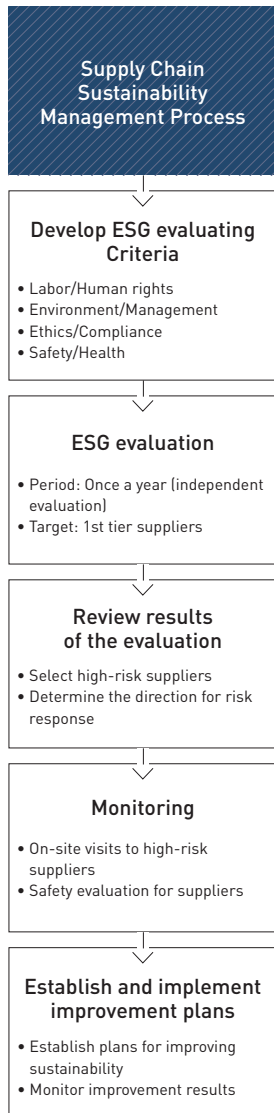
40%

Product Test Period

REDUCED BY

50%

Sustainability Management Process



Policies for Win-Win Growth



Supply Chain Management

BUSINESS CONTEXT

It is increasingly important for companies and their suppliers to communicate closely, especially in the area of corporate social responsibility and its expanding role. Continuing human rights issues, such as child labor in supply chains, highlight the growing importance of managing risk, including potential harm to a company's image. To prevent such issues, there is a need to broaden management coordination with suppliers and establish a safe and ethical supply ecosystem. It is also crucial to engage in win-win growth by supporting suppliers and protecting the environment and public resources near major business sites.

OUR APPROACH

Hyundai Steel aims to establish integrated supply chain risk management for all suppliers. To do this, we are managing a range of risks, including issues related to individual and employee rights such as environment, safety, ethics and etc. We are also doing more to make supply chain more sustainable by building sound partnerships. These include win-win growth programs and support for our suppliers.

Sustainability Management Processes for the Supply Chain

For integrated supply chain risk management, Hyundai Steel conducts evaluations on an annual basis to ensure the sustainability of our suppliers in terms of labor/human rights, environmental management, ethics compliance and health and safety. When it comes to suppliers in construction, we manage their risk using safety evaluations as well. Based on these evaluations, suppliers with low safety evaluations are managed as high-risk, and those that fail to meet the standards are prohibited from participating in the bidding process.

Policies for Win-Win Growth

Hyundai Steel is continuously developing favorable partnerships with suppliers through three basic policies: fair trade compliance, win-win cooperation and efficient management systems. To achieve these goals, we promote cooperative growth in a variety of ways such as financial support, technical support and management support. This support has been effective in all sectors where supplier relationships are needed. Since 2011, we have had a fair trade agreement with the Fair Trade Commission, under which evaluations of our performance are made public.

Fair trade and ethical management	Four major issues of the Fair Trade Commission, procurement ethics regulations and the fair trade compliance program
Fair procurement policy	Transparent procurement processes, E-Procurement System, payment conditions for supplying goods
Financial support	Win-Win Growth Fund, win-win payment system, network loans, consulting and facility support for energy conservation
Technical support / Technology protection	Joint R&D, joint patent applications, coordinating performance policies, non-exclusive licenses, bailment of technical data
Management support	Technical Fair, technical seminars on improving technology security, support for suppliers expanding into domestic and overseas markets, support for education and training, employment and recruitment support, consignment system, welfare and benefits support
Establishment and operation of management systems	Procurement cooperation committee and sub-committees, New Year's celebration by the CEO and suppliers, management visits to supplier sites, meeting with relevant divisions, pledge of ethics management, dispute mediation committee

FUTURE ACTION

Going forward, Hyundai Steel plans to conduct sustainability assessments to establish a sustainable supply chain management system. We will also find and introduce win-win growth programs to give our suppliers practical help. To do this, we will communicate periodically with our suppliers to identify their needs, strengthen our support for them and pursue win-win growth.

PERFORMANCE

ESG Evaluation of Supply Chains

Since 2018, we have conducted sustainability evaluations of our major suppliers, in first year evaluating 100 suppliers. For the bottom 5%, we conducted on-site inspections, and all of them received corrective action plans. By 2020, we plan to carry out sustainability evaluations of about 300 major suppliers and expand the evaluation targets to all major suppliers.

Communication Channels for Suppliers

Hyundai Steel engages in a range of communication activities as part of our win-win growth model. For instance, we hold our New Year's meetings and regular workshops. At the start of each year, we meet with our suppliers. In 2018, the meeting was attended by total of 210 suppliers, which made a firm commitment to achieve win-win growth by implementing better safety management practices. We also held 55 meetings of the Integrated Procurement Office Subcommittee for 282 suppliers to introduce procurement policy and product operation methods. Through our clients' communication pages, we received 15 complaints and proposals in 2018 related to improving our systems and work processes, all of which were acted on.

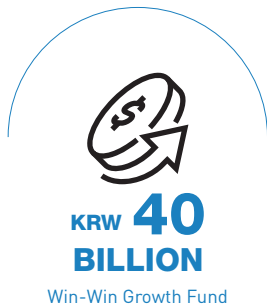
Satisfaction Survey for Suppliers

We carry out a satisfaction survey of Hyundai Steel suppliers, working to identify and fix problems in our business together. The survey includes suppliers with transactions of KRW 100 million or more. In 2018, it was conducted on 1,479 suppliers. The satisfaction survey covers a range of categories, including contract processes, procurement personnel, procurement systems and the creation of a supplier-oriented environment and culture. Based on the survey results, we identified areas for improvement and are working to improve supplier satisfaction.

Hyundai Steel Tech Show

Since 2016, Hyundai Steel has organized the Hyundai Steel Tech Show, which introduces supplier technologies and gives them an opportunity to expand their sales channels. In 2018, a total of 64 domestic and overseas companies were selected through a comprehensive review and given the opportunity to participate. The Tech Show displayed several new technologies in five key areas, including localization, quality and productivity, environment, safety and energy. About 4,000 engineers attended and discussed ways to apply the technologies on site. We also held several other events such as one-on-one customized purchase consultations, steel industry networking events and a tour of Dangjin Integrated Steelworks, making the show a venue for practical business exchanges.





2018 Hyundai Steel Technology Fair

Activities for Win-Win Growth

To help suppliers ensure sustainable growth, we operate several different win-win growth initiatives, including financial support, technical support and management support. We launched the Win-Win Growth Fund in 2011 to help suppliers procure management funds. In 2018, we formed a fund of KRW 40 billion to support suppliers. We also assigned non-exclusive licenses to allow suppliers to utilize our patented technologies free of charge, which contributes to these suppliers' new product development, and expands their sales and distribution channels. When it comes to HR development, we support the operation of an online recruitment center for suppliers to secure human resources and provide free job education and training so that talented employees of our suppliers can improve their job skills and competencies.

Performance Sharing System

Hyundai Steel supports suppliers that propose ways to localize part development and improve product performance to help such projects succeed, and has concluded a long-term supply contract as a success incentive. Through this, we hope to improve productivity and reduce costs while suppliers can expand into new distribution channels and increase their sales. In 2018, we identified 18 development tasks for 16 suppliers and provided performance benefits of approximately KRW 3.2 billion.

Energy Saving Consulting and Facility Support Project

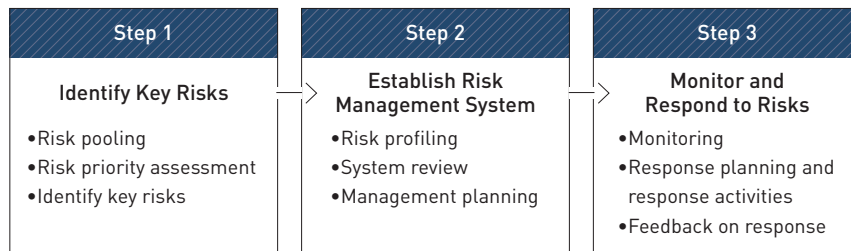
Hyundai Steel provides suppliers with energy saving consulting and facility support. Selected companies get environmental management training and consulting on energy savings for relevant facilities. In 2018, four suppliers were selected as project targets and were provided with solar panels, high-efficiency air compressors and LED lights.

Risk Management

Risk Management System

Hyundai Steel verifies any potential management risks and proactively deals with risks through a systematic risk management process. We identify specific management indicators by analyzing and selecting core risk elements and work to minimize any impact these risks might have by preparing measures and monitoring them on a regular basis. As more indicators and materials are identified, they are continuously updated based on internal and external market conditions. We also define and manage the risks in each sector through risk governance.

Risk Management Process



Risk Governance



Risk Selection and Response

We analyze risk candidates by considering mid- and long-term changes in the internal, external and management environments. We identify and select key risks as top priorities through objective evaluations, including impact analysis, vulnerability determination and expert group surveys. For indicator-type risks, we evaluate four levels of risk (interest, attention, warning and critical) based on the monitoring of relevant leading and lagging indicators. Those deemed high-level risks are dealt with immediately. For scenario-type risks, we prepare a specific scenario for each crisis and deal with the relevant risks by predicting the impact of the potential crisis and organizing a sector-specific risk management group. For disaster-type risks, we establish a response manual and prevent damage by conducting regular drills in preparation for earthquakes, which are difficult to predict in advance but have recently occurred.

We also review our indicators to reflect changes in the management environment and demand market issues to calculate and manage any potential risks and then track and manage indicators for safety, security and trade.

Key Risks

Hyundai Steel regularly monitors key risks to determine their impact on the overall business, and we have established effective countermeasures to respond to issues and apply them to regular business activities.

Type	Risk	Potential impact on the business	Response measures
Indicator type	Non-conforming steel imports	Concerns over reduced local sales competitiveness due to excessive imports of non-conforming products	•Establish prompt response measures in the event of an increase of non-conforming import products
	Price of raw materials	An increase in raw material prices leads directly to an increase in manufacturing costs	•Establish a prompt response strategy by monitoring the variation in the price of raw materials
	Quality competitiveness	Negative impact on consumer reliability and economic losses due to a rise in sub-quality products and customer claims	•Prevent work instability and reduced quality competitiveness resulting from human and material accidents •Unify quality-related work processes by establishing quality control towers within the company
	Financial stability	Secure factors vital to business operations by achieving a set level of fiscal stability	•Prevent deterioration of capital flow by increasing cash-generating capabilities during a recession
	Information security	Leaks of key technical and marketing information can reduce the company's competitiveness, resulting in system errors from malicious code, and can have a negative impact on production.	•Prevent risks caused by non-compliance by enforcing internal security regulations on the leaking of major confidential data, or the propagation of malicious code, etc.
	Safety management	Serious incidents at worksites hurt the company's image and have a negative impact on production	•Operate a safety control tower to establish a safety management system •Spread a culture of safety management •Unify safety-related work processes across the company
	Steel market downturn	Leads to a reduction in demand and the price of steel materials; caused directly by lower market demand ※ Automotive / Construction / Shipbuilding / Energy	•Analyze the balance of industrial demand and supply, the profitability of steel firms and the status of competitor restructuring
	Utility expenses	An increase in fuel prices leads directly to an increase in manufacturing costs	•Monitor trends in international fuel prices and variations in national power policies
	Trade regulations	Difficult to enter the market when trade restrictions are strengthened in major import countries	•Monitor trade volume in major steel-importing countries and the status of their protection measures
	Labor-management relations	Production impacted by labor conflict resulting in strikes or work stoppages	•Find ways to reduce risk by establishing an advanced labor culture
Scenario type	Business Continuity Management (BCM)	Management activities impacted by shutdown of operations and blockage of sales channels during domestic and international crises	•Establish a response system in case of crisis to stabilize operations such as production / sales / procurement
Disaster type	Natural disasters	Production impacted by suspension of work, damage to production facilities.	•Build a response system for uncontrollable disasters and catastrophes

Potential Risks

Hyundai Steel reviews long-term productivity risks stemming from technological innovation and fine dust risk, and takes steps to prevent and alleviate them.

Fine Dust Risk

Domestic and international regulations are being tightened and the company's financial and non-financial risks are expected to increase if it is not prepared in advance. Legal regulations and standards at home and abroad are expected to be strengthened gradually by announcing comprehensive measures for fine dust management and establishing cooperative plans between Korea and China in Korea, and Hyundai Steel has invested 460 billion won by 2020 to reduce emissions by improving its air pollution prevention facilities.

Productivity risk resulting from smart manufacturing innovation

Productivity is the most important issue for the continuous growth of the company. Recently, there have been ways to increase the productivity dramatically by combining new technologies such as Big Data and AI. Falling a step behind such smart manufacturing technology innovations and performing only the existing productivity improvement activities could be a huge risk of competitiveness in the market. Hyundai Steel recognizes these risks and provides a change in the way we work through special lectures on smart manufacturing technology innovation. In addition, we are carrying out an intelligent production system construction project using AI and Big Data with the goal of building a smart factory by 2025.

Customer-Centered Management

BUSINESS CONTEXT

Establishing trust with customers is one of the most crucial elements of corporate management. It is now more important to expand communication channels to ensure customer satisfaction. As an element of corporate competitiveness, it is recognized as essential to meeting more diverse and specific customer needs by utilizing such communication channels.

OUR APPROACH

Hyundai Steel aims to provide the best solutions by promptly dealing with rapidly changing customer needs. To do this, we are running several customer satisfaction programs and strengthening sales competitiveness by expanding sales of our global premium products. We are also making continuous investments in our high-quality products and reinforcing our brand marketing to lay the foundation for future growth.



FUTURE ACTION

Hyundai Steel aims to reinforce customer communication programs and global network to increase global sales. Through various channels, we also identify customer needs and develop customized products to enhance customer satisfaction.

PERFORMANCE

Operation of Customer Portal System

Hyundai Steel operates a customer portal system to help customers conveniently check and process information related to their purchases. In the portal system, customers can check the status of their purchases at every stage – from ordering and delivery to handling claims and submitting grievances. We also provide a mobile portal system enabling customers to conveniently handle related tasks even when they are on the road or on a business trip.

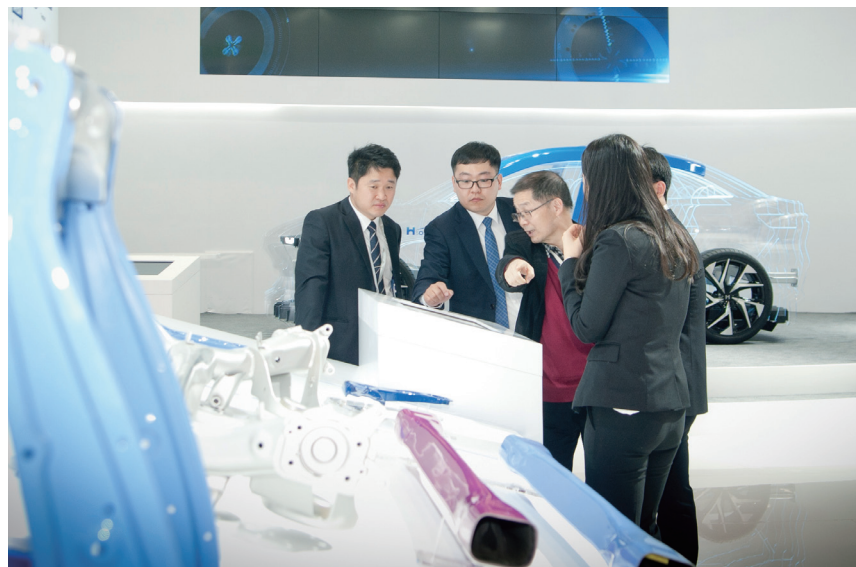


Customer Satisfaction Survey

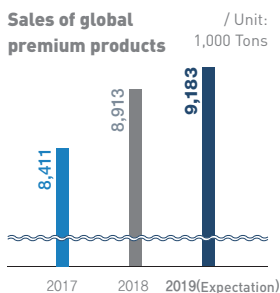
Hyundai Steel conducts customer satisfaction surveys for major customers on an annual basis. These include a quantitative evaluation covering a wide range of areas from the decision to purchase to product usage, including technology development, production, order processing, logistics services and claims handling. We also interview major customers and report the results of the survey's qualitative sections.

Global Customer Convention and International Exhibition

Hyundai Steel holds an annual Global Customer Convention to strengthen global cooperation. In 2018, we invited 67 employees from customer companies in 26 countries and promoted our technology through a tour of Dangjin Integrated Steelworks and KIA Motors. We also participated in the Offshore Technology Conference (OTC 2018) in Houston, Texas, where we introduced major products for offshore structures such as high-performing plates, API steels for energy and H-Sections. Also, in April 2019, We participated in the 2019 Shanghai Motor Show and launched the brand 'H-Solution', and has participated in various international exhibitions to promote our technological progress.



2019 Shanghai Motor Show Exhibition



Increasing Worldwide Sales of Premium Products

By developing customized products and expanding our global network, Hyundai Steel is proactively creating new demand for high-value-added products such as automotive steel sheets and earthquake-resistant reinforcing bars. This led to an increase in our worldwide sales of premium products from 8,411,000 tons in 2017 to 8,913,000 tons in 2018, a rise of 6.0%. Sales are expected to increase to 9,183,000 tons in 2019 with the aim of continuous growth. We hope to increase sales of these premium products by using our product competitiveness and active marketing in ways such as preparing for the future market accelerating the development of new steel grades and establishing global supply chain management.

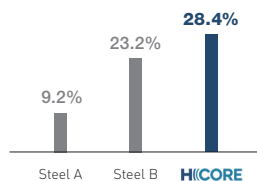


H CORE Brand Marketing

H CORE, Strengthening Earthquake-Resistant Steel Brand Marketing

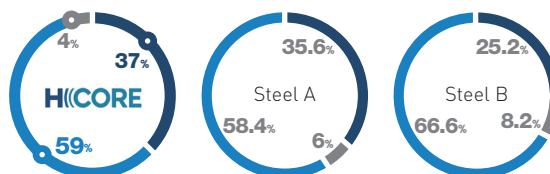
In November 2017, Hyundai Steel launched H CORE, Korea's first earthquake-resistant steel brand. Through an aggressive marketing campaign, we have enhanced the brand's value and achieved greater awareness among end consumers that "earthquake readiness means Hyundai Steel's earthquake-resistant steel." For selecting a brand name, we held a contest that was open to the public to generate greater interest. After the brand was launched, we rolled out an integrated marketing campaign that included TV, outdoor advertisements and PPL to raise awareness of the H CORE brand. We will continue to increase the brand value of H CORE by expanding the brand's points of contact as we strive to lead the Korean safety steel market.

Awareness of Steel Brands



Preference for Steel Brands

● Positive ● Neutral ● Negative



* Online survey of 500 men/women ages 20 to 54 (Macromill Embrain, December 2017)

Year-Based Performance

/ Unit: Ton, KRW million

2016		2017		2018	
Quantity	Sales	Quantity	Sales	Quantity	Sales
1,072,380	681,436	1,130,437	777,789	1,148,264	907,984

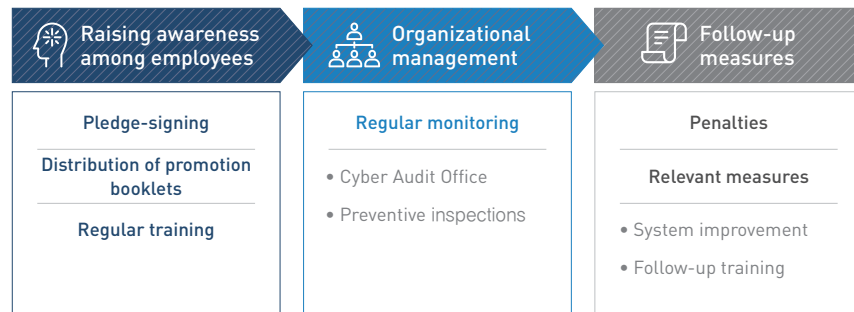
Ethics Management

BUSINESS CONTEXT

It is increasingly important to fulfill corporate economic and legal responsibilities to our stakeholders, including customers, shareholders, suppliers and local communities. This makes it all the more necessary to internalize ethical corporate management, build a culture of fair trade and institute a regular monitoring system.

OUR APPROACH

Since 2000, Hyundai Steel has followed the Ethics Charter and Code of Ethics. We have also carried out a number of projects to firmly entrench a culture of ethics management, such as the production and distribution of the Ethics Management Guidebook for all employees. In November 2002, we adopted the Compliance Program (CP) to establish a system for fair trade. We have built our fair trade culture by providing sector- and theme-based training, carrying out CP inspections, instituting an employee fair trade pledge and implementing our win-win growth agreement with the Fair Trade Commission.



FUTURE ACTION

We will raise our employees awareness of ethics management by adding new training and improving fair trade compliance. We will also manage more systematically manage compliance monitoring to taking follow-up measures so that our culture of ethics and fair trade can take root.

PERFORMANCE

Spreading the Culture of Ethics Management

The Hyundai Steel Ethics Charter and Code of Ethics is posted on our website in Korean, English and Chinese to spread our ethics culture at home and abroad. In 2016, when Korea instituted the Improper Solicitation and Graft Act, our employees pledged to comply with ethics laws and regulations to improve compliance and awareness, while the company distributed relevant guidelines. In 2019, we added sections on information protection and anti-trust/anti-competition as required by more stringent international standards and amended the Code of Ethics.

Cyber Audit Office

The Hyundai Steel Cyber Audit Office was set up to make our business transparent and reliable. It collects information on all types of employee misconduct, including any improper demands or corruption that occur via the Internet, phone, fax or printed documents.

Ethics Training for Employees

We provide online and offline ethics training for our employees, covering areas including ethics management, fair trade and the prevention of sexual harassment. In 2018, we offered ethics training twice to a total of 160 new employees. Experienced employees also receive training on ethics management. With the implementation and amendment of the Improper Solicitation and Graft Act, we have continuously offered training to subsidiaries and all employees. (A total of 23 training sessions for ethical management of new employees in the first half and the second half of 2019, experienced employees and promotion employees)

Compliance with Anti-Corruption Law

Since 2014, Hyundai Steel has operated the Compliance with Anti-Corruption Law Program to encourage employees to comply with anti-corruption policies of laws such as the U.S. Foreign Corrupt Practices Act (FCPA). In this regard, anti-corruption compliance training was offered to the employees of 16 overseas departments twice a year. We have invited a lawyer from a local law firm and held an anti-corruption training session for overseas staff and heads of corporations.

Spreading the Culture of Fair Trade

In March 2018, Hyundai Steel expanded the CP Committee to every related departments to strengthen our fair trade compliance. The CP Committee is composed of team leaders and deputy senior leaders in major departments such as sales/procurement teams who are given training on major amendments to the Fair Trade Act and Fair Transactions in Subcontracting Act. The CP Committee conducts independent inspections and rectifies any potential violations in the work processes of each department. It informs team members of major issues and serves a pivotal role in improving company-wide awareness of fair trade. In July 2018, we held a general shareholders' meeting, appointed the current Director of Strategy Planning Department as a new CP manager and reported operating results to the Board of Directors.

Improving Subcontractor Payment System

Since July 2018, we made system improvements to ensure that subcontractors are paid by the legal deadline without exception. This improvement was conducted to prevent legal violations and to promote win-win growth by preventing payment delays caused by human error. This enables us to prioritize liquidity for small subcontractors, which results in smoother business environment and helps build trade relations based on mutual trust.

Internal Sanctions for Violations of Fair Trade

In April 2019, we reinforced our internal sanctions against employees who violate fair trade laws. We promote employee compliance with fair trade by imposing more stringent sanctions on those who direct or carry out any violation, including unnecessary contact with competitors, meetings, collection of information or data recording.

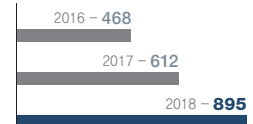
No. of Trainees for Ethics Management



Ethics education for all employees

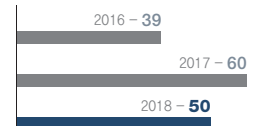
/ Unit: Persons

No. of Trainees for Fair Trade Compliance



/ Unit: Department

Departments Inspected for Fair Trade Compliance



Criteria for independence of independent directors

Independent directors are directors who are not members of the Company's executive directors and are not in any of the following subparagraphs: any of the following:
lose one's position if applicable

- Directors, executives and employees of the Company's executive branch, or in the last two years;
Directors, auditors, executive officers or employees who are soon engaged in the Company's executive directorship.
- The principal, spouse, and immediate family of the largest shareholder;
- directors, auditors, executive officers and employees of a corporation, if the largest shareholder is a corporation;
- Spouse and direct line of directors, auditors and executive officers; non-delivery
- Directors, auditors, executive officers and employees of the company's parent company or subsidiary;
- Directors, auditors, and directors of important interested entities, such as the company's trade relations;
Executives and employees
- Directors, auditors, executive officers and employees of other companies where the Company's directors, executive officers and employees are directors and executive officers;

Standards for independent director diversity

- In selecting the appropriate candidate for the appointment of the Board of Directors, an objective standard shall be used;
And after fully considering the benefits of diversity of the Board of Directors, selection of beams
- Appropriate scope of skills, experience, knowledge and personality when reviewing the composition of the Board of Directors;
including but not limited to those described above to maintain balance with the top;
Consider the benefits of all aspects of non-limited diversity
- Balance of skills, experience, knowledge and independence of the Board of Directors as part of its performance assessment

Corporate Governance

Board of Directors

As the top decision-making body in management, the Board of Directors (BOD) works to enhance corporate value and achieve continuous growth. The board is composed of nine members, including four executive directors and five independent directors. To reinforce the board's independence, the percentage of independent directors is set at 50% or higher. The three committees, meanwhile, bring expertise to decision-making and enhance operational efficiency; they are the Audit Committee, Transparent Management Committee and Independent Director Candidate Nomination Committee. All the board committees are run by a majority of independent directors. In particular, the Audit Committee and Transparent Management Committee are composed of independent directors who serve to exchange opinions in a free and objective manner and reinforce supervision.

	Name	Career	Chairman of BoD	Audit Committee	Transparent Management Committee*	Independent Director Candidate Nomination Committee	Independent director's verification to independence/diversity
Executive Director	Tong-Il An	President of Hyundai Steel (CEO)	●			○	
	Eui-Sun Chung	Senior Vice Chairman of Hyundai Motor Company					
	Jong-Seong Park	Vice President of Hyundai Steel (Chairman of Dangjin Integrated Steelworks)					
	Kang-Hyeon Seo	Senior Managing Director of Hyundai Steel (Director of Finance Division)					
Independent Director	Ho-Yul Chung	Professor of Sungkyunkwan University Law School (Economic Law)		●	○	●	Verified
	Gyeong-Tae Hong	Senior Researcher at Korea Institute of Science and Technology [Metals]		○	●	○	Verified
	Eui-Man Park	Representative Tax Accountant at Samick Tax Accounting Firm [Taxation]		○	○		Verified
	Eun-Taek Lee	Professor of Architecture at Chung-Ang University [Architecture]			○		Verified
	Sang-Yong Kim	Professor at the Business School of Korea University [Business Administration]		○	○		Verified

●: Committee Chairman, ○: Committee Member (as of March 31, 2019)

Transparency and Professionalism in Director Appointment

Directors are appointed at the general shareholders' meeting in accordance with the Commercial Act and Articles of Association. Independent directors are recommended by the Independent Director Candidate Nomination Committee after their qualifications and capabilities are comprehensively evaluated, and they are appointed at the general shareholders' meeting. In particular, independent directors are appointed from among experts in each sector of society to enhance professionalism in today's management environment, which requires the board to continuously make strategic decisions. The executive directors, meanwhile, are managers in charge of supervising each management sector. This process is intended to leverage the different perspectives and the objectivity of the directors in their areas of expertise to inform the basic principles of the business and the execution of work. The chairman of the BOD is appointed at a temporary board meeting after the annual general shareholders' meeting. In March 2019, President Tong-Il An was appointed as the new chairman.

Independence and Diversity of Independent Directors

To appoint independent directors fairly and transparently, independent directors are appointed at the general shareholders' meeting after candidates are recommended by the Independent Director Candidate Nomination Committee. The candidate's qualifications as an executive are examined as part of the thorough review required by the Commercial Act, ensuring that any person given responsibilities that might result in damaging the corporate value or the rights and interests of shareholders should not be appointed. This

prevents administrative or legal sanctions that could be imposed for legal violations. We also reflect not only the criteria for independence required by the Commercial Act but also requirements such as expertise and social reputation. We certify the independent directors' qualifications, including their independence from the company and legal criteria, and submit them to the Korea Exchange for appointment. The BOD organizational process is designed to reflect a range of perspectives in management, including gender, place of birth, professions and industrial experience. It ensures professionalism and diversity of the board by selecting independent directors and experts from each sector of society.

Operation of the BOD

In accordance with the Articles of Association, board meetings are classified as either regular or non-scheduled. The Articles stipulate that the board is to meet on a quarterly basis and hold non-scheduled meetings if necessary. In 2018, a total of ten board meetings were held, including four regular meetings and six non-scheduled ones. The BOD deliberated a total of 20 agenda issues, including a business plan and budget for 2018, the issuance of corporate bonds, signed off on management performance and approved transactions with specially related employees. The board checked performance not only in terms of financial management but also in non-financial terms by reporting the status of the internal accounting management system, the fair trade compliance program and the activities of compliance officers. In addition, the board meeting is convened by the chairman and each director is notified in writing or orally at least a day prior to the meeting. Directors unable to attend can join with video conference call. In reviewing agenda issues, relevant employees or external employees can attend to listen to descriptions or opinions on the agenda. The individual attendance of independent directors and approvals/rejections are made public in the regular report.

Audit Committee

As a body to review and determine vital issues regarding the inspection of company accounts and projects, the Audit Committee consists of four independent directors and supervises the job execution of management so that directors and management members can make reasonable judgments. In 2018, a total of five meetings were held in which members evaluated issues such as the operation of the internal accounting management system and the reporting of management performance.

Transparent Management Committee (Former Ethics Committee)

The Transparent Management Committee is composed of five independent directors. It was formed to build an ethical corporate culture and achieve transparency in terms of internal transactions and ethics management and to review the protection of shareholders' rights and interests. In 2018, a total of five meetings were held in which members reviewed agenda issues such as social contribution activities, the fair trade compliance program, the activities of compliance officers and approval for large-scale internal transactions. One of the members is appointed as a manager for the protection of shareholders' rights and interests, which is one way the committee aims to make management more shareholder-friendly. This is also achieved by boosting communication with domestic and overseas shareholders and continuously seeking policies to improve the protection of shareholders' rights and interests. In October 2018, all independent directors received training on the theme of understanding the stewardship code and corporate behavior.

Independent Director Candidate Nomination Committee

The Independent Director Candidate Nomination Committee aims to achieve a sound and transparent process for recommending independent director candidates. In accordance with relevant laws, the Articles of Association and BOD regulations, the committee is made up of two independent directors and one executive director as a check on internal authority. In addition, the committee uses a fair and transparent procedure to recommend employees who suit the interests of the company and its shareholders and verifies that the candidates are qualified according to the relevant laws. In 2018, the committee met once, reappointing and newly appointing three independent directors. In 2019, the committee will reappoint and newly appoint two independent directors.

BOD Remuneration

In accordance with Article 388 of the Commercial Act and the Articles of Association, Hyundai Steel decides the maximum remuneration for directors by a resolution at the general shareholders' meeting. They are compensated fairly and transparently based on remuneration regulations. At the 54th general shareholders' meeting, the remuneration limit was set at KRW 10 billion. In 2018, a total of KRW 3.21 billion was paid. In 2019, the 55th general shareholders' meeting decided in view of a difficult business environment to reduce the remuneration limit for directors by 20%, setting it at KRW 8 billion.

Future Direction for Corporate Governance

1. Reinforcement of Shareholders' Rights and Interests Protection

In 2019, Hyundai Steel plans to announce the annual general shareholders' meeting one week in advance of the two-week notice period stipulated by law. We will also disclose the agenda issues in advance to provide shareholders with a sufficient amount of time to review the issues. In addition, we will strive to establish fair and shareholder-friendly corporate governance by communicating with institutional investors about voting rights and proactively collecting requests from shareholders and the market. In these ways, we will actively review mid- and long-term policies, such as expanding dividend payments, to improve shareholder returns.

2. Enhancement of Sub-Committee Members' Roles and Expertise

Because of the structure of the Board of Directors, the authority and roles of each sub-committee member are crucial. The company aims to proactively support committee members to cultivate their expertise. In October 2018, we brought in independent experts to train the members on the amendment to the Act on External Audit of Stock Companies and the introduction of the stewardship code. In particular, we will continue to offer internal and external education and information to the members of the increasingly important Audit Committee and the Transparent Management Committee to protect the rights and interests of shareholders.

3. Establishment of Advanced Governance Structure

With the approval of the Board of Directors in April 2019, the Regulations of the Board of Directors and Sub-Committee were amended to lay the institutional foundation for the establishment of transparent and professional governance structure. This includes provisions for strengthening the role of the Audit Committee as a result of the increasingly stringent audit environment, including the establishment of a reliable governance structure for shareholders, employees and customers. In particular, the revised External Audit Act specified the internal accounting department's installation obligation, and the committee's compliance with the procedures for requesting independence of non-insulated areas. In addition, by enacting and publicizing the Corporate Governance Charter, we express our commitment to building sound governance structures and meet our stakeholders' right to know by providing transparent governance information to shareholders, customers, and others.

IR Activities

We give management performance presentations on a quarterly, semi-annual and annual basis for analysts, institutional investors, credit rating agencies and the media. Executives at the level of chief director in each division, including the Chief Financial Officer (CFO), attend the presentation and actively communicate with each other in the session as they present the company's performance and major management issues and open a Q&A session. To open more contact points with domestic and overseas investors, we provide various programs and communication channels as below:

QUARTERLY

Management performance presentation
(quarterly, semi-annual and annual)

QUARTERLY

Non-Deal Roadshow (NDR)

NON-SCHEDULED

Company visits, conference calls, attendance of major conferences, etc.

Tax Strategy

BUSINESS CONTEXT

The globalization of business means companies must comply with the tax-related laws of each country and the OECD transfer guidelines for international trade. One emerging issue is tax avoidance by multinational companies, which is why society is calling on companies to pay their taxes faithfully. This issue is recognized as a grave risk not only to corporate reputation but also from a financial perspective.

OUR APPROACH

Hyundai Steel establishes and operates tax strategies, policies and documented standards and procedures for risk management to ensure accurate tax payments and reports. With these activities, we fully implement the corporate duty of tax payments at home and abroad.

Domestic Tax

- Employees in charge of taxation fulfill the duty to report and pay taxes in accordance with relevant laws, and they work based on the principle of transparent relations with the tax authorities.
- When tax laws change, or other laws, rules and precedents are amended or enacted, we monitor any areas that could apply to the company and review potential risks in advance.
- The company's tax information is disclosed through external notification in a transparent way. The financial statement and the footnotes of the audit report contain information on corporate tax calculation standards, deferred tax assets, liabilities, composition and rate of corporate tax. Transparency and objectivity are ensured by an external audit.

International Tax

- The company fully complies with its legal duty to report and pay taxes in every country where it does business at and fulfills its duty as a taxpayer in close cooperation with the tax authorities of each country.
- The company does not conduct income transfers between countries and it does not evade taxes by exploiting tax law differences, loopholes in the international tax system or tax havens. The company ensures that taxable income is legally distributed based on its value in each country where the company does business at.
- The company appoints external experts to deal with regulations such as the duty to prepare and submit BEPS-related reports in each country, and it implements BEPS risk analysis and documentation projects in overseas offices.

FUTURE ACTION

Hyundai Steel stipulates the chain of responsibility for tax payment in the company regulations, and it will continue to fulfill its tax obligations and minimize tax-related risk elements from a long-term perspective.

Environmental investment
🌿 **KRW 170.7 BILLION**
Increased by 90% compared to 2017 (KRW 89.7 billion)

Rate of by-product recycling
♻️ **97.5%**

ENVIRONMENTAL

Reduction of Air pollutants
🌫️ **40%**
Agreement to reduce air pollutants compared to 2016

Recycling EV waste
batteries

 **ESS 1 MWH**

Facility established
(January 2019)

PERFORMANCE

- 068 Integrated Environmental Management
- 070 Responding to Climate Change
- 073 Air Quality Management
- 074 Water Quality Management
- 075 Recycling By-Products

Environmental evaluation
for the entire product process

 **LCA DB
ESTABLISHED**

Integrated Environmental Management

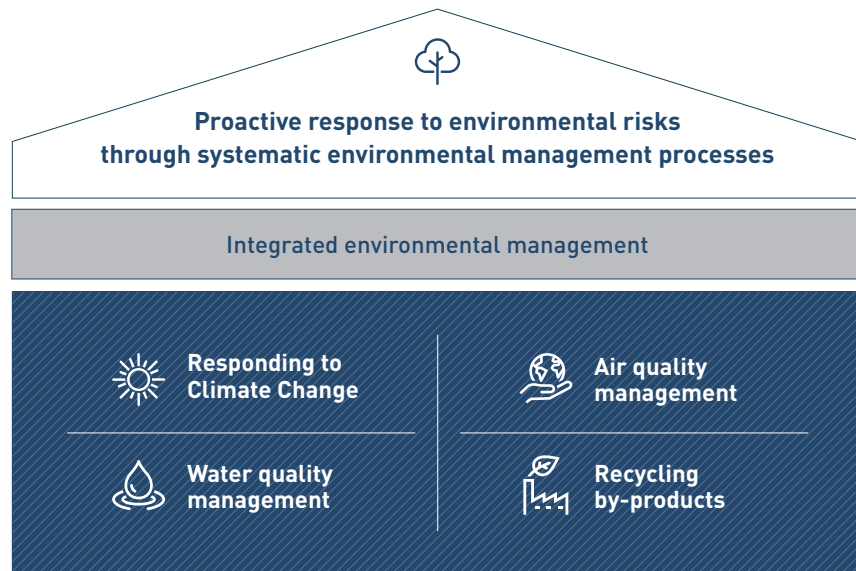
BUSINESS CONTEXT

Government policies and regulations on environmental management are being strengthened. The government is strengthening regulations through related laws and regulations, such as the Law on Integrated Management of Environmental Pollution Facilities in 2017 and the Implementation of the Fundamental Circulation Law on Resources in 2018. Corporate environmental risk management is a core element of management activities, and we need systematic monitoring and response.

OUR APPROACH

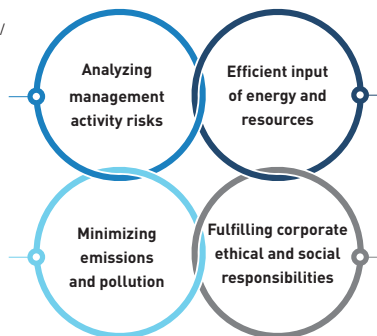
Integrated Environmental Management Process

Hyundai Steel is promoting company-wide environmental management by establishing an integrated environmental management process. We have established environmental management strategies and detailed guidelines for each division and systematically manage environmental performance by each site. In addition, we are strengthening our environmental management for overseas business sites as we expand our global business.



Management Policy for Environment and Energy

- Responding to government measures/regulations
- Collecting information on environmental and energy issues
- Predicting and evaluating impact factors and establishing response strategies
- Operating and monitoring pollutant measurement/prevention facilities
- Preventing the spread of pollutants
- Enhancing and adding high-value to recycling of by-products/waste



- Procurement: Green purchases of fuel, raw materials, facilities and energy
- Production: Optimizing the input of process utility and preventing GHG emissions
- Realization of social responsibility through environmental win-win partnership and CSR activities
- Developing projects for utilizing and offsetting alternative resources/energy

FUTURE ACTION

By continuing our efforts in environment and energy management, Hyundai Steel will expand eco-friendly management by adding eco-friendly facilities, enhancing resource efficiency and establishing policies for preventing environmental pollution.

PERFORMANCE

Responding to Environmental Regulations

To comply with environment-related laws and regulations, we are organizing a company-wide environmental management group, including the CEO, and designating managers in charge of each sector. We also continuously taking action to deal more proactively with stronger environmental regulations by monitoring regulations and developing and applying new eco-friendly technology. When any environment-related issue occurs, we have systems in place to analyze the issue and discuss a response through the Transparent Management Committee of the BOD.

Integrated Environment Management System

To deal proactively with the Act on the Integrated Control of Pollutant-Discharging Facilities, which took effect in 2017, Hyundai Steel analyzes the impact of pollutant discharge on all business sites. We review the level of allowed discharge at each business site and examine the applicability of optimal available methods and integrated license applications.

Framework Act on Resource Circulation

We continuously conduct independent R&D activities to reduce waste and increase recycling. To utilize simply reclaimed or incinerated, recycling business waste. We work with the recycling industry and other sectors and work proactively under the Framework Act on Resource Circulation.

Relief System for Environmental Pollution Damage

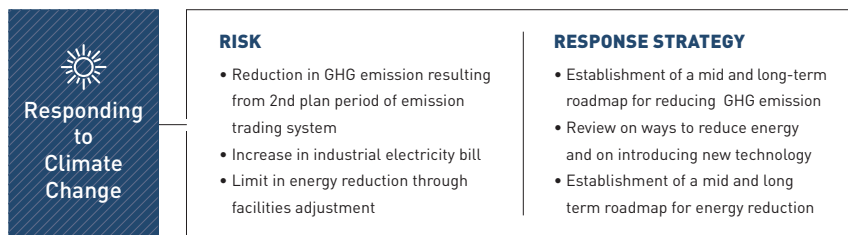
In accordance with the Act on Liability for Environmental Damage and Relief, we are required to subscribe to environmental liability insurance for seven target businesses and provide a sufficient amount of compensation in event of any environmental pollution damage or accident. We are also strengthening company-wide supervision to prevent environmental accidents.

Responding to Climate Change

BUSINESS CONTEXT

With the second phase of the GHG emissions trading scheme underway, it is increasingly necessary to deal with the large energy demands of the steel industry, and to respond climate change. Hyundai Steel makes every effort to adopt new facilities and improve its processes to reduce energy consumption and GHG emissions.

OUR APPROACH



FUTURE ACTION

Hyundai Steel is committed to engaging in the international community's efforts to respond climate change by working to reduce GHG emissions across the entire business. To this end, we are also building our energy management system and managing and operating a responsible organization.

PERFORMANCE

Response to the GHG Emission Trading Scheme

Hyundai Steel have expanded the existing GHG emission TF and hold a monthly company-wide meeting on environment energy inspection. The meeting is attended by relevant departments such as policy/planning, production management and research/development, and its activities are shared with management. The entire company is responding by establishing a mid- and long-term roadmap to reduce GHG emissions, which reviews ways to reduce GHG intensity, identifies internal and external reduction projects and participates in overseas CDM projects.

Company-Wide Energy Meeting

We hold a company-wide energy meeting on monthly basis to improve energy use and supply efficiency. The department shares current status of technology development, energy policy and trends, and each production department establishes a target suitable for each business site and takes relevant steps. The Energy Planning Team, meanwhile, provides a company-wide diagnosis. Through monthly performance evaluations, we identify best practices for energy reduction and review their applicability to other business sites.

Establishment of LCA DB

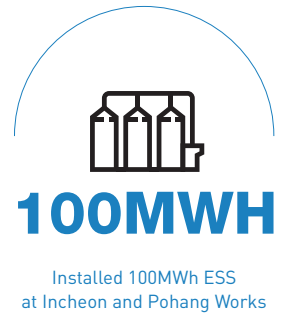
Hyundai Steel has been working to establish a company-wide system, starting LCA (Life Cycle Assessment) evaluation with the integrated steelworks processing sector in 2017, the electric Arc Furnace sector (Incheon) in 2018 and stage-by-stage in 2019. In particular, we are moving to acquire domestic and overseas Environment Product Declaration (EPD) certificates and to make our environmental information transparent.

ESS Project to Manage Electricity Efficiently

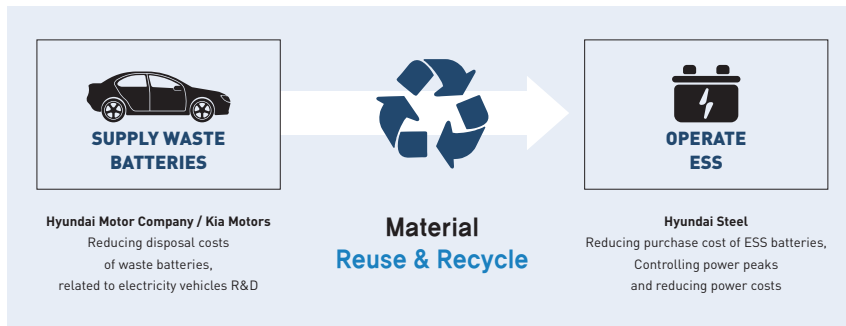
The policy direction of the third energy basic plan aims to provide customized demand management and promote reasonable consumption by improving the energy pricing and taxation systems. Hyundai Steel has introduced ESS facilities in Incheon and Pohang to respond proactively to the energy policy. With the introduction of these facilities, we save surplus electricity in the light-load period and use it at peak load to alleviate the risk of insufficient capacity. Their facilities also help with efficient electricity management and reducing cost reduction.

Establish Eco-Friendly ESS by Recycling EV Waste Batteries

As the number of EVs rises globally, the Electricity Facility Team of Hyundai Steel carries out demonstration projects to establish ESS facilities based on waste batteries. As of January 2019, we have established and operated 1MWh ESS facilities at Dangjin Integrated Steelworks by using waste batteries from the Hyundai IONIQ Electric and the KIA SOUL EV. In this way, we aim to establish a resource-circulating business system ranging from the development to the collection of batteries and installation of ESS.



PROCESS AND EFFECTS



ESS facilities based on recycling EV waste batteries



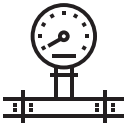
Hydrogen Gas Factory, Dangjin Integrated Steelworks

Expansion of Hydrogen Production Infrastructure

With tightening international regulations on automotive exhaust and GHG emissions, there is a great deal of focus on hydrogen vehicles, which do not emit CO₂. The government has announced the Hydrogen Economy Vitalization Roadmap and plans to create an economical and stable hydrogen production and supply system. Since 2016, we, Hyundai Steel has been operating a hydrogen plant with an annual capacity of 3,000 tons by utilizing Cokes Oven Gas(COG) in the steel-making process. In order to expand the supply of hydrogen electric vehicles, we also plan to build a supply base for hydrogen fuel by attracting packaged hydrogen charging stations. Through this process, Hyundai Steel aims to secure low-cost hydrogen supply technology and contribute to reducing fine dust and greenhouse gas emissions.

Improving Efficiency of Three Major Heating Facilities

The steelworks facilities with the highest rates of CO₂ emissions and energy consumption are the heating furnace, the hot blast stove and the coke oven. We are making the following efforts to reduce these levels.



**REDUCED BY
90,000
TONS**

Expected to reduce KRW 2.6 billion/year for by-product gas fuel and 90,000 tons of CO₂/year by improving the efficiency of heating facilities



- Establishing a system to automatically control hot blast stove inputs



- Identifying improvement points by diagnosing
- Developing measurement technology to improve fuel input control




- Identifying measures to improve overall performance and making investment plan

Air Quality Management

BUSINESS CONTEXT

The issue of fine dust pollution has raised public interest in responding to climate change. Relevant systems and laws have been enacted or amended, including the Integrated Control of Pollutant-Discharging Facilities in 2017 and the Special Act on Fine Dust Reduction and Management of Fine Dust in 2019. There are also stiffer penalties and regulations.

OUR APPROACH

 <p>Air quality management</p>	<p>RISK</p> <ul style="list-style-type: none"> • Reduction of Air Pollutants in accordance with the Government's Comprehensive Plan for Fine Dust • Enforcement of the Integrated Environmental Authorization System (in 2017) 	<p>RESPONSE STRATEGY</p> <ul style="list-style-type: none"> • Facility investment for implementation of reduction agreement • Approved timely acquisition through contract of specialized company
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FUTURE ACTION

We will keep 30% level of air pollution emission concentration such as dust, sulfur oxide and nitrogen oxide compared to legal emission standards.

PERFORMANCE

Environmental Monitoring System

We actively respond to environmental regulations through the operation of an environmental monitoring system. We collect real-time data by installing a chimney-measuring device and operate an integrated system and unmanned image pattern analysis system to respond quickly to environmental accidents and actively cope with regulatory responses. In addition, transparent environment management is implemented through the establishment of air quality network and 24-hour operation and disclosure of environment situation room.

Agreement and Implementation on the Reduction of Air Pollutants' Emissions

The Dangjin Integrated Steelworks voluntarily entered into an agreement with the local government in Dangjin, Chungcheongnam-do to reduce air pollution and improve air quality. Based on the agreement, about KRW 460 billion is set to be invested in efforts to improve the air quality by improving the efficiency of air pollution protection facilities, replacing old protection facilities around the steelworks. The Dangjin facility also aims to reduce air pollution to the level of 40% of 2016 emissions by 2020.

Emergency Fine Dust Reduction in Chungcheongnam-do

Prior to the special law on fine dust in February 2019, we conducted active reduction activities in order to reduce fine dust voluntarily by adjusting the operation time of the factory's emission facilities, replacing consumables to improve the efficiency of the air pollution prevention facilities, operating spray vehicles in neighboring countries(including province) to prevent scattering of the airborne dust, and encouraging executives and employees to use the second part of the vehicle system.

Management of specific atmospheric hazards

Dangjin Steelworks complies with the legal cycle (2 times a month) and monitors for 13 items that may occur the management of certain air pollutants that may directly or indirectly harm the human body other than ordinary air pollutants such as dust, SOx(Sulphur oxide) and NOx(Nitrogen oxide). In addition, certain air pollutants are managed at 4.0% of the emission acceptance criteria.

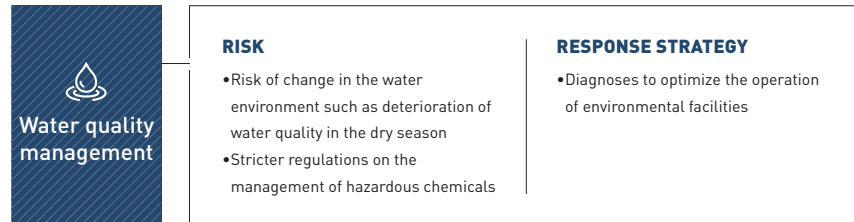


Water Quality Management

BUSINESS CONTEXT

There is a growing need for risk management due to water shortages around the world. With the enforcement of the Chemicals Control Act, the standard for managing handling facilities has become more stringent. To address these issues, there is a need to consider more active risk management methods such as reusing waste water.

OUR APPROACH



FUTURE ACTION

In addition to our company-wide efforts to manage water quality in the supply chain, we have also joined the international community in conducting environmental management. For this target, we are building an environment and energy-based management system, and with the responsible sectors of management, we are pursuing systematic water quality improvements.

PERFORMANCE

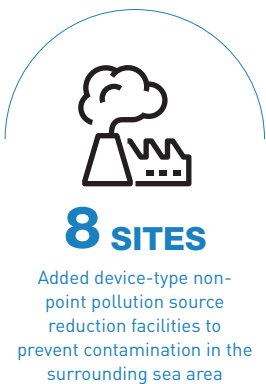
Diagnosis of Hazardous Chemicals

The Chemical Control Act, enforced on 1 January 2015, strengthened management standards for handling, facilities, Since 2014, Hyundai Steel has installed a hazardous substances leakage detection system and responded to the change proactively. We have also reinforced our internal management standards and achieved stability in the management sector with the installation of CCTV at the work site. To deal with stricter standards for facilities to take effect in 2020, we had a chemical-specialized company perform a precise diagnosis of the hazardous chemicals at all of our facilities in 2018. Based on the result, we laid out steps for improvement. In 2019, we aim to establish and operate safe steelworks without hazardous chemicals by improving our facilities based on the diagnosis.

Facilities for Non-point Pollution Source Reduction

Hyundai Steel operates non-point pollution source treatment facilities, including device-type facilities, to manage non-point source pollution caused by rain. Following the expansion of the Dangjin Steel Industrial Complex, we intend to prevent the contamination of the surrounding area by changing the drainage plan for the industrial complex and adding eight device-type facilities by 2020. In 2018, we remodeled such a facility at the port (No. 7 berth), convert to use it for in active carbon-filtering. This will prevent safety-related accidents in an enclosed area and enable non-point pollution sources to be reduced more efficiently. We are also working to address complaints by engaging in continuous communication with local residents.

* Non-point pollution Source: sources of emissions from unspecified locations, such as cities, roads, farmland, mountain areas, construction sites, etc.

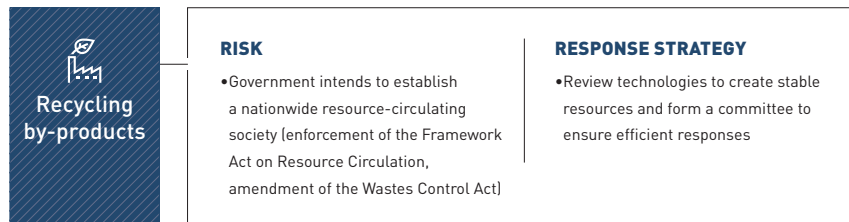


Recycling By-Products

BUSINESS CONTEXT

Regulations have become more stringent under systems and laws such as the Framework Act on Resource Circulation. Accordingly, it is imperative to respond to government policies, review technologies to recycle by-products in the mid- and long-term periods and take more systemic and efficient measures.

OUR APPROACH



FUTURE ACTION

We operate a committee composed of staff members in charge of research and development strategy, planning, production, business support and procurement who work together strategically to identify major focal points in our current issues, short-term plans and long-term strategic areas.

PERFORMANCE

Total Inspection for By-Products and Use-Based Grouping

We have conducted total inspection and analysis of all steelworks to maximize by-product recycling and improve high added-value. Based on the results, we created categories in terms of by-product value and move to use them for recycling and technology to improve value and create resources.

Minimization of Final Disposal and Diversification of Demand

We aim to minimize reclamation or incineration (final disposal) in accordance with the Framework Act on Resource Circulation. By converting existing incinerated waste oil into recycling, we have reduced incineration by more than 1,000 tons a year, thus lowering the cost by KRW 100 million and more. We also recycle slag as an aggregate for cement. This provides flexibility amid changing demand for aggregate, which hinges on the construction economy. We also find ways to use sludge by-product as a raw material for cement.

Mid- and Long-Term Roadmap



Employees
 **11,552**
PERSONS

As the end of 2018

Total training
hours for employees
 **424,469**
HOURS

As of 2018

Employee
voluntary work
 **80,374**
HOURS

96.9% of general employees
participated in voluntary work

SOCIAL

- 078 Human Resources Management
- 084 Occupational Health and Safety
- 088 Social Contribution

PERFORMANCE

New recruitment
 **688**
PERSONS

Increased by 67.8%
compared to 2017

Social Contribution
Employee
Participation Fund
 **KRW 4.06**
MILLION

46% of employees participated
(2018)

Century Safety
Culture Center
 **53,000**
PERSONS

Participated in safety culture
experience education

Employees using
parental leave
 **+55%**

51 employees in 2018
compared to 33
employees in 2017

Human Resources Management

BUSINESS CONTEXT

There is a growing social consensus about the need to improve the working environment, as well as the importance of professionalism. With working hours being reduced, a key factor in the success of a business is cultivating employees' core capabilities and creating a working environment that they can commit.

OUR APPROACH

Hyundai Steel has a family-friendly culture that provides a range of benefits and responds to employee grievances to create a positive working environment. We also provide education programs tailored to individual capabilities to cultivate globally competitive and passionate human resources. Through these efforts, we commit ourselves to enhancing employee work satisfaction and thereby bring the company better results.



Hyundai Steel's Human Rights Management Policy

- ① Respect human rights of employees and ensure their dignity as human beings.
- ② Promote an active prevention approach to prevent human right violations by stakeholders.
- ③ Consider human rights factors in all business stages, including product development, production, sales and service provision.
- ④ Identify the risk of human rights risks of all communities in which we operate and take the lead in realizing people's rights and respecting their values.

FUTURE ACTION

To enhance employee satisfaction, Hyundai Steel will continue to improve the working environment and provide employees with benefits that are practical. We will also systematize our education and training systems and promote qualitative improvements in the training programs. This will help us respond proactively to changes in the management environment, and it will enhance our business performance.

PERFORMANCE

Workforce

As of December 31, 2018, Hyundai Steel has a total of 11,552 employees with an average length of service of 11 years and 10 months. The company employs 272 people with disabilities and 346 Korean veterans, and it has 245 female employees, which account for 7.3% of the workers in the managing position.

Category		2016	2017	2018
Total employees*	No. of employees	11,221	11,186	11,552
By gender	Male	10,934	10,873	11,187
	Female	287	313	365
By group	General	3,119	3,197	3,355
	Technical	7,763	7,652	7,815
	Others	339	337	382
By employment type	Regular	11,045	10,997	11,274
	Contract	176	189	278
Minority	People with disabilities	304	283	272
	Foreigner	4	8	6
	Veteran	333	327	346
By age	30 or younger	2,185	1,986	2,176
	31-40	4,334	4,478	4,613
	41-50	2,655	2,700	2,728
	51-54	951	926	937
	55 or older	1,318	1,121	1,098
No. of recruitments		283	410	688
Turnover rate		4.1	4.5	5.0

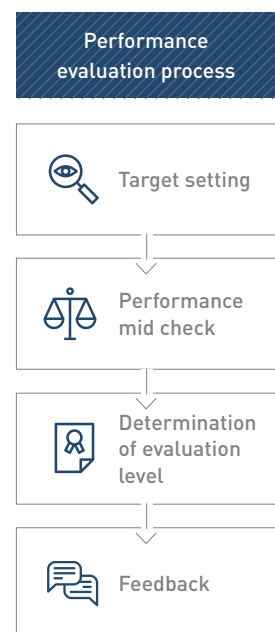
*Locally recruited employees excluded (913 in Asia, 214 in America, 220 in Europe)

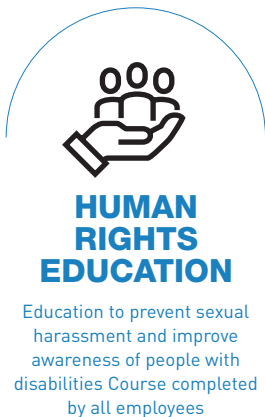
Talent Recruitment

Believing that talented human resources are the main source of corporate competitiveness, we invest actively to recruit people with high potential. We hire through non-scheduled recruitments of new/experienced employees, recruitment-linked internships and overseas recruitments. Our recruitment process is fair. It includes document screening, aptitude and personality tests, interviews and a physical examination. We give priority, in accordance with the law, to socially disadvantaged people, including veterans.

Fair Evaluation and Compensation

Hyundai Steel evaluates individual competence based on the needs of the company and also evaluates achievement based on goal management. Evaluations can lead to benefits such as promotion, training or new assignments based on individual results. In 2018, we conducted performance evaluations for all employees.





Grievance procedures for Employee

As we work to build a sound corporate culture, Hyundai Steel listens to the grievances of employees and handles them reasonably in accordance with individual human rights. Grievance handling includes the submission and processing of complaints, disciplinary actions and reassignment. Action is swift once a grievance is registered. We received four cases from two sites in 2016 and no cases in either 2017 or 2018. Reasonable and appropriate measures were taken for each case.

Organizational System for Researchers

R&D has become more important as risks intensify in terms of the business environment, technological change and competition in advanced products. Accordingly, Hyundai Steel has adopted and implemented an organizational system for researchers to improve the hierarchical culture and motivate research personnel. First, we reduced the levels of hierarchy to allow all researchers the flexibility to develop innovative ideas and create a framework for horizontal and creative organizational culture. We also motivate employees with fair and reasonable rewards based on individual performance evaluations and ultimately help them grow as capable R&D personnel. This helps secure the company's competitiveness in R&D by presenting a clear vision for employees' career.

Individual Development Plan (IDP)

Hyundai Steel has initiated the individual development plan (IDP) as a way to support employees' self-led learning and systematic development of their talents. The IDP is a training system in which employees set and carry out an education plan for themselves based on their individual job. They also lay out a growth plan to fulfill the desire to grow and learn. We have minimized the mandatory training courses of the past and connected the system to individual capabilities to enable everyone to take part in a regular education course from two to four times a year. The system is designed to help employees fulfill their IDPs by comparing their IDP goals to their results at the end of the year. Their progress factors into the team leader's KPI of cultivating junior staff. Based on the IDP system, we will continue to develop and provide training support for individual growth. Such job-based learning and the development of individual career paths will strengthen our organizational business competitiveness and help prepare our employees for the future.

Human Rights Education & Training for Prospective Retirees

By providing human rights education to all employees, Hyundai Steel strives to create a healthy organizational culture that respects diversity and can work together.

From top management to field employees, all executives and employees have completed courses on improving awareness of the disabled and preventing sexual harassment through various operation methods (e-learning, collective education, dissemination education) for each business site.

In addition, we support education about new life adaptation after retirement and designing a second life for those who are expected to retire.

In 2018, we provided education on the management of change in retirement age (emotional, relationship, finance) and career path design to 202 employees.



Education for employees of Hyundai Steel Slovakia s.r.o

Expatriate Cultivation System

Hyundai Steel has provided an expatriate cultivation system for employees deployed to our 18 overseas subsidiaries and 6 branch offices. To help them adapt quickly to the local site and secure our competitiveness in the global market, we provide intensive language training, cross-cultural education, and spouse guidance programs to support family adaptation. We also provide on-the-job training for departments related to overseas subsidiaries to help employees cultivate a management mindset and improve their understanding of the company's products. In addition, as an overseas expatriate, we conducted global communication training and leadership training to form a smooth partnership with local recruitment staff. We will continue to utilize the system to impart any knowledge or skills needed in roles overseas.

Development and Utilization of Steeltube

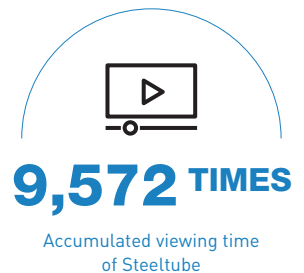
We have developed Steeltube video content for the capitalization of steel process and product technology, and the implementation of learning infrastructure for ideals.

Steeltube that consists of 4 sections (basic steel knowledge, steel-making process, product manufacturing process and product usage) and 36 videos is a content that can learn basic knowledge of the steel industry systematically from the raw materials such as ironstone, coal, and additives to the organic flow between the production facilities and each process produced by each product.

Latest Learning Trend 'Micro Learning' has been applied to make it suitable for everyday learning and it is designed to allow employees to freely access and learn.



Steeltube



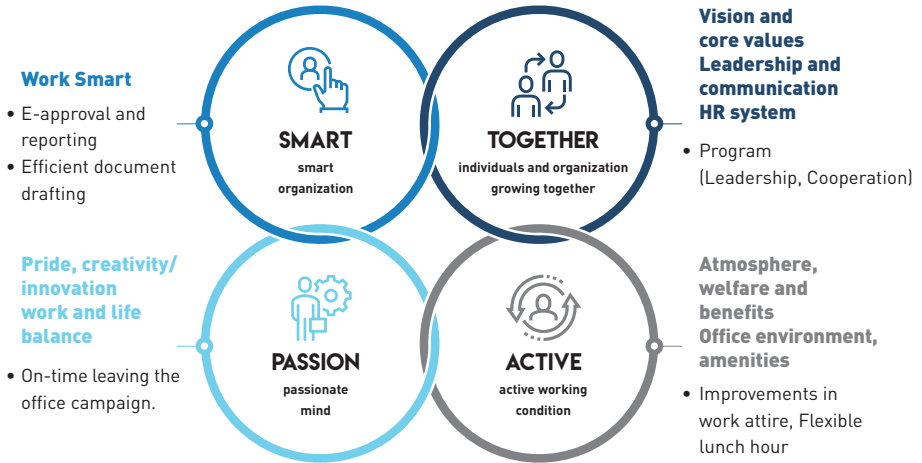


Work Smart Campaign

Work Smart Campaign

Hyundai Steel is carrying out a Work Smart campaign to build a smart and vibrant corporate culture and improve the company's work processes and thus its competitiveness. We are promoting a culture of smart reporting and approval through the use of an e-approval system. We hope to create a lively and creative work environment through things like improving the way meetings are run and allowing freedom in work attire. We also have a campaign called "Change Up Together," which presents concrete guidelines for changing the corporate culture and sharing the best practices of everyone's jobs.

Make Changes Together CHANGE UP TOGETHER



Organizational Culture

We want our employees to enjoy a better balance of work and after work life, which will help create a positive working environment. The company operates a number of family-friendly programs, such as family charity groups, a children's language camp and a vacation system for better work-life balance (Leader's Insight, Refresh Vacation, etc.). We also diagnose issues with the organizational culture through surveys identifying risks, causes, and potential improvements. We ensure flexible vacation time, which allows employees to recharge whenever they need to, and we actively support their self-development, health, education and leisure activities to create an organizational culture in which employees can grow together with the company.

Retirement Pension/Welfare and Benefit System

Hyundai Steel has established a retirement pension system to ensure the stable payment of retirement benefits. The company's retirement pension deposit is KRW 598.5 billion (as of the end of December 2018). Severance pay is given in accordance with the Defined Benefit (DB) retirement pension at the time of retirement. For the well-being of our employees, we also operate various welfare benefit programs such as funding to support the purchase a home at a low interest rate, discounts when purchasing a Hyundai/KIA vehicle and support for vacation condominiums/resorts and medical expenses.

Human Rights and Support for Diversity

Hyundai Steel prohibits any discrimination based on individual differences, including gender, race, religion, and country of origin in all areas including recruitment to performance evaluation. By implementing several human rights policies, we encourage employees to utilize their own skills and characteristics to concentrate on their work with passion. We also officially support the standards of international bodies and groups related to labor and human rights, including the Universal Declaration of Human Rights and UN Guiding Principles on Business and Human Rights. From 2019, we have carried out overseas human rights evaluations to check whether the international regulations above are observed at all overseas subsidiaries. We have also set up processes to take corrective measures if something falls short of the standards.

Labor Rights at Overseas Worksites

Hyundai Steel's overseas worksites hire a number of local employees of different nationalities. For this reason, we ensure that these worksites comply with the labor laws of each country. We prevent unfair labor practices that interfere with their jobs and work continuously to improve areas that are unsatisfactory. We also hold a monthly video conference for overseas worksites to identify major issues such as local labor risks, examine legal risks caused by changes in labor-related laws and take appropriate measures. In 2018, we supported the establishment of an overall HR system for a newly launched corporation in India, which stabilized the company's business and enhanced the satisfaction of local employees. To prevent labor-management conflicts caused by misunderstandings of local culture and laws, we take steps such as educational training for overseas staff, meetings with employees, regular management presentations and a grievance handling system to ensure smooth communication with local workers.

Labor-Management Communication

Hyundai Steel has local recruiters of various nationalities from overseas. Accordingly, we strictly comply with the labor laws of each country, and we continuously check to ensure that unfair labor practices that violate employee rights do not occur, and are improving efforts to provide the optimal working environment. In addition, we monitor key issues such as local labor risks through monthly video conferencing for overseas business sites. We are also trying to identify and respond to legal risks due to changes in local labor laws. In 2018, we helped establish a personnel system for newly established corporations in India, thereby stabilizing corporate operations and improving the satisfaction of local employees. In order to prevent conflicts between labor and management that may arise due to local culture or incomprehension, we are conducting communication with local recruiters through training programs for employees, employee meetings, regular management briefings, and grievance handling systems.

Labor-Management Councils

At each worksite, we operate a Labor-Management Council consisting of an equal number from both sides who meet at least once every quarter to discuss issues such as employee grievances, benefits and work conditions. The Labor-Management Council discusses ways to improve productivity, distribute gains, enhance working environment and improve safety controls. We have also built a foundation for labor-management trust through consultation with the labor union and members of the company to discuss improving employee health, training, and volunteer activities, as well as supporting in-company club activities and fulfilling our obligations as a social enterprise.

Occupational Health and Safety

BUSINESS CONTEXT

Industrial accidents are a potential factor that can have a severe impact on business. Intense media coverage of accidents has made society more concerned with industrial safety. Accordingly, the government has also strengthened regulations, including an amendment to the Occupational Safety and Health Act.

OUR APPROACH

Hyundai Steel has established and enacted a safety vision and safety management policies to improve safety and prevent accidents. Under the vision of “Realizing Steelworks for a Safe Century,” our target is “Zero Severe Accidents or Injuries.” The main areas in which these policies are applied are Infrastructure, Systems, Mind and Materials.



Realizing Steelworks for a Safe Century

“Zero Severe Accidents and Injuries”



Health and Safety Policies

- ❶ Give top priority to health and safety in all business sectors and establish an effective health and safety management system.
- ❷ Set detailed targets for health and safety in connection with policies and lay out plans for their achievement.
- ❸ Reinforce the health and safety capabilities of employees by providing health and safety education and training.
- ❹ Comply with laws related to health and safety and requirements for the health and safety management system.
- ❺ Evaluate effectiveness with company-wide engagement and make continuous improvements.
- ❻ Comply with safety management obligations for all personnel in the workplace

FUTURE ACTION

To establish a mature safety culture, Hyundai Steel will set up various safety environmental policies and a robust safety management system. We will disseminate a culture of safety and also company-wide safety capabilities and prevent severe industrial accidents by various safety activities.

PERFORMANCE

Company-Wide Integrated Safety Management System

Hyundai Steel supervises and manages the safety of all worksites, including overseas subsidiaries, with the Health and Safety Center as a control tower. We identify the entire company's safety status, holding a safety management and communication meetings for all worksites, and give safety diagnoses and evaluations. We also establish company-wide safety regulations and core safety rules, which results in a practical safety culture in compliance with regulations.

Integrated Chemical Substance Management System

Hyundai Steel maintains a hazardous substance map for the entire company to strengthen the safety management of chemical substances. We store and use chemical substances safely by verifying the level of risk, and we conduct reliability evaluations by utilizing safety Material Safety Data Sheet (MSDS). We display the MSDS for the chemical substances handled at each worksite to allow workers to find the information they need. In addition, we provide safety education on chemical substances and inspect facilities that store and use the chemical substances to prevent severe industrial accidents.



Chemical Safety Management

Safety Management in Confined Spaces

Hyundai Steel conducts a confined-space management program to prevent suffocation and gas poisoning accidents in confined areas. We have assigned three hazard levels to each confined space and have established specific operating procedures for each level. For work performed in an enclosed space, we thoroughly check our compliance with safety regulations by measuring hazardous gas, ensuring exhaust ventilation, implementing the Isolation Locking System (ILS), controlling access to the area and checking whether proper personal protective equipment (PPE).

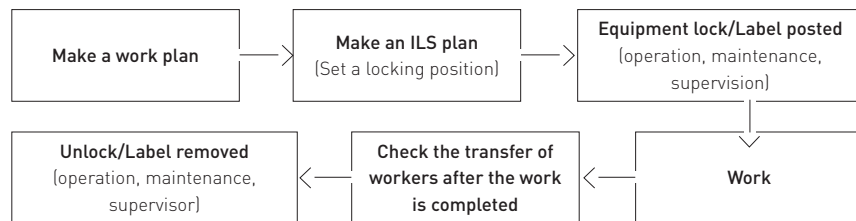
Isolation Locking System (ILS)

The ILS system has been implemented at all Hyundai Steel worksites to prevent accidents caused in the course of maintenance work by lack of space, suffocation and electric shock. The ILS refers to the system that blocks and isolates the energy sources that can injure on-site workers. At each worksite, we standardize the ILS and establish and operate the ILS MAP to inform workers of the locking position and related procedures.

Concept of ILS



Procedure



Safety Assessment of All Domestic and Overseas Worksites

Hyundai Steel conduct safety assessment to spread the safety management system and safety culture to all worksites, including overseas subsidiaries. The safety assessment check for compliance with relevant legislation in terms of safety, health, firefighting and gas and share improvement measures for on-site risk factors. Since 2016, safety assessment have been carried out domestically at the Dangjin Integrated Steelworks, Incheon Works, Pohang Works, Suncheon Works, Ulsan Works and Suncheon Forging Works. Overseas they have been done at subsidiaries in China, Europe and India.

Labor-Management Joint Safety Inspection

Hyundai Steel conducts joint labor-management safety inspections by organizing monthly on-site inspection groups with a representative of the labor union to identify and improve potential risk factors. For any risk factors found in this process, we set out improvement measures based on on-site opinions. Improvements and their effectiveness are monitored jointly by the labor union and management. For high-risk tasks such as working at high- heights or in confined space, we organize a regular group and conduct detailed inspections.



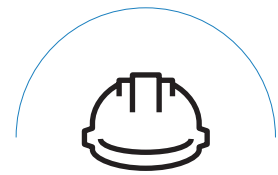
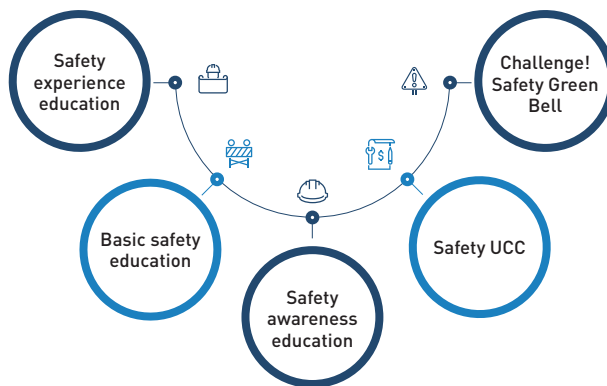
Major repair progress and inspection

Maintenance Inspection and Safety Management Evaluation

Maintenance work requires the performance of high-risk tasks, which raises the likelihood of accidents. Accordingly, Hyundai Steel strives to improve the safety of maintenance workers by evaluating safety management. The evaluation checks the adequacy of safety measures taken for maintenance work through assessments of 20 items, including regulatory compliance, and delivers feedback to the department responsible. In particular, we strive to improve safety management for workers by giving them instructions and advice in the course of evaluations and by disseminating best practices.

Raising Employee Safety Awareness

Hyundai Steel operates several programs to improve safety awareness company-wide. We share direct and indirect experiences related to accidents by holding company-wide safety events such as Safety UCC and Safety Green Bell. Our Safety Cultural Center has 11 experience halls and 93 types of experience devices in it. We conduct education programs on safety theories and experiences and offer safety education to 53,000 persons a year.



**53,000
PEOPLE**

Participated in an
educational program at
the Safety Cultural Center
(2018)

Social Contribution

BUSINESS CONTEXT

Corporate social responsibility is not merely the creation of economic benefit; it is the utilization of a company's core capabilities to help solve social issues and proactively engage in the development of the local community. Companies contribute to society in a range of ways, which have the positive effect of enhancing their corporate image, securing talented human resources and increasing the satisfaction level of employees. Corporate social responsibility is as an opportunity to create a new organization through a combination of business and social values.

OUR APPROACH

Hyundai Steel carries out its vision through mid- and long-term strategies for social contribution by considering our business capabilities and the needs of society. Under the vision of "Hyundai steel always with you," the company is continuously and sincerely performs social contribution activities based on three key core values: circulation, communication and change.

Social contribution vision

HYUNDAI STEEL ALWAYS WITH YOU

Core values

VALUE CIRCULATION

Contributing to the creation of business and social value by utilizing the resources and capabilities of the overall value chain

- Contributing to resource circulation and reducing environmental impact
- Contributing to society through business

- House Repair Energy Efficiency Project
- H-Steel Atelier (Public Steel Art Project)
- Project for recycling coffee grounds

STAKEHOLDER ENGAGEMENT

Expanding stakeholder participation through internal and external communication

- Expanding stakeholder engagement
- Improving internal and external awareness

- Happy Yes University Student Volunteer Group
- Employees Volunteer Group
- Pul-ppuli 1.0

SOCIAL INNOVATION

Pursuing changes and basic problem resolution for social issues

- Contributing to the resolution of social issues
- Building a self-supporting base

- Happy Safe Village in India
- Self-Reliance Support Model in the Philippines
- Sports CSR in China

SDGs



FUTURE ACTION

Based on active communication with stakeholders, all of Hyundai Steel's social contribution projects will be carried out simultaneously through mid- and long-term social contribution strategies and three key values. By actively participating in the UN SDGs initiative, we also want to contribute to achieving the UN and the international community's goals for sustainable development.

PERFORMANCE



House Repair Energy Efficiency Project

House Repair Energy Efficiency Project helps low-income households by improving energy efficiency in their homes to achieve three social objectives simultaneously: reducing energy costs, reducing CO₂ emissions and creating jobs in self-sufficient enterprises and social enterprises. The project aims to renovate a total of 1,000 homes from 2011 to 2020 with the construction of 847 energy-efficient houses and 6 welfare centers by 2018. All business expenses are driven by voluntary employee participation funds. In 2018, 77 households in the area where the business site is located were constructed for energy efficiency Support for solar power facilities was provided to 4 welfare centers, which helped reduce energy costs and CO₂ emissions.

Table 1

As of 2018

Project effects	Category	Environment CO ₂ reduction	Welfare Energy cost reduction	Employment Job creation
	Housing (77 households)	0.8tons per household on average ↓	KRW 112,000 per household on average ↓	23 social enterprises and self- supporting enterprises; 374 contributors in total
Welfare centers (4 centers)	6.25tons per center on average ↓	KRW 1.582 million per center on average ↓		

BUSINESS VALUE

Strengthening loyalty to the company through matching grants for employee participation
<ul style="list-style-type: none"> • Social contribution employee participation fund: 4.06 billion won (46% participation) • Contribution to reduction of greenhouse gases • Improvement local community corporate image: 93% (benefit positive response rate)

SOCIAL VALUE

Environment (CO ₂ reduction), Welfare (energy cost reduction), Employment (creation of social jobs and employment)
See Table 1.



House Repair Energy Efficiency Project of energy efficiency project



6.25 TONS

Annual CO₂ reduction per welfare center (2018)



KRW 1.58 MILLION

Annual average amount of energy costs reduced per welfare center (2018)



H-Steel Atelier (Public Steel Art Project)

Hyundai Steel operates the H-Steel Atelier(Public Steel Art Project), through which we are leading the creation of a new cultural art space for local community. In 2018, we held a contest for steel-based public arts at the at the Samseonsan Arboretum in Dangjin under the theme "Design a Forest of Steel." We installed and donated four of the selected works and one piece by the Hopeful Observatory created by children of Dangjin. With this, we have contributed to local culture and art and provided new artists an opportunity to create their own work.

BUSINESS VALUE

Participation of local residents and employees Creation of a corporate image of contribution to the arts
<ul style="list-style-type: none"> • Participation of local residents and employees in online assessment: 2,059 people • Media released: 88 times • The number of views and sharing in social media: 5,527 times

SOCIAL VALUE

As of 2018

fostering new artists and giving them an opportunity to create and display their work, Creating a new cultural art space in the local community
<ul style="list-style-type: none"> • fostering new artists: Supported 4 artists and produce works of art • Number of visitors at the Samseonsan Arboretum in Dangjin: 124,972 people (as of 2018)



Project for Recycling Coffee Grounds

Hyundai Steel runs a project in which resources are made from coffee grounds. To address the social issue of 100,300 tons of coffee grounds discarded and not recycled every year, we formed partnerships with the Korea Green Foundation, the Korea Productivity Center and local cafes for three years from 2018 and engaged in activities such as collecting and transferring coffee grounds, developing recycling products and making resources from daily waste. In 2018, 60 cafes in Incheon participated in the project and carried out pilot operations for collecting and transferring coffee grounds. We also held an idea contest for developing recycling products and business models and received a total of 108 ideas. Five social enterprises and social ventures were selected and receive support.

BUSINESS VALUE

Finding ideas for social innovation, supporting the foster of social enterprises and social ventures
<ul style="list-style-type: none"> • Coffee grounds recycling idea contest: 108 ideas received • Support for fostering social enterprises and social ventures: 5 cases(2 businesses, 2 ideas, 1 for manufacturing a product)

SOCIAL VALUE

As of 2018

Developed a model for collecting and making resources from coffee grounds; participation of local cafes
<ul style="list-style-type: none"> • Participation by local cafes: 60 cafes in Incheon • Developed a recycling business model from coffee grounds: <ul style="list-style-type: none"> - Collection and transfer - Development of recycled products and creation of demand



H-USR

H-USR is a volunteer program jointly planned and implemented by Hyundai Steel's labor union and management to fulfill the social responsibilities of the labor union and interact with local residents. H-USR is at the forefront with volunteer programs such as Safety Santa, which installs fire-prevention devices for disadvantaged households and provides cultural activities for multicultural children. In 2018, 12 projects were carried out with the participation of 203 labor union executives.

BUSINESS VALUE

Labor union participates address local issues, enhancing our corporate image in terms of communication with labor
<ul style="list-style-type: none"> • H-USR activity: 12 times • Attendance of labor union executives: 203 people • Media released: 105 times

SOCIAL VALUE

As of 2018

Installing household safety devices for seniors living alone and preventing fires
<ul style="list-style-type: none"> • Installing safety devices: 90 households • Amount of fire damage prevented: KRW 7.546 million ※Based on the number of fire cases per 10,000 people and average amount of fire damage



H-USR Activity



Happy Yes University Student Volunteer Group

Hyundai Steel operates the Happy Yes University Student Volunteer Group to help university students care for their neighbors and share love and support. In 2018, 100 university students developed DIY yellow carts for elderly people who collect waste paper. They produced and delivered 70 of the carts, which are 30kg lighter than general carts and include safety devices.

BUSINESS VALUE

Cultivating future human resources,
Creating a corporate image to address social issues

- Participation of university student volunteer group: 100 university students
- Improving the brand image of the company for participants
- Media released: 63 times

SOCIAL VALUE

As of 2018

Developing and supplying safe and lightweight carts for elderly people collecting waste paper

- Lightweight carts for collecting waste paper and improving safety: 30kg lighter than general carts, Installed safety devices (brakes)
- Donated 70 carts to elderly who collect waste paper



Employee Volunteer Group

Hyundai Steel actively runs volunteer groups based in local communities, with volunteer groups from each division performing volunteer activities. In 2018, 20 division volunteer groups carried out volunteer activities to utilize the skills, talents and energies of their division. In addition, 24 volunteer groups actively planned and ran volunteer programs based on the demand of community.

BUSINESS VALUE

Employees participate addressing local community issues
Building a positive corporate image in the local community

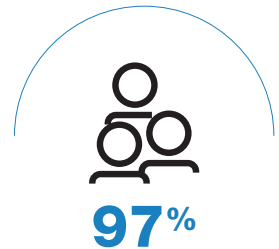
- Total hours of employee voluntary work: 80,374 hours
- Participation of executives and general employees in voluntary work: 97%
- Media released: 547 times

SOCIAL VALUE

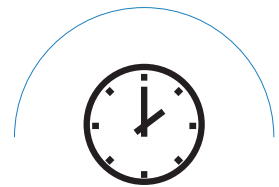
As of 2018

Supporting disadvantaged people in the local community

- Beneficiary households in the local community: 2,200 households
- Beneficiary welfare centers in the local community: 72 centers



Participation of executives and regular employees in voluntary work



Hours of voluntary work by each executive and regular employee



**2,450
PEOPLE**

Local residents participating
in Pul-ppuli 1.0



Pul-ppuli 1.0

Hyundai Steel has launched a three-year social contribution project called “Pul-ppuli 1.0” to share with local communities in practical ways. Accordingly, a worksite-specific project is being carried out at four worksites for a three-year period from 2018. We hold a cultural sharing event with the participation of disadvantaged local residents in Dangjin. Lectures and cultural performances are given for local residents in Pohang and Suncheon, and forests are created in Incheon to preserve the local environment.

BUSINESS VALUE

Developing a model for addressing local community issues
Promoting a positive corporate image to the local community

- Identifying needs of local communities and conducting cooperative projects: Local government – Local NGOs/NPOs
– Local residents – Company suppliers
- Media released: 40 times

SOCIAL VALUE

As of 2018

Participation of local residents and meeting their needs

- Launch of new programs for local needs: 4 regions
- Participation of local residents: 2,450 people
※ 250 in Incheon, 1,000 in Pohang, 200 in Suncheon, 1,000 in Dangjin



Happy Safe Village Project in India

Hyundai Steel carry out the 'Happy Safe Village Project' to create a safe local and school environment for two villages in Chennai, India. As a three-year project started in 2018, the first year we installed Solar Street Lights and CCTVs to ensure that children and women can walk independent safely at night. We also built toilets in the village and school. In addition, the Happy Move Global Youth Voluntary Group of Hyundai Motor Group dispatches 60 volunteers twice a year to support the project.

BUSINESS VALUE

Supporting the cultivation of future human resources and the development of appropriate technology, Enhancing our corporate image by joining efforts to address local issues

- Participation in the volunteer work of university students and development of appropriate technology
: 60 students, 9 products
- Increase employee and family satisfaction through the creation of a local safety environment
- Media released: 339 times

SOCIAL VALUE

As of 2018

Ensuring safety for women and children at night and preventing crime in local communities

- Installation of CCTV
: 20 CCTVs (regions vulnerable to major crimes)
- Installation of solar street lights
: 101 lights (distance of 12km)
- Number of beneficiaries: 10,050 people (2,517 households)



Happy Safe Village Project in India



Self-Reliance Support Model in the Philippines

Hyundai Steel supported the construction of a job training center and built a self-reliance model for young people in the Northern Samar area of the Philippines from 2017 to 2020. By developing an education curriculum for job training, fostering educators and generating income, we contributed to the development of the local communities. In 2018, 30 volunteer employees were dispatched to improve village and school facilities.

BUSINESS VALUE

Enhancing satisfaction and loyalty to the company by participation of employees

- Participation of employee volunteer group: 30 people
- Contribution to the expansion of business network
- Media released: 83 times

SOCIAL VALUE

As of 2018

Building and repairing local vocational training centers / Support for employment and entrepreneurship by providing vocational training and education for youth

- Construction and repair of job training center: 2 centers
- Number of beneficiaries: 1,132 people (young people aged 15-30)



Sports CSR in China

Hyundai Steel conducted the first sports CSR project for women's soccer team training guidance utilizing the Red Angels Women's Soccer Team's capabilities. Since 2016, we have provided continuous support for training guidance, friendly matches and infrastructure improvement through a 3-year agreement with China's Jungkyung Daepyeong Middle School. In 2018, we invited a Chinese girls' football club to Korea and gave them the opportunity to watch a women's football match and arranged a match between Korea and China. This helped the Chinese girls' football club make remarkable progress in their league, and two of their players were scouted by an Italian football team.

BUSINESS VALUE

Enhancing the effect of marketing and promotion for Red Angels Football Club and Hyundai Motor Group

- Participation of Red Angels in volunteer work: 60 people
- Media released: 79 times in Korea, 32 times in China

SOCIAL VALUE

As of 2018

Training for girls' football and fostering talented players

- Participation of local students in education: 25%
※ Participation of 270 out of 1,050 students in total (2018)
- Scouted by Italian girls' football club: 2 players



Dispatched employees global volunteer group in 2018



Sports CSR project in China

FINANCIAL STATEMENT

Consolidated Statements of Financial Position

54th (As of December 31, 2018)

53rd (As of December 31, 2017)

52nd (As of December 31, 2016)

(Unit: KRW)

	54 th	53 rd	52 nd
Assets			
Total current assets	8,769,002,687,562	7,863,495,599,728	6,794,973,724,870
Cash and cash equivalents	762,113,418,369	770,652,011,333	737,221,941,998
Short-term financial instruments	157,215,008,632	154,621,317,388	168,948,368,210
Trade and other receivables	2,672,237,219,109	2,713,559,966,704	2,371,015,053,950
Income tax refund receivables	5,045,761,600	3,515,223,434	5,375,277,677
Inventories	4,919,469,612,665	4,098,232,860,567	3,407,724,268,132
Current derivative financial assets	577,465,960	436,401,295	2,293,590,840
Other current financial assets	133,415,515,071	13,116,232,686	12,524,302,685
Other current assets	118,928,686,156	109,361,586,321	89,870,921,378
Total non-current assets	24,535,914,735,043	25,510,329,264,624	25,745,858,391,889
Non-current trade and other receivables	945,673,966	1,638,192,105	1,158,057,701
Available-for-sale financial assets		1,546,191,277,535	1,554,528,785,625
Other comprehensive income - Fair value financial asset	1,188,674,309,350		
Net gains - Fair value financial asset	824,937,458		
Investment in associates	125,538,192,051	116,843,578,270	116,200,718,756
Investment property	409,561,133,314	382,054,303,270	377,616,895,363
Property, plant and equipment	20,784,606,078,643	21,339,292,880,563	21,645,220,541,999
Intangible assets	1,653,424,161,036	1,748,080,079,860	1,793,114,184,759
Non-current derivative financial assets	5,912,576,894	6,597,298,777	5,079,504,160
Other non-current financial assets	307,109,372,958	317,521,399,692	206,506,412,675
Deferred tax assets	28,633,258,316	20,012,942,030	15,416,055,041
Other non-current assets	30,685,041,057	32,097,312,522	31,017,235,810
Total assets	33,304,917,422,605	33,373,824,864,352	32,540,832,116,759
Liabilities			
Total current liabilities	6,702,510,183,900	6,707,217,618,490	6,813,114,744,937
Trade and other payables	3,345,900,688,590	3,268,524,695,163	2,853,552,359,281
Short-term borrowings	986,187,228,856	886,343,897,484	1,105,519,933,343
Current portion of bonds	1,129,823,635,762	989,720,094,957	1,229,574,853,669
Current portion of long-term borrowings	935,845,982,508	1,193,433,588,955	1,380,403,113,648
Income taxes payable	116,335,885,065	190,851,627,039	125,783,258,670
Current derivative financial liabilities	4,720,165,948	7,337,409,798	53,778,063
Other non-current financial liabilities	589,445,909	434,800,062	399,928,829
Other current liabilities	183,107,151,262	170,571,505,032	117,827,519,434
Total non-current liabilities	9,579,273,263,513	9,631,084,237,854	9,242,928,334,501
Bonds	4,153,838,123,349	4,030,008,091,735	4,070,640,241,437
Long-term borrowings	4,080,149,251,969	4,449,665,486,251	4,285,664,696,687
Non-current derivative financial liabilities	83,755,076,163	118,060,100,463	58,509,696,562
Other non-current financial liabilities	950,604,663	884,735,884	865,506,000
Defined benefit liabilities	142,291,287,870	99,848,090,455	43,646,291,389
Deferred tax liabilities	685,469,461,602	834,434,612,071	712,672,050,908
Other non-current liabilities	432,819,457,897	98,183,120,995	70,929,851,518
Total liabilities	16,281,783,447,413	16,338,301,856,344	16,056,043,079,438
Equity			
Equity attributable to owners of the parent company	16,696,013,584,818	16,715,540,550,277	16,176,243,481,194
Share capital	667,228,925,000	667,228,925,000	667,228,925,000
Share premium	3,914,481,193,065	3,914,481,193,065	3,914,352,871,253
Retained earnings	11,560,630,208,201	11,277,740,474,420	10,654,319,048,459
Accumulated Other comprehensive income	682,779,591,018	985,196,290,258	1,069,448,968,948
Treasury stock	(129,106,332,466)	(129,106,332,466)	(129,106,332,466)
Non-controlling interests	327,120,390,374	319,982,457,731	308,545,556,127
Total equity	17,023,133,975,192	17,035,523,008,008	16,484,789,037,321
Total liabilities and equity	33,304,917,422,605	33,373,824,864,352	32,540,832,116,759

Consolidated Statements of Comprehensive Income

54th (January 1 – December 31, 2018)53rd (January 1 – December 31, 2017)52nd (January 1 – December 31, 2016)

(Unit: KRW)

	54 th	53 rd	52 nd
Sales	20,780,381,550,301	19,165,963,848,372	16,691,511,903,578
Cost of sales	18,708,282,382,698	16,733,488,117,481	14,230,770,140,074
Gross profit	2,072,099,167,603	2,432,475,730,891	2,460,741,763,504
Selling, general and administrative expenses	1,046,009,792,959	1,064,925,311,172	1,015,376,423,349
Operating income	1,026,089,374,644	1,367,550,419,719	1,445,365,340,155
Financial income and loss	(301,719,261,970)	(212,715,417,725)	(296,660,642,264)
Financial income	147,179,555,239	281,845,964,309	173,529,171,303
Financial expenses	(448,898,817,209)	(494,561,382,034)	(470,189,813,567)
Share of profit of associates (loss)	17,786,817,792	9,531,359,514	10,016,558,035
Other income and loss	(172,346,629,881)	(83,081,725,764)	15,241,242,076
Other income	192,576,369,021	191,263,541,039	229,426,923,130
Other expenses	(364,922,998,902)	(274,345,266,803)	(214,185,681,054)
Net profit before taxes (loss)	569,810,300,585	1,081,284,635,744	1,173,962,498,002
Income tax expense	161,850,865,383	353,744,492,691	(306,834,677,914)
Profit for the year (loss)	407,959,435,202	727,540,143,053	867,127,820,088
Other comprehensive income (loss)	(320,280,374,049)	(78,855,460,166)	61,130,379,315
Items that are or may be reclassified to profit or loss			
Gain (loss) on valuation of available-for-sale financial assets		(53,282,744,858)	78,112,403,529
Share of associates' other changes to net assets			(268,459,688)
Gain (loss) on valuation of derivative instruments	(6,544,247,225)	30,615,918,452	(42,343,702,850)
Gain (loss) on overseas operation translation	(12,413,000,754)	(61,911,574,085)	(7,250,314,867)
Gain (loss) on overseas operation translation			
Re-measurement of net defined benefit liabilities	(42,056,013,742)	5,722,940,325	32,880,453,191
Other comprehensive income – Fair value financial asset gain (loss)	(259,267,112,328)		
Total comprehensive income (loss) for the year	87,679,061,153	648,684,682,887	928,258,199,403
Profit (loss) attributable to:			
Owners of the parent company	398,674,377,985	716,090,435,214	850,155,156,572
Non-controlling interests	9,285,057,217	11,449,707,839	16,972,663,516
Total comprehensive income (loss) attributable to:			
Owners of the parent company	79,637,025,060	637,621,731,021	911,254,646,571
Non-controlling interests	8,042,036,093	11,062,951,866	17,003,552,832
Earnings (losses) per share			
Basic earnings (losses) per share (unit: KRW)	3,037	5,455	6,492

Consolidated Statements of Changes in Equity

54th (January 1 – December 31, 2018)

53rd (January 1 – December 31, 2017)

52nd (January 1 – December 31, 2016)

(Unit: KRW)

	Capital							Total capital
	Capital	Capital surplus	Profit surplus	Accumulated other comprehensive income	Treasury stock	Non-controlling interest		
January 1, 2016 (beginning capital)	667,228,925,000	3,921,954,413,634	9,869,353,504,923	1,040,931,727,413	(183,011,255,494)	291,542,003,295	15,607,999,318,771	
Restated with the initial application of K-IFRS 1109 (after-tax)								
Restated with the initial application of K-IFRS 1115 (after-tax)								
Restated amount	667,228,925,000	3,921,954,413,634	9,869,353,504,923	1,040,931,727,413	(183,011,255,494)	291,542,003,295	15,607,999,318,771	
Net profit			850,155,156,572			16,972,663,516	867,127,820,088	
Gain (loss) on valuation of available-for-sale financial assets.				77,778,119,910		334,283,619	78,112,403,529	
Other comprehensive income – Fair value financial asset gain (loss)								
Total comprehensive income				(109,615,129)		(158,844,559)	(268,459,688)	
Share of associates' other changes in net assets								
Gain (loss) on valuation of derivative instruments				(42,343,702,850)			(42,343,702,850)	
Gain (loss) on overseas operation translation				(6,807,560,396)		(442,754,471)	(7,250,314,867)	
Re-measurement of net defined benefit liabilities			32,582,248,464			298,204,727	32,880,453,191	
Year end dividend			(97,771,861,500)				(97,771,861,500)	
Transaction with shareholders								
Sale of treasury stock		(7,601,542,381)			53,904,923,028		46,303,380,647	
Additional acquisition of investment stocks in subsidiaries								
December 31, 2016 (capital at the end of the year)	667,228,925,000	3,914,352,871,253	10,654,319,048,459	1,069,448,968,948	(129,106,332,466)	308,545,556,127	16,484,789,037,321	
January 1, 2017 (capital at the beginning of the year)	667,228,925,000	3,914,352,871,253	10,654,319,048,459	1,069,448,968,948	(129,106,332,466)	308,545,556,127	16,484,789,037,321	
Restated with the initial application of K-IFRS 1109 (after-tax)								
Restated with the initial application of K-IFRS 1115 (after-tax)								
Restated amount	667,228,925,000	3,914,352,871,253	10,654,319,048,459	1,069,448,968,948	(129,106,332,466)	308,545,556,127	16,484,789,037,321	
Net profit			716,090,435,214			11,449,707,839	727,540,143,053	
Gain (loss) on valuation of available-for-sale financial assets.				(53,289,840,904)		7,096,046	(53,282,744,858)	
Other comprehensive income – Fair value financial asset gain (loss)								
Total comprehensive income				30,615,918,452			30,615,918,452	
Share of associates' other changes in net assets								
Gain (loss) on valuation of derivative instruments				(61,578,756,238)		(332,817,847)	(61,911,574,085)	
Gain (loss) on overseas operation translation								
Re-measurement of net defined benefit liabilities			5,783,974,497			(61,034,172)	5,722,940,325	
Year end dividend			(98,452,983,750)			(904,103,450)	(99,357,087,200)	
Transaction with shareholders								
Sale of treasury stock								
Additional acquisition of investment stocks in subsidiaries		128,321,812				1,278,053,188	1,406,375,000	
December 31, 2017 (capital at the end of the year)	667,228,925,000	3,914,481,193,065	11,277,740,474,420	985,196,290,258	(129,106,332,466)	319,982,457,731	17,035,523,008,008	
January 1, 2018 (capital at the beginning of the year)	667,228,925,000	3,914,481,193,065	11,277,740,474,420	985,196,290,258	(129,106,332,466)	319,982,457,731	17,035,523,008,008	
Restated with the initial application of K-IFRS 1109 (after-tax)			24,452,300,056	(24,452,300,056)				
Restated with the initial application of K-IFRS 1115 (after-tax)			(711,006,769)				(711,006,769)	
Restated amount	667,228,925,000	3,914,481,193,065	11,301,481,767,707	960,743,990,202	(129,106,332,466)	319,982,457,731	17,034,812,001,239	
Net profit			398,674,377,985			9,285,057,217	407,959,435,202	
Gain (loss) on valuation of available-for-sale financial assets.								
Other comprehensive income – Fair value financial asset gain (loss)				(258,985,779,028)		(281,333,300)	(259,267,112,328)	
Total comprehensive income				(6,544,247,225)			(6,544,247,225)	
Share of associates' other changes in net assets								
Gain (loss) on valuation of derivative instruments				(12,434,372,931)		21,372,177	(12,413,000,754)	
Gain (loss) on overseas operation translation								
Re-measurement of net defined benefit liabilities			(41,072,953,741)			(983,060,001)	(42,056,013,742)	
Year end dividend			(98,452,983,750)			(904,103,450)	(99,357,087,200)	
Transaction with shareholders								
Sale of treasury stock								
Additional acquisition of investment stocks in subsidiaries								
December 31, 2018 (capital at the end of the year)	667,228,925,000	3,914,481,193,065	11,560,630,208,201	682,779,591,018	(129,106,332,466)	327,120,390,374	17,023,133,975,192	

Consolidated Statements of Cash Flows

54th (January 1 – December 31, 2018)53rd (January 1 – December 31, 2017)52nd (January 1 – December 31, 2016)

(Unit: KRW)

	54 th	53 rd	52 nd
Cash flows from operating activities	1,575,279,409,992	1,719,768,998,738	2,916,568,140,314
Cash generated from operations	2,132,052,392,981	2,240,696,693,160	3,455,050,670,695
Profit for the year	407,959,435,202	727,540,143,053	867,127,820,088
Addition of expenses and others not involving cash outflows	2,702,785,770,461	2,526,424,041,935	2,232,727,682,034
Deduction of income and others not involving cash inflows	(161,298,483,755)	(236,222,925,506)	(135,072,610,077)
Changes in assets and liabilities	(817,394,328,927)	(777,044,566,322)	490,267,778,650
Decrease (increase) in trade and other receivables	22,817,471,295	(405,402,113,652)	(143,569,698,871)
Decrease (increase) in inventories	(831,548,174,936)	(771,670,906,268)	(118,752,421,368)
Decrease (increase) in other current financial assets	4,708,648,371	17,107,878,273	(577,636,722)
Decrease (increase) in other current assets	(4,523,823,798)	(22,746,969,428)	(1,524,190,234)
Decrease (increase) in other non-current financial assets	(131,036,299,106)	(124,924,124,267)	(46,549,896,040)
Decrease (increase) in other non-current assets	713,966,343	(2,548,967,607)	(5,998,050,846)
Decrease (increase) in trade and other payables	197,983,169,889	470,441,527,048	921,594,549,825
Decrease (increase) in other current liabilities	(3,678,960,714)	53,832,249,927	(11,391,021,220)
Decrease (increase) in other non-current financial liabilities	100,000,000	(86,000,000)	(64,457,151)
Decrease (increase) in other non-current liabilities	31,386,894,635	26,146,630,531	4,875,815,718
Increase and decrease in derivative financial assets and liabilities	(1,854,502,418)	6,362,376,921	(898,982,989)
Payment of severance benefits	(81,119,370,063)	(63,768,175,954)	(55,958,978,952)
Decrease (increase) in planned assets	(21,300,720,084)	40,204,130,153	(50,917,252,500)
Transference between affiliates (amount of transfer)	(42,628,341)	7,898,001	
Interest received	30,148,877,601	9,344,090,605	10,139,878,858
Dividends received	36,233,807,850	36,579,493,050	36,582,291,300
Interest paid	(344,393,904,904)	(337,863,716,302)	(360,803,247,369)
Income taxes paid	(278,761,763,536)	(228,987,561,775)	(224,401,453,170)
Cash flows from investing activities	(1,164,791,709,774)	(1,234,242,659,493)	(1,975,836,583,133)
Cash inflows from investing activities	563,265,325,388	560,707,123,038	714,510,389,415
Decrease in short-term financial instruments	513,671,857,664	539,278,388,569	689,199,360,578
Decrease in long-term financial instruments	2,000,000	1,000,000	
Disposal of available-for-sale financial assets		5,449,049,054	1,291,396,334
Disposal amortized cost financial assets	3,723,247,641		
Disposal of investment stocks in subsidiaries			120,944,457
Disposal of investment stocks associates			206,250,000
Disposal of property, plant and equipment		9,189,990,440	299,950,000
Disposal of tangible assets	44,277,884,502	6,059,877,540	18,837,721,267
Disposal of intangible assets	1,156,750,000	728,817,435	4,554,766,779
Received government subsidies	433,585,581		
Cash outflows from investing activities	(1,728,057,035,162)	(1,794,949,782,531)	(2,690,346,972,548)
Increase in short-term financial instruments	(519,974,561,653)	(525,625,913,582)	(668,511,108,338)
Acquisition of available-for-sale financial assets		(899,634,663)	(895,365,000)
Acquisition of amortized cost financial assets	(3,820,180,000)		
Acquisition of investment stocks associates			(297,000,000)
Acquisition of other comprehensive income – fair value financial assets	(319,972,137)		
Acquisition of tangible assets	(1,197,973,221,886)	(1,201,063,205,485)	(1,975,678,163,197)
Acquisition of intangible assets	(5,150,783,326)	(62,361,028,801)	(44,965,336,013)
Increase in other non-current financial assets	(818,316,160)	(5,000,000,000)	
Cash flows from financing activities	(418,531,652,707)	(450,344,393,987)	(1,016,927,996,226)
Cash inflows from financial activities	19,729,191,465,433	18,129,968,244,546	10,252,742,860,965
Proceeds from short-term borrowings	17,219,810,186,514	15,447,963,124,884	7,779,049,609,999
Proceeds from bonds	1,205,665,080,000	1,035,736,960,000	916,263,130,000
Proceeds from long-term borrowings	1,303,716,198,919	1,646,268,159,662	1,557,430,120,966
Cash outflows from financial activities	(20,147,723,118,140)	(18,580,312,638,533)	(11,269,670,857,191)
Repayment of short-term borrowings	(17,102,722,182,424)	(15,668,727,247,657)	(8,474,167,472,579)
Repayment of the current portion of debentures	(960,244,660,000)	(1,230,000,000,000)	(1,401,160,000,000)
Repayment of the current portion of long-term borrowings	(1,220,878,924,840)	(1,375,062,239,286)	(939,109,903,274)
Redemption of debentures			(200,000,000,000)
Repayment of long-term borrowings	(764,520,263,676)	(207,166,064,390)	(157,461,619,838)
Payment of dividends	(99,357,087,200)	(99,357,087,200)	(97,771,861,500)
Effect of exchange rate changes on cash and cash equivalents	(1,232,102,398)	(1,751,875,923)	(6,874,996,637)
Change in the consolidated scope	737,461,923		
Increase (decrease) in cash and cash equivalents	(8,538,592,964)	33,430,069,335	(83,071,435,682)
Cash and cash equivalents at the beginning of the year	770,652,011,333	737,221,941,998	820,293,377,680
Cash and cash equivalents at the end of the year	762,113,418,369	770,652,011,333	737,221,941,998

Independent Audit Report

Opinion

March 14, 2019

We have audited the accompanying consolidated financial statements of KB Financial Group Inc. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Korean IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Korean Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Korean Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

27th Floor, Gangnam Finance Center, 152,
Teheran-ro, Gangnam-gu, Seoul, Korea

Samjong KPMG CEO
Kim, Kyo Tae

This report is effective as of the auditors' report date (March 14, 2019). Certain subsequent events or circumstances that could significantly affect the accompanying financial statements may have occurred between the auditors' report date and the time the auditors' report is read. This may result in modifications to the auditors' report.

NON-FINANCIAL STATEMENT

Independent Assurance Statement

Introduction

HYUNDAI STEEL COMPANY ("HYUNDAI STEEL") commissioned DNV GL Business Assurance Korea, Ltd. ("DNV GL"), part of DNV GL Group, to undertake independent assurance of HYUNDAI STEEL Integrated Report 2019 (the "Report"). The directors of HYUNDAI STEEL have sole responsibility for the preparation of the Report. The responsibility of DNV GL in performing the assurance work is to the management of HYUNDAI STEEL in accordance with the terms of reference. DNV GL's assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith.

Scope and Basis of assurance

Based on non-financial data and sustainability performance data in 2018 generated from HYUNDAI STEEL's Headquarters and domestic facilities, we have assessed the adherence to 'Reporting Principles for defining report content' and 'Reporting Principles for defining report quality' set forth in GRI Sustainability Reporting Standards 2016. As for the sustainability performance of overseas business sites, the information with regards to GHG emissions, employee status, sales values by region from the overseas business sites is included in the scope of assurance. We have reviewed that the Topic-specific disclosures of GRI Standards which are identified in the materiality determination process;

No.	Material Topic	GRI	No.	Material Topic	GRI
1	Achievement of Stable management Performance	201-1	6	R&D and Expansion of Infrastructure	203-1
2	Enhancement of Health and Safety in Worksites	403-1, 403-3	7	Response to Climate Change and Air Pollution Management	302-1, 305-1
3	Governance Soundness	Non-GRI	8	Customer Relationship Management	417-2
4	Employee Capacity Development	404-1	9	Strengthen Service Accountability	416-2, 418-1
5	Strengthen Ethical Management and Anti-corruption Activities	205-3			

DNV GL's assurance methodology, VeriSustain™2 which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements 3000 (ISAE 3000) is applied for the assurance engagement with the limited level of assurance. The assurance was carried out from May and till June 2019. The site visit was made to HYUNDAI STEEL's Headquarters in Seoul, Korea. We undertook the following activities as part of the assurance process:

- 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;
- interviewed representatives from the various departments;
- conducted document reviews, data sampling and interrogation of supporting databases and associated reporting system as they relate to selected content and performance data;
- reviewed the materiality assessment report.

Limitation

The engagement excludes the sustainability management, performance and reporting practices of HYUNDAI STEEL's subsidiaries, associated companies, suppliers, contractors and any third-parties mentioned in the Report. DNV GL did not interview external stakeholders as part of this Assurance Engagement. Economic performance based on the financial data is cross-checked with internal documents, the audited consolidated financial statements and the announcement disclosed at the website of Korea Financial Supervisory Service (<http://dart.fss.or.kr>) as well as HYUNDAI STEEL's website (www.hyundai-steel.com/<http://www.mobis.co.kr>). These documents, financial statements and the announcements are not included in this Assurance Engagement. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. The baseline data for Environmental and Social performance are not verified, while the aggregated data at the corporate level are used for the verification. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Conclusion

On the basis of the work undertaken, nothing comes to our attention to suggest that the Report does not properly address the adherence to the Principles for defining report content in GRI Standards. Further opinions with regards to the adherence to the Principles are made below;

Independent Assurance Statement

Stakeholder Inclusiveness

HYUNDAI STEEL has identified internal and external stakeholder groups such as Customer Companies, Employees, Suppliers, Shareholders / Investors, Local Community and NGOs / Government / Media. In addition, HYUNDAI STEEL conducts stakeholder engagement activities through various stakeholder communication channels and strives to reflect the results in its management activities. Each stakeholder department, channel of communication and major issues is described in the Report. In particular, HYUNDAI STEEL develops community participation frameworks and operates community participation promotion procedures. Through these activities, HYUNDAI STEEL is making efforts to increase the transparency of information disclosure and the opportunity to participate in the community.

Sustainability Context

HYUNDAI STEEL is fulfilling its social responsibilities as a global steel company and is carrying out various global social contribution projects in order to promote the sustainable development of the local community. The Report addresses the major social contribution achievements of HYUNDAI STEEL in 2018 and reports on its major achievements in connection with United Nations' Sustainable Development Goals (UN SDGs).

Materiality

HYUNDAI STEEL conducted the materiality assessment to prepare the Report. 44 various issues are derived by analyzing the topics covered in various global initiatives and standards, benchmarking in the same industry, media research, and internal and external data review. The issue pools are evaluated by the internal and external stakeholders' interest, expert evaluation, and internal review. Finally, 9 material topics were prioritized and HYUNDAI STEEL has mapped the material topics out with the disclosures as defined in GRI Standards. The assurance team has reviewed the materiality assessment process and confirmed relevant material topics prioritized from the process are addressed in the Report. In addition, the Report helps readers understand HYUNDAI STEEL's sustainability management by reporting key stakeholder impacts and impact characteristics (costs, revenues, and risks) that are linked to material topics.

Completeness

HYUNDAI STEEL provides stakeholders with a background on material topics in sustainability management, information on HYUNDAI STEEL's approach strategy, future plans and achievements in 2018 during the reporting period. The reporting boundary is set to include sustainability activities and achievement from all business sites in Korea such as Headquarters and factories over which HYUNDAI STEEL has business control. The assurance team confirmed that the material topics selected through the materiality assessment are not missed in terms of the special and temporal reporting boundaries.

Balance, Comparability, Accuracy, Timeliness, Clarity and Reliability

The assurance team has sampled data and tested accuracy and reliability. The assurance team interviewed the data owners and reviewed the data gathering process with the supporting documents and records. The depth of data verification is limited to the aggregated data level. Based on the test, the intentional error or misstatement is not noted from the data and information disclosed in the Report. Data owners were able to demonstrate the origin and interpretation of the data in a reliable manner. The data was identifiable and traceable. In addition, the Report provides the last three years performance on material topics, which helps stakeholders understand the changes over years in organizational performance. HYUNDAI STEEL issues the Report yearly to provides stakeholders with material sustainability information timely.

Competence and Independence

DNV GL applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2011 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV GL Code of Conduct² during the assurance engagement and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV GL was not involved in the preparation of statements or data included in the Report except for this Assurance Statement. DNV GL maintains complete impartiality toward stakeholders interviewed during the assurance process. DNV GL have no other contract with HYUNDAI STEEL and did not provide any services to HYUNDAI STEEL in 2019 that could compromise the independence or impartiality of our work.



June 2019
Seoul, Korea

Country Representative **Jang Sup Lee**

DNV GL Business Assurance Korea, Ltd.

GHG Assurance Statement

This Assurance Statement has been prepared for Hyundai Steel Company.

Terms of Engagement

Lloyd's Register Quality Assurance Ltd. (LRQA) was commissioned by Hyundai Steel Company, to provide independent assurance on its Greenhouse Gas (GHG) Inventory Report for the calendar year 2018(the report) against GHG Target Management Scheme for quantification and reporting of GHG emissions in Korea using Specification with guidance for verification of greenhouse gas assertions. The report relates to direct GHG emissions and energy indirect GHG emissions.

Management Responsibility

LRQA's responsibility is only to Hyundai Steel Company. LRQA disclaims any liability or responsibility to others as explained in the end footnote. The management of Hyundai Steel Company, is responsible for preparing the report and for maintaining effective internal controls over all the data and information within the report. Ultimately, the report has been approved by, and remains the responsibility of Hyundai Steel Company.

LRQA's Approach

LRQA's assurance engagement has been carried out in accordance with our verification procedure using GHG Target Management Scheme in Korea: Specification with guidance for verification of greenhouse gas assertions to reasonable level of assurance.

The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

- Visiting sites and auditing management system to control the data and records regarding GHG emissions and energy uses
- Interviewing the relevant employees responsible for managing and maintaining data and associated records
- Reviewing the historical data and information back to source for the calendar year 218.

Level of Assurance & Materiality

The opinion expressed in this Assurance Statement has been formed on the basis of a reasonable level of assurance, and at the materiality of the professional judgement of the verifier and at the materiality level of 2%.

LRQA's Opinion

Based on LRQA's approach, we believe that the report is prepared in accordance with GHG Target Management Scheme for quantification and reporting of GHG emissions in Korea and the GHG emissions data in the Table 1 is materially correct.

Dated: 27 March 2019



SANG-KEUN YOO

On behalf of Lloyd's Register Quality Assurance Ltd.
17th Floor, Singsong Building, 67 Yeouinaru-ro, Yeongdeungpo-gu, Seoul, 07327, Korea

LRQA Reference: SEO 6046432

GHG Assurance Statement

Table 1. GHG emissions reported in the Report

[Unit: 100 million KRW, %]

Scope (as defined within GHG Target Management Scheme in Korea)	2018
Direct GHG Emission	16,704,217
Energy Indirect GHG Emissions	5,810,077
Total GHG Emissions	22,514,294

※ Data is presented in tonnes of CO₂ equivalent.

Lloyd's Register Group Limited, its affiliates and subsidiaries, including Lloyd's Register Quality Assurance Limited (LRQA), and their respective officers, employees or agents are, individually and collectively, referred to in this clause as 'Lloyd's Register'. Lloyd's Register 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 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.

The Korean version of this Assurance Statement is the only valid version. Lloyd's Register Group Limited assumes no responsibility for versions translated into other languages.

This Assurance Statement is only valid when published with the report to which it refers. It may only be reproduced in its entirety.

Sustainable Management Policy

Human Rights Report

As a sustainable company that will grow for over 100 years, Hyundai Steel is striving to realize the value of respect for human rights throughout its management activities in order to realize social responsibility and to communicate and grow with its various stakeholders. Hyundai Steel complies with standards and regulations of international organizations related to labor and human rights such as the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights (Ruggie Framework) and the International Labour Organization Convention. In addition, we ensure that all stakeholders in Hyundai Steel comply with the above mentioned international human rights and labor regulations. Hyundai Steel supports the UN Global Compact and has established its organization, operational structure, monitoring, measures, and internal and external reporting processes in accordance with the Ten Principles and Good Business: Implementing the UN Guiding Principles on Business and Human Rights. To this end, we have established the following human rights management policies and operational guidelines. We will become a global corporate citizen based on communication and trust with stakeholders through continuous implementation efforts.

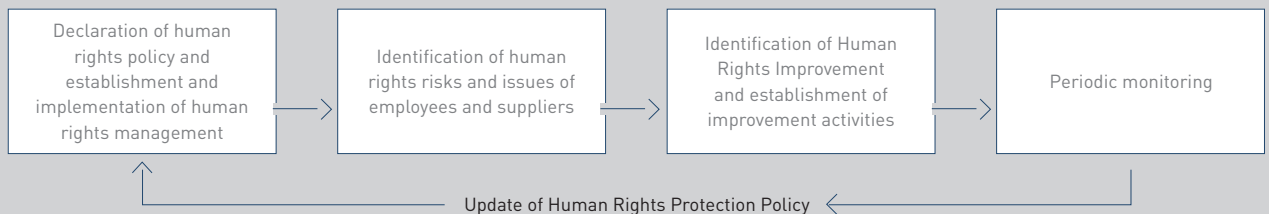
Hyundai Steel's human rights management policy

- Respect human rights of employees and ensure their dignity as human beings.
- Promote an active prevention approach to prevent human rights violations by stakeholders.
- Consider human rights factors in all business stages, such as product development, production, sales and service provision.
- Identify the human rights risks of all communities in which we operate businesses, and take the lead in realizing human rights respect values.

Operating instruction

Humane treatment	Try to avoid mentally or physically inhumane treatment to realize human dignity and values. In cases of inhumane treatment, take strict measures according to the relevant regulations.	Compliance with working hours	Comply with local regulations on working hours including regular, overtime and holiday work. Continuously monitor amendments to laws and regulations to prevent any violations.
Elimination of Forced Labor	Respect the free will of workers to work. Prevent all forms of forced labor due to abuse, intimidation, detention, trafficking, and slavery. Comply with the Labor Standards Act in relation to labor contracts.	Guarantee of freedom of association	Promote sound organizational development through smooth and continuous communication between labor and management. Ensure freedom of association in accordance with local labor relations laws and prevent any unfair treatment based on trade union membership and activities.
Prohibition of employee discrimination	Respect the diversity of all employees, and prevent any kinds of discrimination and unreasonable treatment in the personnel process such as employment, wages or promotion, due to nationality, race, age, gender identity, educational background, disability, religion, political orientation and social status.	Privacy Protection	Protect the personal information of stakeholders including customers in accordance with local laws and regulations. Do not use personal information without the consent of the parties, or use it for purposes other than those disclosed when it was given.
Elimination of Child Labor	Comply with regulations on child labor, provide appropriate procedures and support for child workers in accordance with laws and regulations, and continuously check compliance with laws and regulations.	Participation in community activities	Identify potential impacts on communities near worksites, listen to community feedback to prevent problems and strive for continuous communication.

Management Process of Human Rights Risks

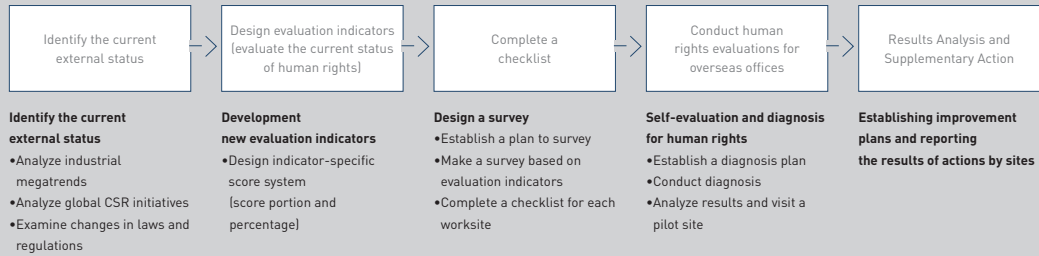


We conduct human rights assessments every year for our worksites and suppliers to prevent human rights risks as defined in the Hyundai Steel's human rights management policy and operating instruction. We conduct surveys containing human rights items for worksites to evaluate whether they comply with the human rights management policy and operating instruction. Suppliers implement CSR self-assessment including human rights. And they conduct on-site inspections for their worksites where any major risk is identified. When risks related to human rights are identified, we identify and resolve the related issues to protect human rights throughout our business.

* Latest update: 2019. 1

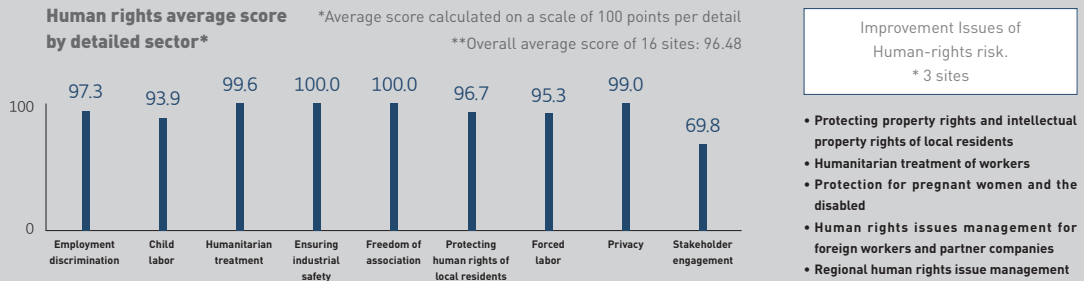
Results of Human Rights Evaluation for Overseas Offices

Process of Human Rights Evaluation



Comprehensive Results of Human Rights Evaluation

Based on our internal and external environmental analysis and human rights related global initiative analysis, we designed the Hyundai Steel Human Rights Assessment Index and evaluated human rights risks at our overseas sites through self-evaluation with checklists. As a result of the evaluation of 16 overseas business sites, we figured out some improvements of three corporations such as management of local human rights issues, stakeholder definition and communication. We will monitor the improvement activities based on the received improvement plans from corporations.



Biodiversity

Hyundai Steel considers protecting biodiversity to ensure sustainable development and recognizes its impact on the environment and biodiversity. We make efforts to understand the need for biodiversity protection in our decision-making and to take all necessary steps to minimize our operational impacts on the environment. To this end, Hyundai Steel will:

- ① Prevent, minimize and mitigate risk of biodiversity across our business and check, evaluate and monitor status and value of biodiversity before a new project begins.
- ② Comply with regional, local and national legal requirements in its worksites where land management and biodiversity protection and a relevant international agreement (World Heritage areas, IUCN Category I-IV protected areas) are applied.
- ③ Designate protection areas for endangered animal, plant habitats and ecosystem, and support regional, national and global conservation initiatives. Strive to provide information and awareness to its employees and other stakeholders in order to raise their knowledge and understanding of biodiversity conservation issues.
- ④ Endeavor to achieve NNL (No Net Loss) of biodiversity during all work and in important habitats.

* Latest update: 2019. 3

In order to continuously manage biodiversity, Hyundai Steel will measure the progress of this policy and periodically review its performance.

Environmental Guidelines

Hyundai Steel has established environmental guidelines based on its environmental management guidelines and internal guidelines to protect the environment, as well as employees, suppliers, customers, and the community, based on its people-centered management philosophy and its technology to enhance the value of the earth. In order to minimize the environmental impact of the business operation, we are promoting the following activities and expanding the scope of our activities to our supply chain and business partners.

- ① **Production and Environment Management** We manage process procedures such as goal management, education and training, document and record management, internal audit, and standards for each part (integrated environment management, atmospheric environment management, waste management, etc.).
- ② **Selection and continuous evaluation of suppliers / contractors / service providers** Hyundai Steel minimizes environmental impact by reflecting environmental management level evaluation items when selecting external companies. In addition, we distribute partner guidelines to suppliers other than our resident partners and regularly conduct supply chain sustainability evaluations for major suppliers every year, thereby reducing environmental risks throughout the supply chain.
- ③ **Development of products and services** We are aware of the crisis and opportunities that various environmental issues related to climate change have on the business of Hyundai Steel and are pursuing R & D that minimizes the environmental impact of product and service development.
- ④ **Logistics** Hyundai Steel manages the environmental pollution that may occur during transportation through guidelines.
- ⑤ **Waste Management** Hyundai Steel operates and manages waste management standards from the generation stage to final disposal of waste. Management standards cover scope, terminology, responsibilities and authority, waste collection and storage facilities, waste generation, collection, storage and disposal, inspection, contracting and monitoring.
- ⑥ **Production and maintenance** Hyundai Steel is providing environmental guidelines to minimize environmental pollution caused by operation and maintenance of production facilities. We provide production and maintenance manuals according to the characteristics of each production facility, and provide guidelines to minimize the environmental impact caused by operation.
- ⑦ **New projects** Hyundai Steel utilizes the project environment management plan and environmental impact assessment, which reflect detailed environmental management methods, before the start of a new project, for environmental management of new project sites.
- ⑧ **Preliminary due diligence at merger and acquisition** Hyundai Steel identifies and responds to environmental risks through proactive inspections before the merger and acquisition. We are introducing and managing the evaluation of major environmental media, and the evaluation results are reflected and managed as an important factor in merger and acquisition.

* Latest update: 2019. 4

Donation and Sponsorship Policy

All donations and sponsorship provided by the company must be compatible with our business activities and operate in an ethical manner. Companies that are experiencing legal or financial conflicts or are affiliated with a particular political party or organization are not eligible for donations and sponsorship. In this regard, the following donation and sponsorship policies are established and operated.

1. Scope

This policy applies to all employees and third parties of companies in all countries or regions and should be communicated to them at the appropriate time from the beginning of the business relationship.

2. Operation plan

2.1 Corporate charitable donations are only possible if:

- Comply with applicable law
- Not for improper business benefits
- It is done through a properly established charity, and the donation should be clearly for charitable purposes.

2.2 Sponsorship may not be provided without authorization to the rightful acquirer.

2.3 No employee may provide monetary payments or other contributions to political parties, political entrants or candidates under the conditions of employment.

2.4 Donations or sponsorships shall not be made or provided in connection with auctions, tenders, contract renewals or future business relationships. The Company also does not make charitable donations or sponsorship contracts as a means to obtain favorable conditions from the organization or its affiliates / related parties.

3. Obligations

3.1 Make sure that donations and sponsors meet ethical policies such as anti-bribery and anti-corruption policies.

3.2 All donations and sponsorship shall be reported and approved by the acquirer. Records of all donations and sponsorship should be retained for future audits.

3.3 In the event of a violation of the above policy, the employee will be subject to disciplinary action and may be dismissed as a serious offense.

3.4 All employees are responsible for reading, understanding and complying with the policy. No action should be taken to violate or violate this policy.

3.5 This policy is managed in conjunction with the company's anti-bribery and anti-corruption policies, donations, invitations and hospitality policies, interest conflict policies, procurement policies and codes of ethics.

4. Governance

The Board has a duty to ensure that this policy complies with our legal and ethical obligations and that all employees under our control are in compliance.

* Latest update: 2019. 5

Hyundai Steel Framework for Local Community Engagement

Part 1. Background of Establishment of Framework and Purpose

1. Definition of Local Communication Engagement

Local community engagement aims to ensure that the company understands and addresses problems in local communities. In particular, it aims to encourage engagement with local communities in several decision-making processes and to utilize ideas from the local community to make better-informed decisions.

Local community engagement includes the following activities:

- Providing and sharing information on major issues with local communities
- Measures to deal with local community issues
- Diverse communication methods

Local community engagement as a guideline for decision-making means collecting opinions and information from local communities to achieve sustainability in management decision-making.

2. Purpose of Local Community Engagement and Framework Development

The key purposes of local community engagement are as follows:

- To strengthen decision-making in connection with stakeholders
- To support a local community committee on communication
- To improve relationships with local communities and various stakeholders
- To encourage the participation of local communities in dealing with major issues in projects

The framework for local community engagement aims to achieve the targets through the following means:

- Procedures for listening to and identifying the opinions of local communities and reflecting them in the decision-making process
- Taking a consistent approach to local community engagement
- Understanding from employees regarding business decisions that impact local communities
- Communication between local community stakeholders and the decision-makers (management)

Part 2. Principles of Local Community Engagement

The six main principles of local community engagement are prior engagement, transparent information disclosure, selection and execution of proper engagement methods, inclusivity of information and period of local community engagement, as explained below.

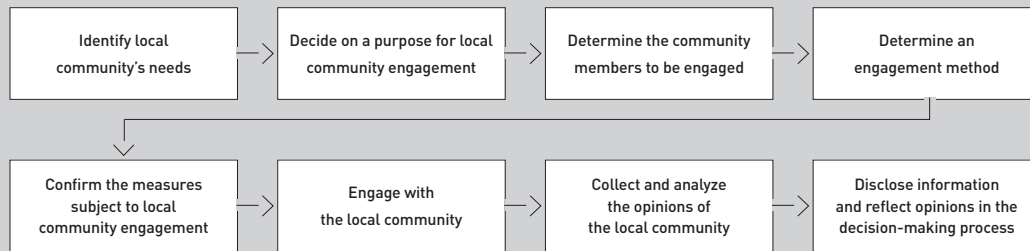
Prior engagement	A pledge to provide local communities or key stakeholders with information at the early stages of project development and to enable local communities to influence decision-making and strategy planning
Transparent information disclosure	Communication with local communities in which relevant information and data are provided to ensure transparency and effective consultation
Inclusive engagement	Providing opportunities to all people for consultation on relevant issues in addition to the entire local community and key stakeholders
Selection and execution of proper engagement methods	Communication with local communities in which relevant information and data are provided to ensure transparency and effective consultation
Inclusivity of Information	Efforts by the company to consider all kinds of information before making a decision that can impact a local community and to provide honest feedback
Period of local community engagement	The period during which a local community, its residents or their way of life could be impacted

Part 3. Local Community Engagement Framework

The framework for local community engagement is organized and operated according to the following process:

Providing information	Providing objective information to help local communities understand the issues, measures or solutions proposed
Collecting opinions	Procedures to collect opinions from local communities regarding decisions made by the company
Engagement activities	Engaging with local communities to identify its members' opinions on major issues directly
Cooperation	Including cooperation with the local community in each aspect of decision-making, such as the development of alternatives and the identification of preferred solutions
Authorization	Giving local communities authority to make decisions directly in the final decision-making process

Process of Local Community Engagement



Part 4. Communication Channels for Major Stakeholders

Major stakeholders	Definition	Department in charge	Communication channel	Major issue	Communication cycle
Customer companies	The basis for the creation of economic and corporate value	Marketing Division	Department meetings, technology seminars, customer satisfaction surveys, customer portal site, websites, newsletters	<ul style="list-style-type: none"> Enhancing customer satisfaction Expanding customer communication Protecting information 	any time
Employees	Key members for sustainable growth	Business Management Division	Intranet, GWP, Smart Board, education programs, labor-management cooperation	<ul style="list-style-type: none"> Encouraging communication among employees and departments Work-life balance Strengthening employee capabilities 	any time
Suppliers	Partner cooperation for win-win growth based on stability	Business Management Division Procurement Division Major domestic and overseas works	Win-win growth agreements, meetings, procurement system, technology exchange meetings, websites, newsletters	<ul style="list-style-type: none"> Operating fair supply chain management process Establishing a win-win growth culture Advancing activities to support win-win growth 	quarterly, any time
Shareholders and investors	Providing financial capital as a source of corporate management	Finance Division	General shareholders' meetings, performance presentations, NDR and conferences, 1:1 meetings, visits to worksites, public announcement materials	<ul style="list-style-type: none"> Securing new growth engines Improving corporate value 	quarterly, any time
Local communities	Local communities and their members interacting through business operations	Business Management Division Dangjin Integrated Steelworks and other major works	Major social contribution activities, global activities for regional development, holding meetings of local community committees twice a year	<ul style="list-style-type: none"> Performing continuous social contribution activities Supporting socially disadvantaged and vulnerable people Engaging in communication with stakeholders 	quarterly, before and after social contribution activities
NGOs, government and media	Proposals for the company's direction	Strategy Planning Department Major domestic and overseas works	Visit worksites and issue press releases	<ul style="list-style-type: none"> Responding to and participating in government policy Making transparent business announcements Creating jobs 	any time

* Case 1. Compensation is carried out through legal compliance and community consultation while creating and developing industrial parks

Case 2. Identify the neighborhood needs of the Indian company and conduct a project to build a safety infrastructure through community consultation
(Solar energy street lamps and CCTVs for safe passage of women and children at night / 2018)

* Latest update: 2019.3.

Materiality Test

Materiality Test Process

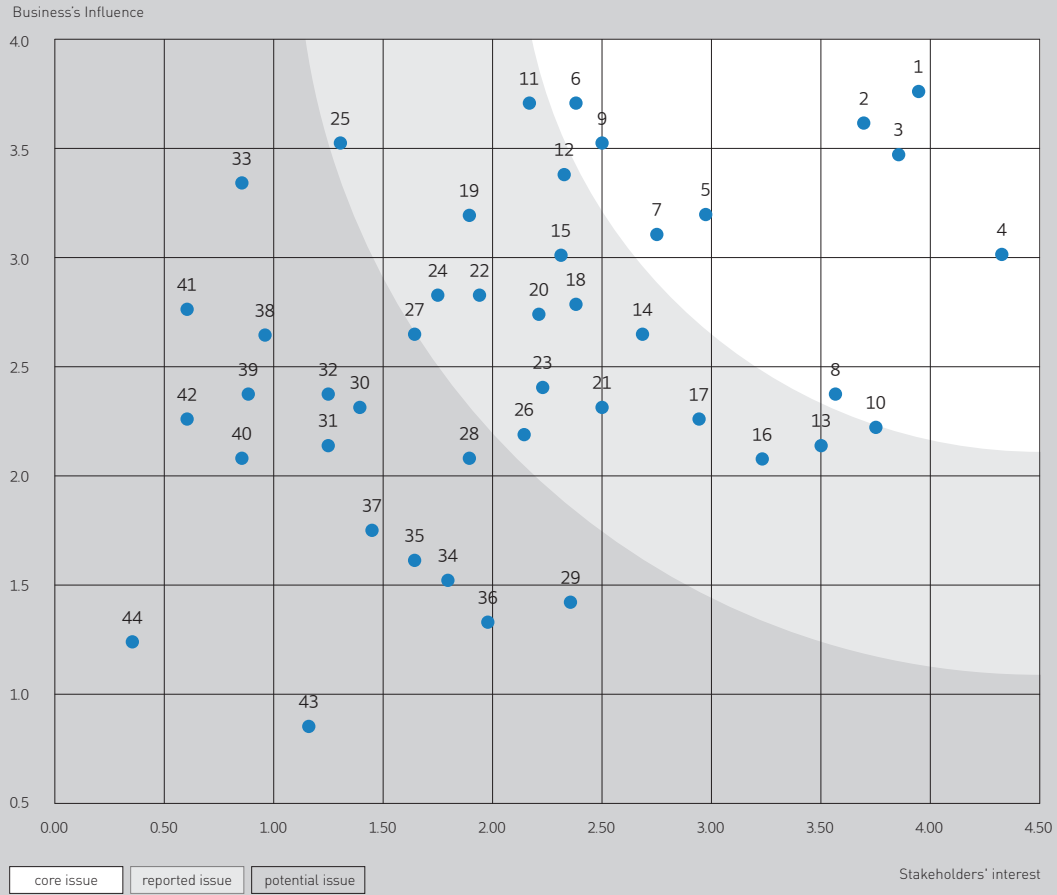
Hyundai Steel's materiality test is based on the reporting principles of the Global Reporting Initiative (GRI) Standards: stakeholder inclusiveness, sustainability context, materiality and completeness. It assessed the stakeholder interest and business impact in 44 issues related to the characteristics of the steel industry and our business status. The result of this assessment well-reflected the nature of the steel industry, as the industrial issues of the Sustainability Accounting Standards Boards (SASB) and sustainability indices of the World Steel Association (WSA) were reviewed during the pooling and evaluating of the issues. Through the comments from stakeholders and experts that were part of the review, we were able to understand the impact that each issue has. The materiality test was conducted in April 2019, and a total of nine material topics were identified .

Step 1. Issue Pool Identification	44 material issues were identified through media research and benchmarking, international standards analysis, and internal and external resources.
Step 2. Materiality Test	A materiality test was conducted with consideration of internal and external stakeholders' interests, expert evaluation, and internal review based on sustainability management issues.
Step 3. Material Topic Selection	Specific issues were selected to be reported in each of the material aspects according to the GRI Standards, in line with the reporting topic based on stakeholders' material topics identified through the materiality test. Content and data were provided, with consideration of the stakeholders' areas that are significantly affected by each report aspect, for planning and creation of the report.

Material Topics in Integrated Report

No.	Material Topics in 2019 Report ¹⁾	Impact on stakeholders					
		Customers	Employees	Suppliers	Shareholders / Investor	Local Communities	Government
1	Achieve stable management performance	●			●		
2	Strengthen workplace health and safety	●	●	●			
3	Governance soundness	●			●		●
4	Employee capacity development		●				●
5	Strengthen ethical management and anti-corruption activities	●	●	●			●
6	R&D and expansion of infrastructure	●	●		●		
7	Response to climate change and air pollution management		●	●		●	●
8	Customer Relationship Management	●	●				
9	Strengthen service accountability	●	●			●	

1) Selected 9 material topics out of 44 issues considering sustainability management



Characteristic of influence ²⁾			Core aspect ³⁾	Report Topic
Cost	Revenue	Risk		
	●		Indirect Economic Impacts	Economic Performance
		●	Occupational Health and Safety	Social Performance
		●	Governance	Economic Performance
		●	Training and Education	Social Performance
●			Ethics and Integrity, Anti-corruption	Economic Performance
	●		Indirect Economic Impacts	Economic Performance
		●	Energy, Emissions	Environmental Performance
	●		Marketing and Labeling	Economic Performance
		●	Customer Health and Safety, Customer Privacy	Economic Performance

2) Classified the potential impacts of issues into Cost, Revenue, Risk 3) Based on GRI Standards Topic

Long-term Targets by Sector

Classification	Mid to Long-term KPI	Unit	Performance			Mid to Long-term Goal	Goal Deadline	
			2016	2017	2018			
Economic / Social	ESG evaluation ratio of suppliers	%	-	-	30.4	35	2023	
	Average scores of ESG evaluation for suppliers	Score	-	-	75.75	80	2023	
	ESG evaluation education of procurement manager	%	-	-	5	50	2023	
	Ratio of Human Rights Assessment at Overseas Sites *	%	-	-	Development of evaluation index	100	2023	
	Construction of an Intelligent Production System			Development of Prediction Model of Torpedo Temperature (welding), Development of Static Mixture Model (steelmaking), Development of crack detection model (molding), Development of heat treatment width shrinkage model (cold rolling)			Completion	2023
	Total Recordable Injury Frequency Rate(TRIFR) Reduction	-	0.8	0.97	0.78	0	2025	
Environmental	Air Pollutants Emission Reduction (40% ↓ against 2016)	Dust ton	663	610	717	654	By 2020	
		SOx ton	12,695	10,900	11,546	8,582		
		NOx ton	10,474	10,642	11,362	6,370		
	Water consumption to production Amount	1,000m ³ /ton	2.72	2.55	2.54	2.45	By 2020	

*Implementation of Human Rights Assessment at Overseas Sites (2019. 4)

Economic Performance

Key financial indicators

/ Unit: KRW 100 million, %

Classification	2016	2017	2018
Sales	166,915	191,660	207,804
Operating income	14,454	13,675	10,261
Operating income rate	8.7	7.1	4.9
Net income	8,671	7,275	4,080

R&D Investment Cost

/ Unit: KRW 100 million, %

Classification	2016	2017	2018
R&D cost	1,238	1,491	1,191
R&D cost ratio to sales	0.7	0.8	0.6

Discrimination of Suppliers

/ Unit: Number of companies, KRW 100 million

Credit Rating	2016	2017	2018
Total number of suppliers	2,485	2,607	2,449
Number of critical suppliers	314	357	336
Total purchase amount of suppliers	84,667	109,010	123,042
Purchase amount of critical suppliers	44,325	59,733	72,106

Status of Win-win Growth Support

/ Unit: KRW 100 million, %

Classification	Note	2016	2017	2018
Direct support	Management funding	117.22	240.76	220.82
Indirect support	Network loan	27.7	77.39	147.14
Mixed Support	Win-win growth fund operation	375	375	400
Special Support	Investment contributions	2	2.63	2
Total		521.92	695.78	769.96

* Cash settlement ratio for SMEs suppliers: 100% of cash and 60 days issuance

Board of Directors

/ Unit: case, %

Classification	2016	2017	2018
No. of regular board meetings	4	4	4
No. of temporary board meetings	6	6	6
Total No. of board meetings	10	10	10
The agenda discussed	27	27	29
Attendance rate of external directors	94	94	93

Customer Satisfaction

/ Unit: score

Classification	2016	2017	2018
Satisfactions score	74.6	74.3	74.7

Economic Performance Distribution (2018)

/ Unit: KRW 100 million

Credit Rating	Amount	Remark
Shareholders and investors	4,428	Payment of dividends and interests
The government	1,742	Taxes and dues
Local communities	130	Investment of social contribution
Suppliers	123,263	Grant of purchase cost and Win-Win growth
Directors and employees	9,716	Total remuneration
Total	139,280	

Payments for Associations (2018)

/ Unit: KRW 100 million

Credit Rating	Purpose	2018
Korea Iron & Steel Association	Promotion of enhancing the global competitiveness and sustainable development in steel industry	13.5
WSA	Promotion of global steel industry / Collecting analysis data of global steel industry	4.8
Dangjin Chamber of Commerce and Industry	Registration of members according to Chambers of Commerce and Industry Act	2.0
Korea Employers Federation	Establishment of and support for Labor-management cooperation system	1.2
Suncheon Chamber of Commerce and Industry	Registration of members according to Chambers of Commerce and Industry Act	1.0

Board of Directors Remuneration

/ Unit: KRW million, persons, times

Classification	2016	2017	2018
No. of executive directors	4	4	4
Total amount of paid to executive directors	2,559	2,040	2,895
No. Independent directors	5	5	5
Total amount of paid to independent directors	368	263	315
Highest remuneration	1,259	978	1,352
Employee compensation average	87	85	84
Multiple	14.5	11.5	16.1

* Excluding retirement pay

Anti-corruption and competition practices

/ Unit: KRW 100 million, case

Classification	2016	2017	2018
Anti-competition fine	0	0	256
Anti-corruption and bribery cases	0	0	0

* Retrospective application to the point of payment of fine

Economic Performance Distribution by Year

/ Unit: KRW 100 million

Classification	2016	2017	2018
Distribution amount	102,706	127,301	139,280

Payments for Associations by Year

/ Unit: KRW 100 million

Classification	2016	2017	2018
Payment amount	25.7	34.7	34.5

Environmental Performance

Emission of Air Pollutants

/ Unit: kg

Classification	2016	2017	2018
Dust	662,862	609,842	716,971
SOx	12,695,421	10,899,531	11,546,245
NOx	10,473,630	10,642,139	11,362,462

Emission Concentration of Dioxin

/ Unit: ng-TEQ/m³

Worksite	2016	2017	2018
Blast Furnace in Dangjin	0.13	0.02	0.01
Electric Arc Furnace in Dangjin	0.01	0.03	0.01
Incheon	0.08	0.08	0.05
Pohang	0.04	0.02	0.01
Suncheon forging	0.003	0.001	0.00

Water Consumption Volume

/ Unit: 1,000m³

Classification	2016	2017	2018	
Water Consumption Volume	Total	60,887	59,312	60,367
	Industrial water	49,760	55,205	55,711
	Waterworks	4,278	4,107	4,656
	Other ²⁾	4,278	0	0

2) Based on the consumption volume of recycling water in Gajwa Wastewater Treatment Plant of Incheon Factory

Wastewater

/ Unit: 1,000 m³

Classification	2016	2017	2018
Total	29,501	29,052	30,781
Water recycling volume	8,002	8,973	8,337
Discharge volume	21,499	20,079	22,444

Intensity of GHG and Energy¹⁾

/ Unit: kg/ton

Classification	2016	2017	2018
Dust	0.03	0.03	0.03
SOx	0.57	0.49	0.52
NOx	0.47	0.48	0.51

1) Emissions of air pollutants / steel production

Intensity of Water consumption and Wastewater treatment

/ Unit: m³/ton

Classification	2016	2017	2018
Water consumption per production amount	2.72	2.55	2.54
Wastewater treatment amount per production amount	1.32	1.25	1.30

Concentration of Water Pollutant Emissions

/ Unit: mg/L

Classification	Worksite	2016	2017	2018
Suspended Solids (SS)	Chemical Oxygen Demand(COD)	2.3	2.5	3.6
	Electric Arc Furnace in Dangjin	1.2	1.5	2.0
	Incheon	12.0	2.6	8.0
	Pohang	1.6	1.7	2.1
	Suncheon	2.8	0.6	4.8
	Ulsan	9.1	9.1	9.6
Chemical Oxygen Demand (COD)	Blast Furnace in Dangjin	11.5	16.6	9.8
	Electric Arc Furnace in Dangjin	5.5	5.8	5.6
	Incheon	70.0	25.4	17.0
	Pohang	5.4	8.4	6.5
	Suncheon	10.6	7.7	13.2
	Ulsan	25.2	25.2	51.0

Environmental Investment

/ Unit: KRW 100 million

Classification	2016	2017	2018
Environmental operation cost	3,281	3,884	3,037
Environmental investment cost	622	897	1,808
Environmental benefit ³⁾	1,302	1,784	2,123

3) Includes cost savings, profit, and tax benefits

Emissions of GHG⁴⁾ / Unit: 1,000 tCO₂

Classification	2016	2017	2018
Emissions of GHG⁴⁾	21,275	21,504	22,514
Scope 1	15,622	15,737	16,704
Scope 2	5,653	5,767	5,810

4) Emissions can be adjusted by the government conformity assessment

5) Including CO₂, CH₄, N₂O, HFCs, PFCs, or SF₆ as defined in Article 2 (9) of the Framework Act on Low Carbon Green Growth on Green Growth

※ Retrospective application of changes in emissions due to changes in the calculation method of GHG emissions during certification of government conformity assessment

※ Calculated according to the Guidance on Reporting and Certification of Emissions from the GHG Emissions Trading Scheme (excluding biological emissions)

Energy Consumption / Unit: MWh

Classification	Worksite	2016	2017	2018
Energy Consumption	Total	14,070,417	14,599,063	15,163,333
	Fuel⁸⁾	2,700,313	2,883,542	3,287,500
	Electricity	11,166,250	11,542,083	11,706,354
	Steam	203,854	173,438	169,479

8) Retroactive application by changing energy usage calculation method

Emission Concentrations of Air Pollutants⁶⁾

/ Unit: tCO₂ /ton, MWh/ton

Classification	2016	2017	2018
GHG Intensity	0.95	0.92	0.95
Energy Intensity	0.6287	0.6288	0.6381

6) Based on the business report

Violations of environmental regulations

/ Unit: case, KRW 100 million

Classification	2016	2017	2018
Number of violations of environmental regulations	0	1	0
Fine	0	0.6	0
Liability related to the environment	0	0	0

Generation of By-Products

/ Unit: 1,000 tons

Classification	2016	2017	2018
Total	10,394	10,605	10,663
Slag	6,596	6,801	7,013
Dust	488	504	479
Refractory	153	153	161
Sludge	649	670	661
Others	2,508	2,479	2,335

Status of Recycling

/ Unit: 1,000 tons, %

Classification	2016	2017	2018
Recycling amount	10,303	10,456	10,399
Recycling rate	99.1	98.6	97.5

Specific air pollutant emission concentration⁷⁾

/ Unit: ppm

Classification	Specific air pollutant													Average
	Pb	Ni	CH ₂ Cl ₂	C ₆ H ₆	F	As	Hg	HCN	HCl	Cd	Cr	C ₆ H ₆ O	HCHO	
Emission Standards	1	1	50	10	3	2	2	3	3	0.5	0.5	3	10	6.85
Average concentration	0.00	0.09	0.12	0.00	0.01	0.00	0.00	0.45	0.33	0.00	0.04	0.27	0.00	0.10
Ratio	0.06%	8.51%	0.25%	0.00%	0.42%	0.00%	0.01%	14.99%	10.87%	0.12%	7.18%	9.03%	0.04%	3.96%

7) Dangjin Integrated Steelworks (2018)

Social Performance

Talent Development

/ Unit: Hours/ KRW Million

Classification	2017	2018
Total training hours	431,822	424,469
Total training investment	7,959	6,558
Total Training Hours	416,222	405,064
Male		
Number of Employees	10,800	11,187
Average training hours	38.5	36.2
Total Training Hours	15,600	19,405
Female		
Number of Employees	256	365
Average training hours	60.9	53.2

Parental leave

/ Unit : Persons

Classification	2016	2017	2018
Parental leave	20	33	51
Parental leave returns	20	21	51
Worked for 12 months or longer upon return	8	10	14

Total Recordable Injury Frequency Rate

Classification	2016	2017	2018
Frequency Rate (TRIFR)¹⁾			
Employee	0.80	0.97	0.78
Contractors	1.60	1.26	1.87

1) TRIFR (Total Recordable Injury Frequency Rate): An indicator of the frequency of occurrence of industrial accidents, the number of disasters per million working hours (Calculation formula: number of industrial accidents counted by Ministry of Employment and Labor (MOEL) / working hours × 100 million hours)

Social Contribution Performance

/ Unit: KRW Million, %

Classification	2016	2017	2018
Social contribution investment	14,492	11,529	12,994
Service input costs*	2,878	2,591	2,652
Management overhead	18	15	2
Employee participation fund	451	428	406
Participation rate(%)	98	98	97
Participation hours	86,222	77,613	80,374

* Service hours × Employee average hourly wage

Retirement Pension

/ Unit: KRW Million, Persons

Classification	2016	2017	2018
Deposit	599,401	594,930	598,585
Pension holders	10,879	11,022	11,439

Union participation rate

/ Unit: %

Classification	2016	2017	2018
Domestic	70	70	70
Overseas ²⁾	-	3	3

2) Mexican corporation joined the union in 2017

Results of employee engagement survey

Classification	Responses	Rate of actively engaged employees
Result	2,796 (general, researcher 86%)	58%

Start-up Support Program (2018)

/ Unit: KRW Million

Classification	No. of Supported Company	Support amount
Project for recycling coffee grounds	5	100
New Technology and Hydrogen-related Technology Venture Fund	11	320

GRI Index

Universal Standards(GRI 100)

Classification	Disclosure	Indicators	Page	Note
Organizational Profile	102-1	Name of the organization	6-7	
	102-2	Activities, brands, products, and services	38-39, 42-43	
	102-3	Location of headquarters	36-37	
	102-4	Location of operations	36-37	
	102-5	Ownership and legal form	-	Annual Report
	102-6	Markets served	36-43	
	102-7	Scale of the organization	36, 112-113	
	102-8	Information on employees and other workers	79	
	102-9	Supply chain	52-54	
	102-10	Significant changes to the organization and its supply chain	-	No significant change
	102-11	Precautionary Principle or approach	55-56	
	102-12	External initiatives	120	
	102-13	Membership of associations	113	
Strategy	102-14	Statement from senior decision-maker	6-7	
	102-15	Key impacts, risks, and opportunities	55-56	
Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	34-35	
	102-17	Mechanisms for advice and concerns about ethics	80	
Governance	102-18	Governance structure	62-64	
	102-19	Delegating authority	62-64	
	102-20	Executive-level responsibility for economic, environmental, and social topics	62-64	
	102-21	Consulting stakeholders on economic, environmental, and social topics	62-64	
	102-22	Composition of the highest governance body and its committees	62-63	
	102-23	Chair of the highest governance body	62-63	
	102-24	Nominating and selecting the highest governance body	62-63	
	102-25	Conflicts of interest	62-63	
	102-26	Role of highest governance body in setting purpose, values, and strategy	62-64	
	102-27	Collective knowledge of highest governance body	62-64	
	102-28	Evaluating the highest governance body's performance	64	
	102-29	Identifying and managing economic, environmental, and social impacts	62-64	
	102-30	Effectiveness of risk management processes	55-56	
	102-31	Review of economic, environmental, and social topics	55-56	
	102-33	Communicating critical concerns	55-56	
	102-34	Nature and total number of critical concerns	110-111	
	Stakeholder Engagement	102-35	Remuneration policies	64
102-36		Process for determining remuneration	64	
102-37		Stakeholders' involvement in remuneration	64	
102-38		Annual total compensation ratio	112	
102-40		List of stakeholder groups	109	
102-41		Collective bargaining agreements	116	
102-42		Identifying and selecting stakeholders	108-109	
102-43		Approach to stakeholder engagement	108-111	
102-44		Key topics and concerns raised	108-109	
102-45		Entities included in the consolidated financial statements	-	Annual Report
102-46		Defining report content and topic Boundaries	1, 110-111	
102-47		List of material topics	110-111	
102-48		Restatements of information	-	On each page
102-49		Changes in reporting	-	No significant change
Reporting Practice	102-50	Reporting period	1	
	102-51	Date of most recent report	1	
	102-52	Reporting cycle	1	
	102-53	Contact point for questions regarding the report	121	
	102-54	Claims of reporting in accordance with the GRI Standards	1	
	102-55	GRI content index	117-119	
	102-56	External assurance	101-104	
Management Approach	103-1	Explanation of the material topic and its Boundary	48*, 52, 57*, 60*,	
	103-2	The management approach and its components	65, 68, 70*, 73*-75,	
	103-3	Evaluation of the management approach	78*, 84*, 88	

* Key issues based on the results of the materiality evaluation

GRI Index

Topic-specific Standards

Economic Performance(GRI 200)

Classification	Disclosure	Indicators	Page	Note
Economic Performance	201-1	Direct economic value generated and distributed	112-113	
	201-2	Financial implications and other risks and opportunities due to climate change	70-72	
	201-3	Defined benefit plan obligations and other retirement plans	82, 116	
	201-4	Financial assistance received from government	-	Annual Report
Procurement Practices	204-1	Proportion of spending on local suppliers	-	Annual Report
Anti-corruption	205-1	Operations assessed for risks related to corruption	55-56	
	205-2	Communication and training about anti-corruption policies and procedures	55-56	
	205-3	Confirmed incidents of corruption and actions taken	-	No case
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	113	

Environmental Performance(GRI 300)

Classification	Disclosure	Indicators	Page	Note
Materials	301-1	Materials used by weight or volume	-	Annual Report
	301-2	Recycled input materials used	115	
Energy	302-1	Energy consumption within the organization	115	
	302-3	Energy intensity	115	
	302-4	Reduction of energy consumption	72	
	302-5	Reductions in energy requirements of products and services	72	
	303-3	Water withdrawal	114	
Water	303-4	Water discharge	114	
	303-5	Water consumption	114	
	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value independent protected areas	106	
Biodiversity	304-2	Significant impacts of activities, products, and services on biodiversity	106	
	304-3	Habitats protected or restored	106	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	106	
	305-1	Direct (Scope 1) GHG emissions	115	
Emissions	305-2	Energy indirect (Scope 2) GHG emissions	115	
	305-4	GHG emissions intensity	115	
	305-5	Reduction of GHG emissions	70-71	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	114	
	306-1	Water discharge by quality and destination	114	
Effluents and Waste	306-2	Waste by type and disposal method	114	
	306-3	Significant spills	-	No case
	306-5	Water bodies affected by water discharges and/or runoff	114	
	307-1	Non-compliance with environmental laws and regulations	115	
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	52-54	
	308-2	Negative environmental impacts in the supply chain and actions taken	52-54	

Social Performance(GRI 400)

Classification	Disclosure	Indicators	Page	Note
Employment	401-1	New employee hires and employee turnover	79	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	82	Supporting funds for purchasing and leasing house
	401-3	Parental leave	116	
Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	-	No regulations, but notify the union
Occupational Health and Safety	403-1	Occupational health and safety management system	84-87	
	403-2	Hazard identification, risk assessment, and incident investigation	84-87	
	403-3	Occupational health services	84-87	
	403-4	Worker participation, consultation, and communication on occupational health and safety	84-87	
Training and Education	404-1	Average hours of training per year per employee	116	
	404-2	Programs for upgrading employee skills and transition assistance programs	80-81	
	404-3	Percentage of employees receiving regular performance and career development reviews	80-81	
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	62-63	
	405-2	Ratio of basic salary and remuneration of women to men	-	Annual Report
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	-	No case
Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	82-83	
Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	82-83	
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	82-83	
Security Practices	410-1	Security personnel trained in human rights policies or procedures	82-83	100%, training by suppliers
	412-1	Operations that have been subject to human rights reviews or impact assessments	105-106	
Human Rights Assessment	412-2	Employee training on human rights policies or procedures	105-106	100%, Sexual harassment prevention training
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	105-106	
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	88-93	
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	105-106	
	414-2	Negative social impacts in the supply chain and actions taken	105-106	
Customer Health and Safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	No case
	417-1	Requirements for product and service information and labeling	38-41	
Marketing and Labeling	417-2	Incidents of non-compliance concerning product and service information and labeling	-	No case
	417-3	Incidents of non-compliance concerning marketing communications	-	No case
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	No case

UNGC & UN SDGs

UNGC

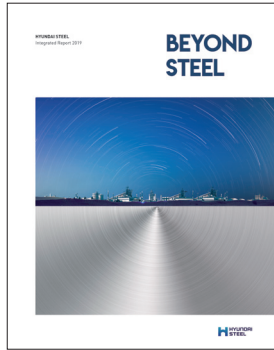
Hyundai Steel joined UN Global Compact and complies with the Ten Principles in four areas of human rights, labor, environment, and anti-corruption. The activities related to each principle can be found in the report. In addition, Hyundai Steel complies with Universal Declaration of Human Rights and UN Guiding Principles on Business and Human Rights (Ruggie Framework) and strives to prevent violations of human rights during its business processes.

Areas	Principle	Page
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights; and	105-106
	2. Make sure that they are not complicit in human rights abuses.	105-106
Labour	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	105-106
	4. The elimination of all forms of forced and compulsory labour;	105-106
	5. The effective abolition of child labour; and	105-106
	6. The elimination of discrimination in respect of employment and occupation.	105-106
Environment	7. Businesses should support a precautionary approach to environmental challenges;	68-69
	8. Undertake initiatives to promote greater environmental responsibility; and	68-69
	9. Encourage the development and diffusion of environmentally friendly technologies.	68-69
Anti-Corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	60-61

UN SDGs

Hyundai Steel feels empathy on SDGs (Sustainable Development Goals) and relevant activities in each goal are carried out as shown below. We are planning to raise the power of execution by establishing strategic proceeding assignments and expanding the joint objectives in the future.

SDGs indicator	Relevant Activities	Page
Goal 1 End poverty in all its forms everywhere	Happy Safe Village in India, Self-Reliance Support Model in the Philippines	92-93
Goal 3 Ensure healthy lives and promote well-being for all at all ages	Occupational Safety and Health	84-87
Goal 4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	HR Development	78-81
Goal 5 Achieve gender equality and empower all women and girls	Family-Friendly Management	82-83
Goal 6 Ensure availability and sustainable management of water and sanitation for all	Management of Water Environment	74
Goal 7 Ensure access to affordable, reliable, sustainable and modern energy for all	Climate Change Response	70-71
Goal 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Recruitment, Respect for Human Rights and Promotion of Diversity, Trust-Based Labor-Management Communication	78-83
Goal 10 Reduce inequality within and among countries	Happy Yes University Student Volunteer Group, H-USR	90-91
Goal 11 Make cities and human settlements inclusive, safe, resilient and sustainable	House Repair – Energy Efficiency Project	89
Goal 12 Ensure sustainable consumption and production patterns	Recycling By-Products	75
Goal 13 Take urgent action to combat climate change and its impacts	Climate Change Response	70-71
Goal 16 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Ethics Management	60-61



COVER STORY

Based on a solid fundamentals like iron, Hyundai Steel expressed its image of making a leap toward the future.

We will continue to develop with our customers, communities and next generation through differentiated services and new value creation.

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