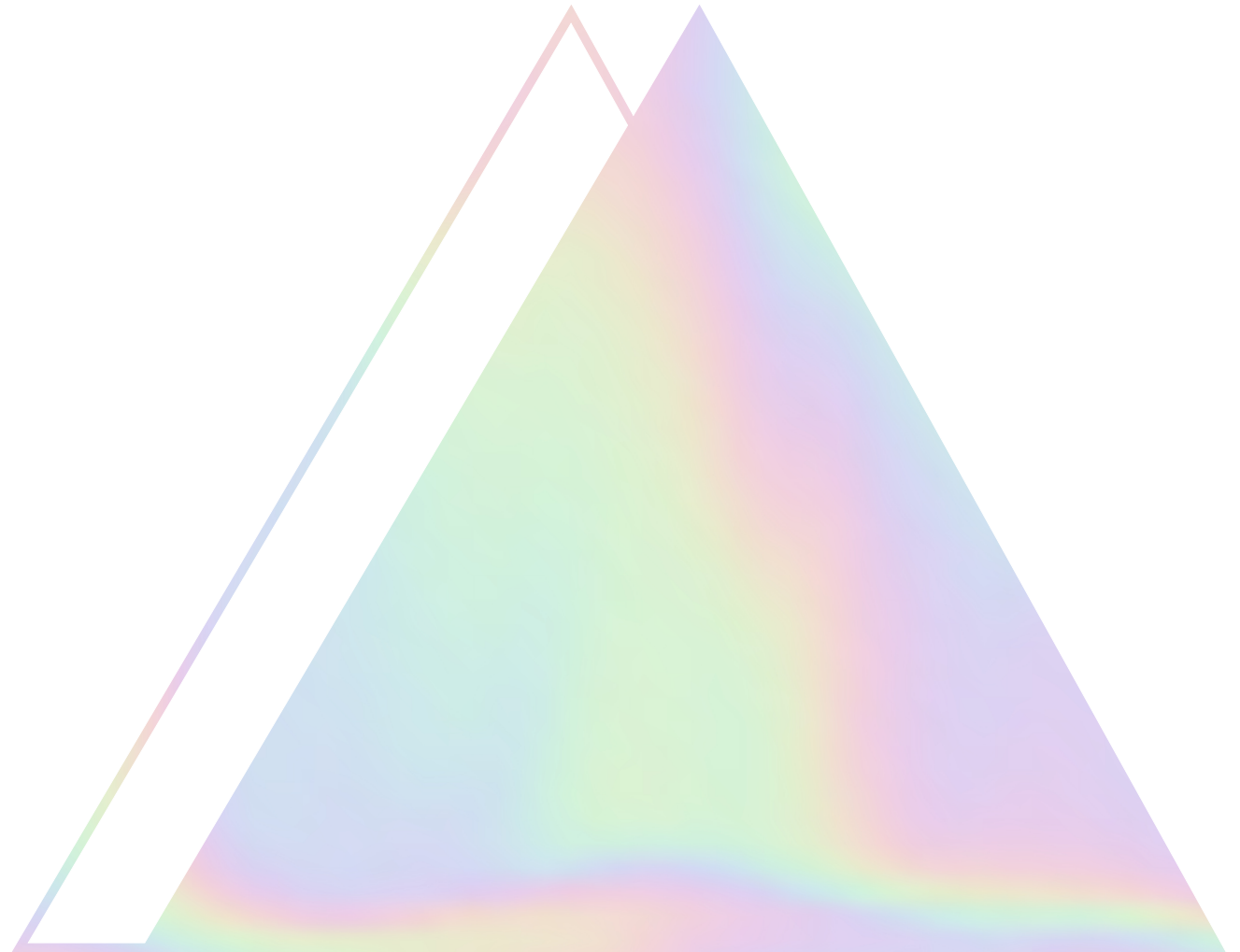


2024

HYUNDAI ENGINEERING & CONSTRUCTION  
SUSTAINABILITY REPORT

# CREATING SUSTAINABLE HABITAT FOR HUMAN



# ABOUT THIS REPORT

## Overview

This report is the fifteenth Sustainability Report published by Hyundai E&C. The company publishes a Sustainability Report every year in order to transparently disclose the directions and outcomes of the company's sustainable management to stakeholders from economic, environmental, social, and governance perspectives. This report introduces the company's 4P sustainable management strategy (Prosperity, Planet, People, Principle) and focuses on major economic, environmental, social and governance activities and achievements based on eight key strategies.

In the process of preparing this report, materiality issues were selected by conducting a double materiality assessment in order to collect the opinions of stakeholders. Meanwhile, the efforts of Hyundai E&C to address these issues, as well as the outcomes, are incorporated faithfully in this report in line with global disclosure requirements. Furthermore, we demonstrate the construction industry's financial impact in relation to climate change risks through disclosing climate-related financial information, and we have also disclosed the calculation details of green revenue based on EU Taxonomy standards, providing important information for decision-making by investors and other stakeholders. This year's report is especially notable in that we advanced double materiality assessments based on specific global disclosure guidelines, reporting details on our governance, strategies, risk management, and metrics and targets based on the ISSB Framework. We strived to include the ESG performance of our key subsidiaries based on consolidated statements, as well. Hyundai E&C will continue to transparently disclose and manage our strategies through the Sustainability Report to improve sustainable value and our business management status.

## Reporting Period and Scope

This report covers key sustainable management activities and performances from January 1, 2023 to December 31, 2023 and includes performances of some major activities until June 2024. For non-financial quantitative performance such as governance, social, and environmental areas, the scope of the report covers 98.80% of Hyundai E&C consolidated revenues, including key controlled entities of Hyundai E&C subject to consolidated accounting (Hyundai Engineering, Hyundai Engineering & Steel Industries, Hyundai City Corporation, Songdo Landmark City, Hyundai Eco Energy, and Hyundai Farm Land & Development) with areas that require additional attention in terms of reporting scope being annotated separately. Reporting scope for qualitative performance covers Hyundai E&C's domestic headquarters and activities at its domestic and overseas business sites.

## Reporting Standards

This report complies with the GRI (Global Reporting Initiative) Standards for 2021 in order to ensure that the company's sustainable management outcomes are disclosed more transparently. In addition, this report incorporates indicators of the SASB (Sustainability Accounting Standards Board), TCFD (Task Force on Climate-related Financial Disclosures) and WEF Stakeholder Capitalism Metrics and the 10 principles of the United Nations Global Compact (UNGC). It also reflects the standards of the EU Corporate Sustainability Reporting Directive (CSRD) Reporting Standards (ESRS) and the International Sustainability Standards Board (ISSB) Sustainability Reporting Standards (IFRS S1 and S2) to report on the governance structure, strategy, risk management, and metrics and targets of key issues. For financial performance, Hyundai E&C reports its financial data based on the K-IFRS (Korean International Financial Reporting Standards).

## Third Party Assurance

In order to secure credibility, fairness, and completeness of data used in this report, third-party assurance was carried out by the Korea Management Registrar (KMR). The third-party assurance was conducted based on AA1000AS (Assurance Standard), which is an international assurance standard.

## Additional Information

Hyundai E&C discloses data on management periodically in order to provide information to investors and stakeholders transparently. Additional information related to this report is available on the company's website, in its business report and audit report, and on the website for disclosure of the Financial Supervisory Service.

## Contact

Hyundai E&C aims to actively incorporate the valuable input of our stakeholders into the Sustainability Report. We highly appreciate your opinions and invite you to share any necessary information via the email below. We will reflect the content in our future Sustainability Reports through material assessment.

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# OVERVIEW

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Kuwait Sheikh Jaber Al-Ahmad Al-Sabah Causeway





# CEO MESSAGE



## Under the vision of GLOBAL GREEN ONE PIONEER, We are creating a sustainable tomorrow.

### Setting New Milestones

Since our founding in 1947, Hyundai E&C has led growth in Korea with our unwavering spirits, exceptional technical capabilities, and strong business drive to become a global construction leader with 885 projects spanning across 62 countries.

2023 was yet another year of instability in international politics. To make matters worse, the domestic construction industry also underwent grave challenges faced with high interest rates, high prices, and low growth. However, Hyundai E&C overcame internal and external impediments and recorded robust performance with KRW 32.4906 trillion in new orders, KRW 29.6514 trillion in revenues, and KRW 785.4 billion in operating profits. Thanks to our unrivalled technical prowess, we succeeded in winning large-scale projects both at home and abroad, achieving over KRW 30 trillion in new orders for the second year in a row.

Despite another tough year, Hyundai E&C is committed to strengthening our core competencies and expanding the overseas business by securing sustainable growth drivers. Based on our experience and technologies in the energy industry, we will dominate the energy transition market and take the lead in developing housing models for the future. We will steadily expand our share in the energy transition market by entering the global arena for renewable energy such as offshore wind power and solar power while developing water electrolysis hydrogen production technology and pursuing the power brokerage business. In addition, we plan to set new milestones in construction by contributing to futuristic homes with products based on our 'All-Lifecare House' concept.

### Creating a Sustainable Tomorrow

Hyundai E&C is practicing ESG (Environmental, Social, Governance) management that meets global standards to achieve sustainable growth. We are striving to open the doors for businesses and society to grow together by carrying out eco-friendly management, safety and quality management, promoting win-win cooperation with suppliers, and performing social responsibilities and ethical and compliance management.

In order to respond to climate change, Hyundai E&C has established and implemented the G-OPIS Net-Zero strategy with the goal of achieving Net-Zero by 2045. In addition, all employees, including subsidiaries and partners of Hyundai E&C, are focusing on zero-serious accidents and zero-defects by concentrating their company-wide capabilities, and are continuously striving to win the trust of society and customers by strengthening transparent and fair ethics and compliance management and establishing sound governance.

Hyundai E&C will continue to faithfully take on our role as a global construction leader and responsible member of the international community, and we kindly ask for your continuous encouragement and support as we march forward, shaping a sustainable tomorrow.

Thank you.

CEO of Hyundai E&C Yoon Young-Joon

윤영준

# CHAIRMAN OF THE CORPORATE GOVERNANCE & COMMUNICATION COMMITTEE MESSAGE

**We ask for your interest and support towards Hyundai E&C as we create a sustainable future.**

## Corporate Governance & Communication Committee at Hyundai E&C

Dear esteemed stakeholders,

My name is Hong Dae-Sik, and I am the Chairperson of Hyundai E&C's Corporate Governance and Communication Committee.

Guided by the Corporate Governance Code, Hyundai E&C has established a transparent corporate governance system centered around its Board of Directors. Under the Board is the Corporate Governance and Communication Committee which is composed entirely of outside directors for the review and approval of agenda regarding internal trade, transparent performance, ethics and compliance, shareholder rights and interests, and sustainable management. By striking a balance between the interests of internal and external stakeholders, Hyundai E&C is building an independent and sound governance structure.

Each year, the Sustainability Steering Committee under the Corporate Governance and Communication Committee reviews ESG metrics, draws out improvement tasks, and sets ESG KPIs for departments to evaluate them based on their performance of carrying out the tasks. This allows the company to share current issues with all employees and encourage them to take part in implementing the company's strategy. As a result, 87% of the improvement tasks were completed in 2023. At the end of the year, achievements of each department are shared, and outstanding teams are rewarded to promote sustainability activities across the company. In this process, the Corporate Governance and Communication Committee will continue to actively discuss and improve the company's sustainability matters to do its utmost in assisting Hyundai E&C in taking the lead in ESG management.

## Creating a Sustainable Habitat for Humanity

Hyundai E&C provides sustainable construction products and differentiated technology services to realize its vision of 'Creating a Sustainable Habitat for Human.' The company is exerting endless efforts by developing a sustainability strategy (4Ps - Prosperity, People, Planet, Principle) and setting 2030 sustainability goals while also creating environmental and social values to shape a sustainable future.

This year's Sustainability Report is aligned with requirements set forth by the European Sustainability Reporting Standards (ESRS) and the International Sustainability Standards Board (ISSB) as the company preemptively adopts an expanded scope of the standards for disclosing key consolidated ESG data. It also leverages an advanced double materiality assessment that has been refined through in-depth interviews with key internal and external stakeholders including analysts and construction specialists, to identify risks and opportunities related to the company's sustainability in the areas of climate action, occupational safety and health, and quality management, and seeks responses by analyzing its financial impact on the company. The report also contains various ESG data ranging from the company's diversity and inclusion (D&I) policies to social impact activities to provide investors and stakeholders with substantial information needed for decision-making through active communication.

All of the members of the Corporate Governance and Communication Committee are committed to abiding by international standards to thoroughly manage and help tackle sustainability issues faced by Hyundai E&C. As we thank you for your interest in the company, we look forward to your ongoing attention and support as Hyundai E&C takes on its challenge toward a sustainable future.

Thank you.

Hyundai E&C Corporate Governance and Communication Committee Chairperson  
Hong Dae-Sik



# ABOUT HDEC

## COMPANY PROFILE

Based on our capabilities and expertise accumulated across various business areas including infrastructure, buildings, housing, plants, and energy, Hyundai E&C is leading customer satisfaction through continuous technology innovation and quality improvement. We aim to become ‘a company creating the future’ and a leader in the market by providing customized solutions and responding to changes in the construction environment based on flexible, creative, and open-minded thinking.

# WE

### Company Name

Hyundai Engineering & Construction

### Date of Foundation

May 1947

### CEO

Yoon Young-Joon

### No. of Employees

14,876 (consolidated basis)

### HQ Address

75 Yulgok-ro, Jongro-gu, Seoul, Korea

### Sales

KRW 29,651.4 billion (consolidated basis)

### Operating Profit

KRW 785.4 billion (consolidated basis)

### Order Backlog

KRW 89,745 billion (consolidated basis)

### Credit Rating

AA- (Korea Ratings, NICE Investors Service, KIS Ratings)

# BUILD

### Infrastructure

Applying Cutting-edge Technology to Green Construction

### Building

Future-oriented Architectural Spaces that Surpass the Times

### Housing

Building the Past, Present, and Future of Apartments in Korea

### Plant

Global Leader with Robust Technological Knowhow and Rich Experience

### New Energy

Leader of the Future Energy Business

# TOMORROW

## Global Leader Driving Technology Innovations

### Innovation based on Fundamentals

Spreading a voluntary safety culture led by workers  
Customer-centric quality innovations  
Strengthening basic EPC capabilities

### Preparing for a Better Future

Securing proprietary net-zero technology  
Introducing a new housing concept based on health and happiness  
Entering high value-adding advanced markets

### Building on Hyundai's DNA

Passionate and creative talent Strong conviction and challenging spirits  
Pride as a global construction leader

# ABOUT HDEC

## ESG RECOGNITIONS AND INITIATIVES

Hyundai E&C is participating in the Dow Jones Sustainability Indices (DJSI) and Korea Institute of Corporate Governance and Sustainability’s (KCGS) sustainability assessments to improve our sustainability efforts and make improvements to our internal activities, as well as disclosing our sustainability performance to external stakeholders. Moreover, we are stepping up our efforts by joining global initiatives such as the UNGC, TCFD, and SBTi, etc. to fulfill our corporate social responsibilities.

<div>Dow Jones Sustainability Indices (DJSI)</div> <div> <div>DJSI Industry Leader cumulative 9 times</div> <div>DJSI World 14 consecutive years</div> <div>DJSI Asia-Pacific 14 consecutive years</div> <div>DJSI Korea 15 consecutive years</div> <div>2024 Sustainability Yearbook Member</div> </div> <div> <div>Member of</div> <div>Dow Jones Sustainability Indices</div> <div>Powered by the S&amp;P Global CSA</div> </div>	<div>Morgan Stanley Capital Internal (MSCI)</div> <div> <div>BBB rating in 2023</div> <div>MSCI</div> </div>	<div>ISS Governance Quality Score</div> <div> <div>ISS Corporate Governance 3 points</div> <div>Governance 3 points</div> <div>Compensation 1 point</div> <div>Shareholder Rights 5 points</div> <div>Audit 5 points</div> <div>※ Lower scores imply relatively higher level of governance and low level of risks</div> <div>ISS</div> </div>	<div>Carbon Disclosure Project (CDP)</div> <div> <div>2023 Climate Change: A</div> <div>CDP Korea Hall of Fame (6 consecutive years since 2018)</div> <div>Carbon Management Honors Club (No.1 for 5 consecutive years between 2014~2018)</div> <div>CDP</div> </div>	<div>Korea Institute of Corporate Governance and Sustainability (KCGS)</div> <div> <div>Total A in 2023 (6 consecutive years)</div> <div>Environmental: A</div> <div>Social: A</div> <div>Governance: A</div> <div>한국ESG기준원</div> </div>
<div>2023 World Benchmarking Alliance – Building Benchmark</div> <div> <div>Ranked 3rd place in the world for construction and overall 14th place (construction, real estate development, and asset management sectors)</div> <div>World Benchmarking Alliance</div> </div>	<div>Sustainalytics</div> <div> <div>ESG Risk Rating: 26.2 Medium Risk</div> <div>※ Classification according to ESG risk level: Severe (40+), High (30-40), Medium (20-30), Low (10-20), Negligible (0-10)</div> <div>SUSTAINALYTICS</div> </div>	<div>Joined the United Nations Global Compact (UNGC)</div> <div> <div>Industry-first to join UNGC in Korea in April 2010</div> <div>UN GLOBAL COMPACT</div> </div>	<div>Declared Support for the Taskforce on Climate-related Financial Disclosures (TCFD)</div> <div> <div>Declared Support for TCFD in August 2022, disclosing climate change related information in line with TCFD reporting standards</div> <div>TCFD</div> </div>	<div>Received Approval from the Science-based Target Initiative (SBTi)</div> <div> <div>First Korean listed E&amp;C player to receive Approval for Reduction Targets in 2023</div> <div>SCIENCE BASED TARGETS</div> </div>



# ABOUT HDEC

## TOTAL SOLUTION CREATOR

Hyundai E&C is creating a sustainable future for the construction industry, highlighting the importance of change and innovation as a 'total solution creator' that creates integrated services beyond EPC and across the entire value chain of the construction industry. We will pioneer a new history of the future construction industry as a global leader covering all areas of construction by converging its business with relevant industries such as energy, mobility, infrastructure, safety, and IoT.

## INPUTS

### Financial

Total assets of KRW 6,689.9 billion (Separate basis)

### Manufacture

Order Backlog KRW 89,745 billion

Construction capability valuation of KRW 14,979.1 billion

### Intellectual

R&D personnel 157 persons

Corporate R&D expenditure of KRW 164.3 billion  
(including KRW 23.7 billion R&D expenditure of the Technology Research Center)

### Human

7,115 employees (excluding overseas site technicians)

1,467 New recruits

Training expenses of KRW 2.04 billion

### Social

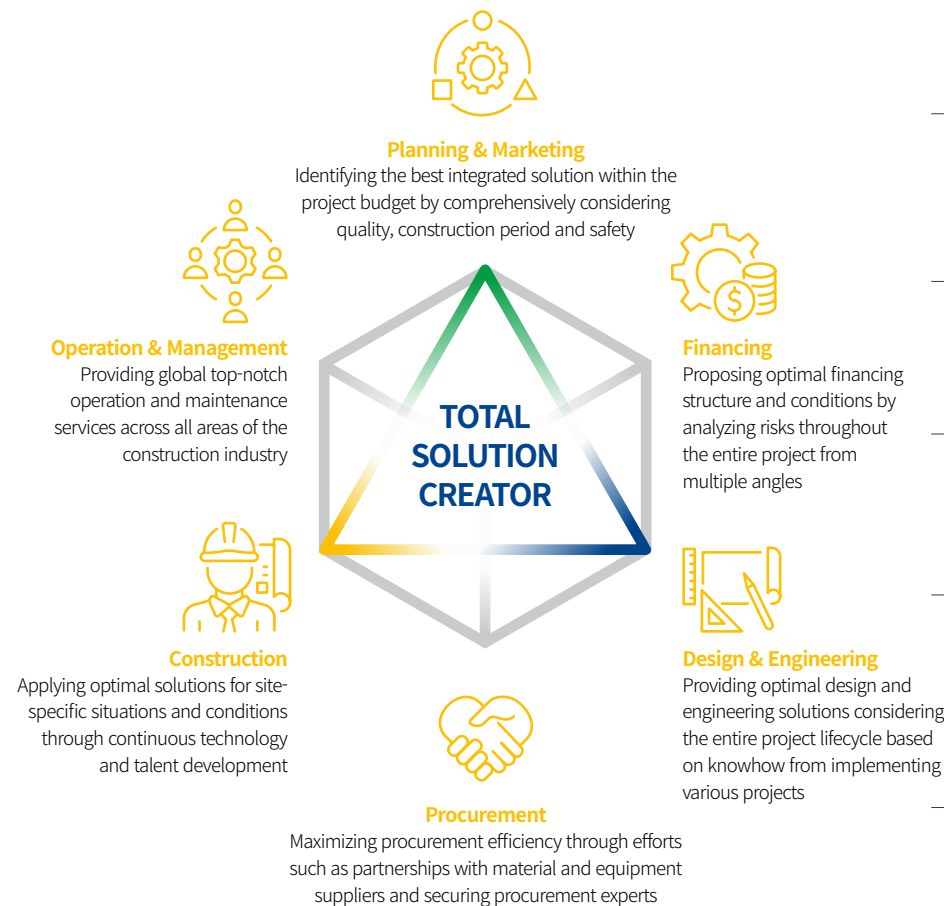
Donations of KRW 7.03 billion

Fund raising of KRW 240 million

### Natural

Environment management expenses of KRW 41.1 billion

## VALUE CREATION APPROACH



## OUTPUTS

### Financial

Sales of KRW 15,778.8 billion

Operating profit of KRW 340.5 billion (Separate basis)

### Manufacture

Infrastructure sales of KRW 2,740 billion

Building/Housing sales of KRW 19,700 billion

Plant/Power sales of KRW 6,569.1 billion  
(before removing internal transactions in infrastructure, buildings/housing, and plants)

### Intellectual

New patent applications 78 cases

New patent registrations 31 cases

### Human

Human capital ROI\* 3.27

Employee engagement 75.4 points  
\*ROI=(Sales-(COGS+employee wage))/employee wage

### Social

No. of employees participating in CSR activities 3,519 persons

Hours of CSR activities 13,512 hours

CSR mileage 3.9 Miles

### Natural

Sustainable sales of KRW 9,602 billion  
(Based on EU Taxonomy, Separate basis)



# ABOUT HDEC

## GLOBAL NETWORK & BUSINESS

Since its first overseas project in 1965 for the construction of the Pattani-Narathiwat Highway in Thailand, Hyundai E&C has successfully carried out 885 projects in 62 countries. It has leaped forward as a global construction leader, operating headquarters, 2 domestic branches and 1 domestic office, and 18 overseas branches and 16 overseas offices as of end 2023 where projects are being carried out at 176 domestic and 50 overseas project sites. New projects won in 2023 include the Amiral PKG 1 & PKG 4 project, phase 2 of the Jafurah gas plant project, and construction of a 525kv HVDC transmission line in Saudi Arabia, as well as the Cernavoda tritium removal facility project in Romania, etc.



Countries Entered (cumulative)

62countries

Overseas Projects (cumulative)

885projects

Current Overseas Project Sites

50sites

Current Domestic Project Sites

176sites

Headquarters, branches, and offices

38





# CREATING SUSTAINABLE VALUE

## 2030 FUTURE STRATEGY

In order to prepare for the uncertainties in the global market, it is necessary to not only enhance competitiveness in existing business, but also to secure differentiated competitiveness by expanding the company's business portfolio to secure future growth engines. Hyundai E&C has set four strategic directions for each business model and implemented the 2030 future strategy including eight strategic tasks to grow continuously in the midst of global change.

### TOTAL SOLUTION CREATOR

#### ADVANCED EPC

Strengthening existing business competitiveness

#### EXPANDED EPC

Expanding the value chain and new businesses\*

Strategic Direction

Strategic Tasks

##### Sharpen EPC Competitiveness

**Task 1**  
**Strengthening the competitiveness of core products**  
Strengthening the core business portfolio

**Task 2**  
**Securing core technology**  
Securing core technology with focus on promising future products

##### Innovate Production Methods

**Task 3**  
**Expanding digital technology automaton**  
Aiming for 30% automation/robotics ratio by 2030

**Task 4**  
**Establishing an unmanned construction platform**  
Operating an unmanned integrated platform for construction sites

##### Expand the Portfolio

**Task 5**  
**Transforming into a developer**  
Transforming into a planning service and content-oriented developer

**Task 6**  
**Promote business operations**  
Carrying out businesses across the entire value chain

##### Secure New Growth Engines

**Task 7 Dominate the energy transition market**  
Expanding hydrogen businesses in connection to Group affiliates and leading the future energy business

**Task 8**  
**Leading the change to future cities**  
Leading buildings, infrastructure, and service solutions in smart cities

\* Increasing the proportion of new business as a future growth engine from 10% in 2020 to 50% by 2030.

## CREATING SUSTAINABLE VALUE

# BUSINESS PORTFOLIO | Infrastructure Works

## “INNOVATE TO BUILD, BUILD TO INNOVATE”

### Core Technologies

<b>Marine/ Harbors</b>	<ul style="list-style-type: none"> <li>· Breakwater design/Caisson method</li> <li>· Dredging and reclamation/floating structure designs</li> </ul>
<b>Underground Spaces</b>	<ul style="list-style-type: none"> <li>· Large-scale/large section underground space constructions</li> <li>· TBM* design/construction * TBM: Tunnel Boring Machine</li> </ul>
<b>Bridges/ Structures</b>	<ul style="list-style-type: none"> <li>· Long-span bridge engineering</li> <li>· Rapid construction technology</li> </ul>
<b>Ground/ Foundation</b>	<ul style="list-style-type: none"> <li>· Innovative pile technology</li> <li>· Offshore wind foundation</li> </ul>

### Advanced EPC: Strengthening Existing Business Competitiveness

#### Core competitiveness: Ports, underground spaces, and long-span bridges

Our Infrastructure Works Division has realized the imagination of mankind by creating new spaces such as roads, railways, ports, tunnels and bridges based on its experience and technological capabilities. It is maintaining its status as an undisputed top-tier infrastructure company and strengthening the competitiveness of existing business by developing new methods for saving costs and shortening the construction period while exploring new global markets.

### Expanded EPC: Expanding the Value Chain & New Businesses

#### New growth drivers: Offshore wind, biogas, railway/roads

We are continuously developing projects in offshore wind power and biogas as part of our renewable energy business to achieve carbon neutrality. Working with the Technology Research Center, we are striving to make improvements in managing risks related to offshore wind power constructions and enhancing biogas productivity and efficiency. Meanwhile, we have setup a specialized interface management system to sharpen competitiveness of the railway business. Building on such knowhow and experiences, Hyundai E&C aims to take the lead in the global renewable energy business.

### Jeju Hallim Offshore Wind Power

The Jeju Hallim Offshore Wind Power project is for the construction of 18 units generating 5.56MW of wind power to build a complex with an annual capacity of 264GWh, the largest capacity in Korea. Construction is being carried out together with the Korea Electric Power Corporation and Korea Midland Power.





## CREATING SUSTAINABLE VALUE

# BUSINESS PORTFOLIO | Building Works

“BUILDING FOR TODAY, DESIGNING FOR TOMORROW”

## Core Technologies

**Smart construction** · Construction automation  
· ICT convergence

**Building structure** · Seismic/wind-proof designs  
· OSC\* \*OSC: Off-Site Construction

**Construction materials** · High-performance/special purpose concrete  
· Reduction of cracks, low heat control

**Eco-friendly energy** · Building energy management technology  
· Indoor air purification technology

### Advanced EPC: Strengthening Existing Business Competitiveness

#### Core competitiveness: Project execution and design management

Based on infinite imagination and technological prowess, Hyundai E&C's Building Works Division is leading the construction paradigm with green buildings, high-rise buildings, and smart building technologies, across a broad range of facilities—from commercial, medical, educational and cultural facilities to cutting-edge industrial facilities such as data centers. Hyundai E&C is growing as a Constructor & Developer in the eco-friendly and smart construction market by shortening construction periods using OSC (Off-Site Construction) methods, establishing a low-carbon construction system through the reduction of construction waste, dust and greenhouse gas emissions, and providing pre-construction services where uncertainties and risks are removed in advance using BIM (Building Information Modeling).

### Expanded EPC: Expanding the Value Chain & New Businesses

#### New growth drivers: Smart cities, data centers, cutting-edge industrial facilities

With the acceleration of globalization due to technological advancement, not only are technological capabilities becoming more important, but so is entry into global markets. Hyundai E&C is exploring new markets and strengthening our competitiveness as a global developer by commencing develop vertiport design and construction technology through our participation in the K-UAM (Korea Urban Air Mobility) pilot project of the Ministry of Land, Infrastructure and Transport, and by establishing a data center and smart city development and operation system. We will dominate global markets and strengthen our global network by continuously improving our development and operation capabilities.

#### NAVER Sejong Data Center

The NAVER Sejong Data Center is a world-class hyperscale data center built on 294,000m<sup>2</sup> of land, equivalent to the size of 41 soccer fields. It received LEED Platinum certification, the highest rating for eco-friendly buildings, with seismic designs used in nuclear power plants to safely accommodate 600,000 unit servers which is the largest scale in Korea.





## CREATING SUSTAINABLE VALUE

## BUSINESS PORTFOLIO | Housing Works

## “BUILDING LIFE STYLES, INNOVATING LIFE STYLES”

## Core Technologies

Noise/Vibration	<ul style="list-style-type: none"><li>Reduction of inter-floor noises</li><li>Noise and vibration control</li></ul>
Structures	<ul style="list-style-type: none"><li>Seismic and wind-resistant design</li><li>OSC* designs *OSC: Off-Site Construction</li></ul>
Construction Material	<ul style="list-style-type: none"><li>High-performance, high-quality crack-reduction concrete</li><li>Low heat control</li></ul>
Eco-friendly Energy	<ul style="list-style-type: none"><li>Building energy management technology</li><li>Indoor air purification technology</li></ul>

## Advanced EPC: Strengthening Existing Business Competitiveness

## Core competitiveness: Strong housing brand, specialized housing products

Hyundai E&C's Housing Works Division holds the status of a luxury brand across the domestic housing sector thanks to our trendy designs and premium residential spaces and services that place customer satisfaction first. We are committed to leading residential trends in Korea by providing future housing technologies to meet the demands of the fourth industrial revolution era together with Hill State, which creates new lifestyles, and THE H, which is setting new standards for premium residential space. We will continuously develop specialized housing products unique to Hyundai E&C, proactively responding to the demands of the market and customers, and leading innovation in the residential culture of South Korea by transforming the market paradigm.

## Expanded EPC: Expanding the Value Chain &amp; New Businesses

## New growth drivers: Products and services that lead future residential trends

Residential trends are changing rapidly amid accelerating advancements in cutting-edge technology, changes in demographics driven by a growing ageing population and dropping fertility rates, and a diversity of lifestyles. In response to such changing times, Hyundai E&C is developing products and services to lead future residential trends across interior and exterior style and smart residential services to create new types of residential spaces and offer higher standards of living. We will continue to pioneer a sustainable residential culture by expanding the scope of eco-friendly practices across the entire business lifecycle such as building model homes with recyclable and eco-certified material, creating landscapes with endangered plants and upcycled material, and constructing ZEBs (Zero Energy Buildings).

## THE H

‘THE H’ is a compound of ‘the’ used to refer to something unique or exclusive and ‘H’ which stands for Hyundai, High-end, and High Society, offering the rare value of being the first, the greatest, and the only.





## CREATING SUSTAINABLE VALUE

# BUSINESS PORTFOLIO | Plant Works

## “BUILDING A SUSTAINABLE FUTURE WITH GLOBAL PLANT SOLUTIONS”

### Core Technologies

Process	<ul style="list-style-type: none"><li>· Cryogenic liquefaction process design</li><li>· CCUS* process optimization *CCUS: Carbon Capture, Utilization, and Storage</li></ul>
Metal materials/ corrosion	<ul style="list-style-type: none"><li>· Material selection</li><li>· Corrosion analysis and anti-corrosion design</li></ul>
Machinery/Piping	<ul style="list-style-type: none"><li>· Vibration evaluation and reduction design</li><li>· Heat/fluid computational analysis</li><li>· Pipe flow integrity evaluation</li></ul>
Smart Plants	<ul style="list-style-type: none"><li>· Digital twin</li><li>· Smart diagnosis and control</li></ul>

### Advanced EPC: Strengthening Existing Business Competitiveness

#### Core competitiveness: Natural gas treatment facility, LNG, Oil & Gas plants

Hyundai E&C's Plant Division has gained competitiveness in core businesses by developing base technologies and supporting specialized designs based on our world-class technological capabilities and knowhow. We are advancing as a 'Total Solution Creator' with sophisticated design technologies applied to all processes from FEED to EPC regarding our core oil & gas and petrochemical businesses, as well LNG plants where natural gas is cooled and liquefied for convenient transportation.

As a "Global Top-tier EPC Player," we are currently carrying out mega petrochemical projects in both Saudi Arabia and Korea, especially stepping up our efforts for facility being constructed in Korea to successfully make its debut as the world's first commercial TC2C (Thermal Crude to Chemical) plant.

### Expanded EPC: Expanding the Value Chain & New Businesses

#### New growth drivers: Hydrogen, ammonia, CCUS

Demand for hydrogen, ammonia, and CCUS is on the rise as resource depletion and environmental pollution are underscored as serious issues. Accordingly, Hyundai E&C is securing a foundation for new businesses by carrying out FEED (Front End Engineering Design) and shifting to EPC for hydrogen and ammonia projects while increasing EPC participation in domestic and global CCUS projects, taking advantage of our pre-FEED track record, design capabilities, and internalized technologies based on experience in the East Sea (Donghae) gas field CCS project.

### Kuwait Al Zour LNG Terminal

The Kuwait Al Zour LNG Terminal was a project where eight LNG storage tanks were built on an area of 225,000m<sup>2</sup> land created by reclaiming the sea. The project achieved both efficiency and economics by injecting sea water into the lateral side of the tank and lowering specifications of the pumps required for filling and draining water.



## CREATING SUSTAINABLE VALUE

# BUSINESS PORTFOLIO | New Energy Works

## “BUILDING A LEAD IN CARBON-FREE AS A PIONEER IN FUTURE ENERGY”

### Core Technologies

<b>Large-scale nuclear power plants</b>	<ul style="list-style-type: none"> <li>Optimal designing and production technologies for modular large-scale nuclear power plants</li> <li>Automated welding technology for mega nuclear reactor hangar structures</li> </ul>
<b>SMR /next-generation reactors</b>	<ul style="list-style-type: none"> <li>SMR (small modular reactor) VE designs *VE: Value Engineering</li> <li>Developing next-generation reactor technologies</li> </ul>
<b>Decommissioned NPP services /spent nuclear fuel</b>	<ul style="list-style-type: none"> <li>Restoration technology for decommissioning</li> <li>Dry storage technology for spent nuclear fuel</li> </ul>
<b>Renewable energy</b>	<ul style="list-style-type: none"> <li>Offshore floating solar system technology</li> <li>Fuel cell/water electrolysis optimization technology</li> </ul>

### Advanced EPC: Strengthening Existing Business Competitiveness

#### Core competitiveness: Large-sale nuclear power plants

Hyundai E&C is strengthening our EPC capabilities for large-scale nuclear power plants (NPP) based on our proud portfolio highlighted with accomplishments such as the most NPP constructions in Korea and Korea's first NPP exporter. Leveraging our developments of Korea's first modular design and production technologies for large-scale NPPs, we aim to shorten construction periods while realizing high quality standards. In addition, we are strengthening stability based on top-notch quality levels reached through automated welding technology for mega nuclear reactor hangar structures. Based on such competitiveness, Hyundai E&C's New Energy Works division will take the lead not only in boosting the domestic NPP industry, but also in expanding in the overseas market.

### Expanded EPC: Expanding the Value Chain & New Businesses

#### New growth drivers: SMR, next-generation reactors, decommissioning, spent nuclear fuel storage, renewable energy

As nuclear energy and renewable energy are in the spotlight as alternative energy sources for achieving net-zero, Hyundai E&C's New Energy Works division is strengthening the total nuclear energy value chain through SMR designing and constructions while entering the next-generation reactor business by developing special steel and original technologies. Moreover, we are strengthening our competitiveness in NPP decommissioning and spent nuclear fuel based on our track record in projects regarding safety evaluations of decommissioned sites. We are also striving to lead the future energy market by expanding the renewable energy business including fuel cells, solar power and green hydrogen, etc.

### Construction of Nuclear Power Plants in the UAE

We are constructing a 5,600MW capacity nuclear power plant on 8km by 1.8km land in the UAE, 4-times the size of Yeouido. It is the Middle East's first nuclear power plant and put Korea on the list as the 6th nuclear power plant exporters, serving as an opportunity for Hyundai E&C to showcase our construction capabilities to the world.





# SUSTAINABILITY IN HDEC

Hyundai E&C upholds the United Nation's Sustainable Development Goals (UN SDGs) and carries out activities under each goal to practice sustainable management.



Taking the lead in eco-friendly constructions in the eco-friendly water industry to reduce water pollution and enable safe reuse to secure clean water and sanitation by 2030



Striving to guarantee sustainable energy by improving the global energy mix based on increased share of renewable energy and expanding investments for clean energy technologies by 2030



Contributing to improving sustainability in the social infrastructure and industries by increasing efficiency in using resources and expanding green technologies by 2030



Minimizing negative impact on the environment by urban population and contributing to increasing restorable housing by 2030

## Infrastructure Works

### Offshore wind power



As the first Korean construction company to build an offshore wind power plant, we have strengthened our capabilities through the Southwest Sea pilot project and projects in Jeju Island. In 2023, we started operating an exclusive wind turbine installation vessel for the 100MW Jeju Hallim Wind Power Complex.

### Biogas



Hyundai E&C is a pioneer in laying the foundation for an eco-friendly ecosystem by expanding our biogas business for a circular economy. Food waste and human waste are converted into biogas energy through stable waste treatment. Moreover, we are carrying out pilot projects on the research of eco-friendly hydrogen production using biogas.

## Building/Housing Works

### Recycled material



Hyundai E&C received the 'USA Good Design Award' for the sculpted wall facade placed in front of lower-rise apartment units. The design was praised as a landscaping work that adds sustainability to artistic design by mixing recycled cosmetic bottles and high-strength concrete.

### Eco-friendly Buildings



The Frasers Towers in Singapore which actively used eco-friendly materials and enhanced energy and water efficiency in its construction received numerous building energy efficiency awards, including the BCA Green Mark Platinum Certification from Singapore's Building and Construction Authority.

## Plant Works

### CCUS



Based on our experience participating in Korea's first CCS pilot project, we are striving to advance core technologies in the field of carbon dioxide storage. In 2023, we signed a contract with Korea National Oil Corporation to carry out preliminary basic design for the construction of Korea's largest carbon dioxide storage tank, leveraging the depleted East Sea gas field.

### Clean Hydrogen



Hyundai E&C is developing the original technology for hydrogen production and strengthening design capabilities to lead the global hydrogen plant market. In 2023, we designed a 12.5MW green hydrogen concept in Jeju Island and completed the basic design of a water electrolysis-based hydrogen production base in Buan, Jeollabuk-do.

## New Energy Works

### Large-scale NPP / SMR



By participating in the construction of 24 large-scale NPPs in Korea and overseas, we have contributed to securing sustainable energy sources. Based on an agreement with Holtec International for SMR development, we are pursuing the deployment of the first SMR-300 unit in Palisades, Michigan.

### Renewable Energy

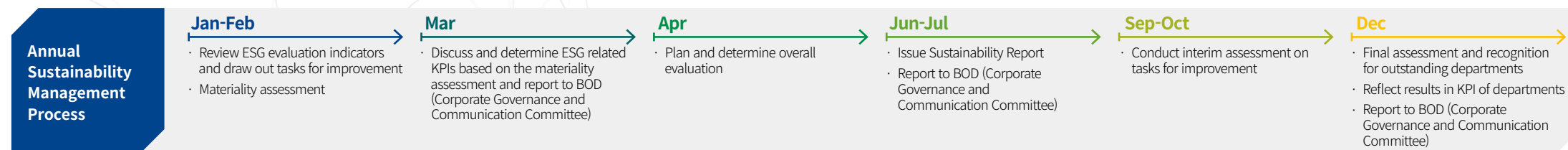
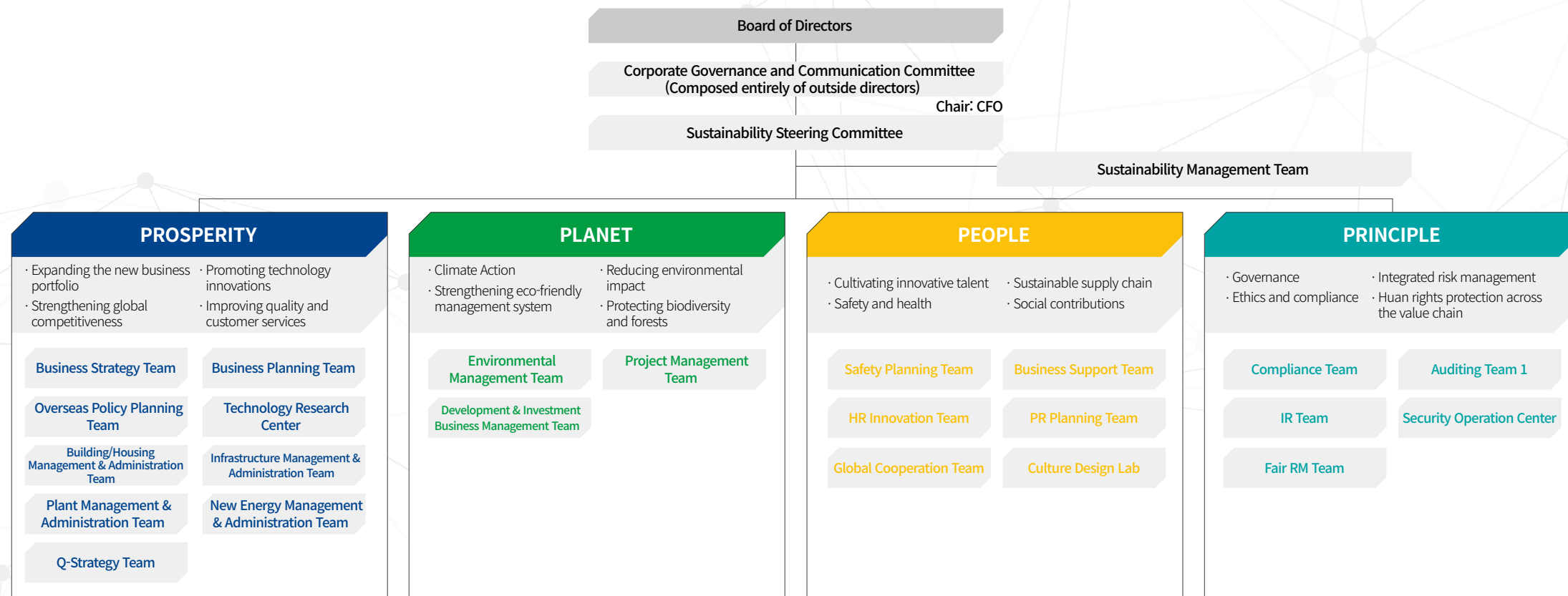


Hyundai E&C was involved in the Seosan Solar Power Plant from the project development, carrying out EPC and O&M and starting commercial operations of the Saemangeum Onshore Solar Power Plant (Zone 3). We continue to strengthening our implementation capabilities by participating in the Jeju green hydrogen project's conceptual design and the nuclear power plant-linked water electrolysis pilot project.

# SUSTAINABILITY MANAGEMENT

## Governance

In 2020, Hyundai E&C established the Sustainability Steering Committee led by our CFO under the Board's Corporate Governance & Communication Committee. Key ESG issues such as climate action, Occupational Safety and Health, and Quality Management are continuously discussed by the Sustainability Steering Committee while the Corporate Governance & Communication Committee, the highest decision-making body, reviews and makes decisions on relevant matters. In addition, we are striving to incorporate ESG management throughout the company by building performance targets for each division and embedding them in the KPIs of individual departments and employees.







# SUSTAINABILITY MANAGEMENT

## Strategy

In May 2021, Hyundai E&C became the first construction company to adopt the WEF Stakeholder Capitalism Metrics and a sustainability implementation system based on the 4Ps (Prosperity, Planet, People, Principle). The system that is built on a model of creating shared value, aims to generate economic and social value at the same time. To this end, we have developed 8 strategies across 4 categories to carry out corporate-wide sustainability management efforts in a systematic manner.

## CREATING SUSTAINABLE HABITAT FOR HUMAN

Pursuing the goal of creating sustainable habitats for humans by providing eco-friendly construction products and differentiated technology services in order to tackle global issues

### SHARED VALUE

### CORPORATE VALUE

Providing sustainable construction products and eco-friendly technology services

### SOCIETAL VALUE

Solving social problems and global environmental issues faced by humanity

#### HDEC PROSPERITY

Sustainable innovation created by Hyundai E&C



##### STRATEGY 1.

Creating sustainable economic value

- Expanding the new business portfolio
- Strengthening global competitiveness

##### STRATEGY 2.

Future technology and customer services innovation

- Technology innovation
- Customer services innovation

#### HDEC PLANET

Creating sustainable habitats led by Hyundai E&C



##### STRATEGY 3.

Climate action (TCFD Report)

- Climate change governance structure
- Climate change strategy
- Climate change risk management
- Climate change metrics and reduction targets

##### STRATEGY 4.

Eco-friendly management

- Eco-friendly management system
- Minimizing environmental impact

#### HDEC PEOPLE

Sustainable growth accompanied by Hyundai E&C



##### STRATEGY 5.

Talent and safety management

- Human rights management
- Cultivating innovative talent
- Building a sound organizational culture
- Spreading a culture of safety and health

##### STRATEGY 6.

Enhancing value chain capabilities and creating value for communities

- Sustainable supply chain management
- Win-win cooperation and shared growth
- Creating value for local communities

#### HDEC PRINCIPLE

Fair value implemented by Hyundai E&C



##### STRATEGY 7.

Sound governance and ethical/compliance management

- Governance
- Ethical and compliance management

##### STRATEGY 8.

Integrated risk management and protection of human rights in the value chain

- Integrated risk management
- Protecting human rights across the value chain

# SUSTAINABILITY MANAGEMENT

## Sustainability Risk and Opportunities

As the scope and impact of sustainability issues surrounding companies grow, it has become more important for companies to understand and manage their potential environmental and social impacts, as well as the risks and opportunities they face due to external factors. Hyundai E&C conducts an annual materiality assessment to identify and manage sustainability issues that affect stakeholders due to the company's business activities or business activities due to the external environment. For more information on Hyundai E&C's materiality assessment process and results in 2023, please refer to page 25 of this report.

### Identification of Risks and Opportunities regarding Sustainability

No	Area	Issue	Environmental and Social Impact		Financial Impact		HDEC
			Definition of Impact	Impact Type	Definition of Risk and Opportunity		Relevance with HDEC's 8 Strategies
1	Environmental	Climate action	· Reducing GHG emissions for customers and local communities through eco-friendly business activities such as high-efficiency buildings and use of renewable energy	Positive/ Actual	· [Risk] Increase in procurement costs due to rise in costs for responding to regulations in the raw material industries · [Opportunity] Revenue growth and competitive advantage secured with increase of low-carbon products		Strategy 3. Climate action (TCFD Report)
2		Energy consumption management	· Stable supply of renewable energy and power grid stabilization through the new renewable energy business	Positive/ Actual	· [Opportunity] Drop in energy costs thanks to the eco-friendly energy business such as renewable energy-based power generation and energy trading schemes		
3		Eco-friendly technology	· Contributing to reduction of GHG emissions and environmental impact through business development and energy transition projects	Positive/ Potential	· [Opportunity] Revenue growth and increase of capital inflow from investors due to increased opportunities of the eco-friendly business		Strategy 1. Creating sustainable economic value
4		Pollution management	· Environmental pollution in local communities due to pollutants discharged as a result of business activities	Negative/ Potential	· [Risk] Fines and improvement costs in case of violations of various environmental regulations		Strategy 4. Eco-friendly management
5		Waste management	· Environmental issues triggered by massive waste generated in the construction and demolishing process	Negative/ Potential	· [Risk] Financial losses from penalties for failing to meet laws and regulations on construction waste		
6	Social	Occupational safety and health	· Undermined health and quality of life of Hyundai E&C and supplier employees in case of a safety incident at our business site	Negative/ Actual	· [Risk] Higher costs associated with stricter safety and health regulations and occurrence of safety accidents · [Opportunity] Prevention of hazards by developing smart safety technologies and implementing safety and health programs		Strategy 5. Talent and Safety management
7		Quality management	· Risk of quality defects undermining quality of life for user and triggering safety accidents	Negative/ Potential	· [Risk] Setbacks in construction due to litigations surrounding defects and quality issues, etc. · [Opportunity] Improved quality competitiveness and revenue growth based on technology		Strategy 2. Innovating future technologies and customer services
8		Labor practices and organizational culture	· Improving employee satisfaction and creating quality jobs through robust labor-management relations and a sound organization culture	Positive/ Actual	· [Opportunity] Contributing to revenue growth by enhancing employee productivity through a sound organizational culture		Strategy 5. Talent and Safety management
9		Supply chain management	· Pursuing shared growth through win-win cooperation for job creation in the local community and contributing to strengthening the construction ecosystem	Positive/ Actual	· [Opportunity] Drop in operating costs by building a stable supply chain and increased competitiveness and revenue growth through shared growth with suppliers		Strategy 6. Enhancing value chain capabilities and creating value for local communities
10	Governance	Ethical and compliance management	· Undermining social order for sound transactions when corruption occurs	Negative/ Potential	· [Risk] Financial losses such as litigation costs/fines in case of unethical practices and acts of corruption		Strategy 7. Sound governance and ethical and compliance management
11		Fair trade practices	· Damage to market integrity due to unfair trade practices such as abuse of trading position, insider trading, and collusion	Negative/ Potential	· [Risk] Financial losses such as litigation costs/fines, and business sanctions in case of unfair trade or fraudulent transactions, etc.		

# SUSTAINABILITY MANAGEMENT

## Metrics and Targets

Hyundai E&C has established and manages mid-to-long-term sustainability targets in eight focal areas by incorporating demands from our stakeholders. In 2023, Hyundai E&C received approval for our 2045 Net-Zero Roadmap based on the SBTi, the first time for a domestic listed construction company, and strengthened our response to climate change by building new sustainability targets. We aim to pursue sustainable growth and development by continuing to manage our mid-to-long-term sustainability targets effectively.

Focal Area	Long-term sustainability target	Sustainability KPI	2021	2022	2023	2024 Target/Estimate
Creating sustainable economic value	Expanding ratio of sustainable product revenues* to over 60% by 2030 *Recalculation due to change in criteria for sustainable product eligibility (based on EU Taxonomy)	Revenues (KRW 100 million, consolidated)	180,655	212,391	296,514	297,000
		Revenues (KRW 100 million, non-consolidated)	102,463	119,785	157,788	154,500
		Total ratio of sustainable products (%)	46.27*	52.10	60.85	55.70
		Total revenues of sustainable products (KRW 100 million)	47,412*	62,403	96,020	74,490
Innovating future technology and customer services	Increasing annual investments to KRW 20 billion to sharpen the competitiveness of core technologies in the value chain by 2030	R&D investments (KRW 100 million)	178	220	237	253
		No. of research talent (person)	140	141	157	155
		No. of patents registered (cases)	60	38	31	50
		Investments in developing eco-friendly technologies (KRW million)	3,716	4,400	3,588	8,945
Climate action	Reducing greenhouse gas emissions based on the SBTi by 2030 (46.2% of scope 1 and 2 emissions and 16.7% of scope 3 emissions compared to the base year) * Target set for 67% of base year's 67% Scope 3 emission	Scope 1 GHG emissions (tCO <sub>2</sub> e)	174,227	309,762	270,467	330,144
		Scope 2 GHG emissions (tCO <sub>2</sub> e)	122,614	75,074	92,907	140,806
		Scope 3 GHG emission (tCO <sub>2</sub> e)	9,281,746	6,658,746	5,765,722	8,832,387
		Total GHG reductions (tCO <sub>2</sub> e)	10,899	12,687	3,765	3,687
Ecofriendly management	Minimizing environmental impact by achieving zero environmental penalties by 2030	Total energy consumption (TJ)	4,846.90 <sup>1)</sup>	5,852.31 <sup>2)</sup>	5,410.79	5,323.00
		Water withdrawal (1,000 tons)	1,478.01	1,229.82	2,027.66	2,008.00
		Waste water discharged <sup>3)</sup> (1,000 tons)	507.75	531.51	422.20	413.40
		Waste recycling rate (%)	99.36	99.68	99.98	99.98
Safety management	Maintain zero fatality rate by 2030, annual 5% reduction in lost time injury frequency rate (LTIFR) (compared to 2023)	Investment in safety management (KRW 100 million)	1,349	1,658	2,399	2,297
		Number of on-site safety inspections (number)	2,576	4,735	4,494	3,546
		Employee LTIFR (number/million hours worked)	0.14	0.327 <sup>4)</sup>	0.389	0.370
		Supplier LTIFR (number/million hours worked)	1.644	1.982 <sup>4)</sup>	2.121	2.015
Talent management	Securing and fostering talent in design/engineering and key core technologies	New recruits (person)	1,217	2,122	1,467	1,553
		Total annual wage for employees (KRW 100 million)	6,097.50	6,749.90	7,518.12	7,969.20
		Training cost per person (KRW) <sup>5)</sup>	400,172	391,116	250,935	296,846
		Employee engagement (%; points) <sup>6)</sup>	63.3	67.7	75.4	76.5
Strengthening value chain capabilities	Expanding the sustainability management evaluation of major suppliers and the action rate to 100% by 2030	Value of new contracts for entry into overseas markets with suppliers (KRW 100 million)	800	2,751	1,443	1,521
		Total supplier procurement/service costs (KRW 100 million)	85,966	116,906	124,473	99,693
		Win-win Growth Fund (KRW 100 million)	1,600	1,600	1,660	1,660
		Supplier ESG inspections (no. of companies)	30	44	50	44
Creating value for local communities	Improving social value as a global citizen through global social contributions in connection with the United Nations SDGs (Sustainable Development Goals)	HQ donations (KRW 100 million)	135.80	82.30	70.30	71.00
		Investment in overseas social contributions (KRW 100 million)	2.5	1.6	1.7	2.0
		No. of overseas social contribution countries (countries, cumulative)	20	22	22	23
		Annual corporate CSR mileage annual target [Division KPI] (mileage)	3.9	3.4	3.9	5.0

1) Correct data values due to last year misstatements

2) Other cured fuels were added to the calculation which increased 2022 energy consumption

3) Excluding natural groundwater treatment capacity generated naturally during tunnel and underground excavation construction (calculation method changed this year)

4) 2022 data was re-delineated to reflect finalized figures following the release of the 2023 Report

5) Starting in 2023, training cost per person includes regular and contract employees

6) The employee engagement survey was renewed in 2023 with data only being for positive response rates up to 2022 and for engagement scores starting from 2023





# MATERIAL TOPIC

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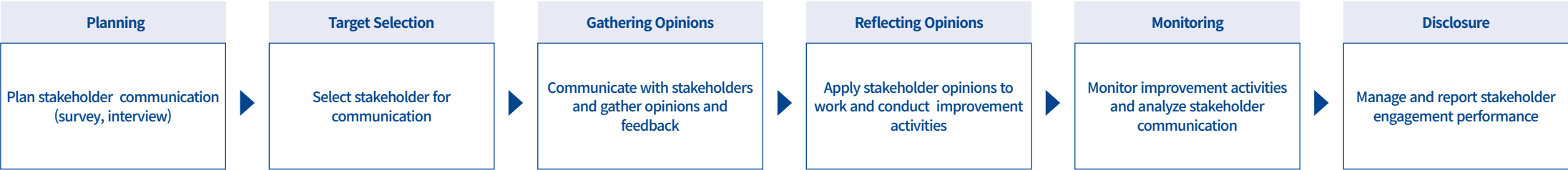


Golden Sunset Bridge



# STAKEHOLDER ENGAGEMENT

Hyundai E&C has determined seven key stakeholders in terms of business and function and strives to strengthen communication with our stakeholders by operating communication channels suitable for each stakeholder group. We value the opinions of stakeholders and will continue to identify their key interests and manage them to incorporate them into our sustainability management.

## Engagement process by stakeholder



## Communication channel and interests by stakeholder group

Stakeholder	Employee	Customer	Supplier	Community · NGO	Government · Media · Trade Associations	Shareholders · Investors	ESG expert · Academia
<div>Communication Channel</div> <div></div>	<div>· Intranet, blogs, YouTube</div> <div>· Discussions with CEO</div> <div>· Employee engagement survey, H-Dudrim</div> <div>· Sustainability Steering Committee</div> <div>· Cyber Audit Office</div>	<div>· Website, newsroom, blogs, YouTube</div> <div>· Website, customer center (H-Dudrim), Customer Call Center</div> <div>· Cyber Audit Office</div>	<div>· Hi-Partner System</div> <div>· Win-win Management Committee, Win-win Growth Support Center</div> <div>· Supplier satisfaction survey</div> <div>· H-Dudrim</div> <div>· Discussions with suppliers</div> <div>· Cyber Audit Office</div>	<div>· External social contribution committees</div> <div>· Community meetings</div> <div>· Community contribution activities</div> <div>· Civic groups and environmental groups</div>	<div>· Discussions on policies</div> <div>· Public hearings</div> <div>· Press releases</div> <div>· Trade association activities</div>	<div>· Shareholder meetings</div> <div>· Investment presentations</div> <div>· IR meetings</div> <div>· Disclosure information</div>	<div>· Sustainability Report</div> <div>· Participate in external assessments</div> <div>· ESG seminar</div>
<div>Interests</div> <div></div>	<div>· Improving customer satisfaction</div> <div>· Creating a horizontal organizational culture</div> <div>· Pursuing work-life balance</div> <div>· Fair performance evaluation and compensation</div> <div>· Fostering innovative talent</div>	<div>· Maximizing customer satisfaction through technology innovations</div> <div>· Enhancing contribution to tackling social issues</div> <div>· Pleasant housing environment</div> <div>· Sharing ESG policies of the supply chains of domestic and overseas accounts</div>	<div>· Win-win partnerships</div> <div>· Fair trade, technology cooperation</div> <div>· Supply Chain ESG management</div> <div>· Sharing information and technologies</div>	<div>· Protecting the environment surrounding business site</div> <div>· Reinforcing implementation of the 3 focal areas</div> <div>· Enhancing contribution to tackling social issues</div>	<div>· Compliance with laws and regulations</div> <div>· Fulfilling social responsibility</div> <div>· Improving transparency in tax payments</div> <div>· Transparent disclosure of information through media</div>	<div>· Building a sound governance structure</div> <div>· Sharpening corporate competitiveness</div> <div>· Increasing shareholder value</div> <div>· Diversifying the business portfolio</div>	<div>· Strengthening ESG disclosures</div> <div>· Building a sustainability management strategy</div> <div>· Internalizing ESG</div>



# STAKEHOLDER ENGAGEMENT

## Stakeholder Communication and ESG Initiatives

Hyundai E&C is actively responding to domestic and international sustainability assessments carried out by players in the capital market such as the S&P (DJSI), Korea Institute of Corporate Governance and Sustainability (KCGS), MSCI, ISS, and CDP, etc., and is strengthening our sustainability disclosures in line with GRI, ISSB, and SASB standards, as well as WEF Stakeholder Capitalism Metrics. Through online and offline communication with regulatory bodies, investment institutions, and non-profit organizations at home and abroad, we are listening to the opinions of our key stakeholders regarding our sustainability directions and reflecting them in our sustainability efforts.

(Based on 2023-2024)

- Environmental**
- Participation in Korea TCFD Alliance activities and disclosure of climate related information
  - Obtained approval for SBTi (Science-Based Targets initiative)
  - Joined K-EV 100
  - MOU on renewable energy transition (Incheon Namdong Industrial Complex, Hyundai Motor Company, Kia, Hyundai Mobis, etc.)
  - MOU for joint participation in SMR technology competition (Holtec International, UK Atomic Energy Authority)
  - MOU on development of low-carbon construction material (Holcim)
  - Project for building biodiversity conservation gardens (Gangwon Nature Environment Research Park, World Vision, etc.)

- Social**
- One company, one district partnership campaign in Jongro-gu (Jongro District Office, Gahoe-dong Community Center)
  - Supporting the underprivileged in the community (Jongro Social Welfare Center)
  - Education/Scholarship Mentoring program for selected youth and university students in the metropolitan area(Future for Youth Foundation)
  - Energy welfare project for vulnerable groups and social welfare facilities in Seoul (Climate and Environment Division of Seoul, Korea Energy Agency, Seoul Social Welfare Association)
  - Project providing safety education and safety supplies for children (Plan Korea, Construction Industry Foundation for Social Responsibility)
  - Fostering construction and ESG startups (Seoul Business Agency, Korea Social Investment Foundation)

- Governance**
- Communication on business ethics (Norwegian Pension Fund, ISS)
  - Sharing ESG status and policies with project issuers overseas
  - ESG communication with major pension funds and investment institutions in Korea and overseas (National Pension Fund, asset management firms, Korea Listed Companies Association, Korea IR Association, Korea Association for CFOs)
  - Shareholder meetings (investors, shareholders)

## CASE: Shareholder and Investor Engagement and Input

As a global engineering and construction company, Hyundai E&C actively gathers and reflects the opinions of various stakeholders including our employees, customers, suppliers, communities, government, shareholders, and investors in our business activities to create a better world to live in. Our shareholders and investors are key stakeholders as they provide the financial capital needed for us to develop new markets and target new businesses. Hyundai E&C is devoted to strengthening communication to maximize added value for our shareholders and investors and working hard to embed their opinions in our sustainability activities.

### Promoting shareholder and investor communication

Hyundai E&C hosts Corporate Day and Analyst Day events to increase communication with our shareholders and investors. These events are planned to actively communicate our business activities on a quarterly basis by taking questions on key management issues and disclosing our business performance such as new orders and order backlog regarding our domestic and overseas business. In 2023, we had meetings with over 400 institutional investors and analysts and made all of our IR data available to not only institutional investors, but also general shareholders by posting it transparently on our website. Moreover, an FAQ on the company and our financials is also shared to address questions that many shareholders and investors are interested in. The IR Team and Sustainability Management Team leverage various channels including face-to-face meetings, conference calls, and email, etc. to communicate the company's sustainability efforts and improvements and by highlighting the competitive edge of our energy transition business based on offshore wind power and energy trading, we have gathered input on ESG trends demanded by capital markets and feedback on our activities.

### Shareholder and investor demands and our response

Hyundai E&C analyzes and actively communicates with shareholders and investors on issues of interest. Analysis of sustainability issues that shareholders and investors were interested in over the past two years showed that topics of the most interest were in the order of safety and health, the environment, and ethical and compliance management. We responded timely to inquiries on issues regarding occupational safety including Hyundai E&C's efforts to strengthen supplier safety capabilities and investment plans for improving safety and health for sustainable management, as well as inquiries on our targets and progress regarding net-zero and environmental management, and on ethical and compliance management. We disclose our ESG improvements and strategic directions for the future in detail each year through our Sustainability Report. In the 2024 Sustainability Report, Hyundai E&C's strategy and risk management plan are transparently disclosed in separate pages on the investor key interest areas of Climate Action, Occupational Safety and Health, and Quality Management.

# DOUBLE MATERIALITY ASSESSMENT

Each year, Hyundai E&C conducts a materiality assessment to identify and respond to sustainability issues related to the company's business activities affecting stakeholders or the company's business activities being affected by the external environment. In doing so, we identify the impacts, risks and opportunities that affect the sustainability of the company and determine material issues that should be considered with priority. In 2023, the materiality assessment was conducted as a double materiality assessment, which considers both the environmental and social impacts of a company's activities and the financial impact of risks and opportunities that the external environment and social factors may have on a company. The double materiality assessment was carried out through an environmental & social impact assessment and a financial impact assessment to internal and external experts who have a high level of understanding on sustainability and the company's business activities. The result of the assessment was reviewed by the Board's Corporate Governance and Communication Committee to determine a final 11 material topics which were integrated into the enterprise risk management (ERM) process.

## Double Materiality Assessment Process

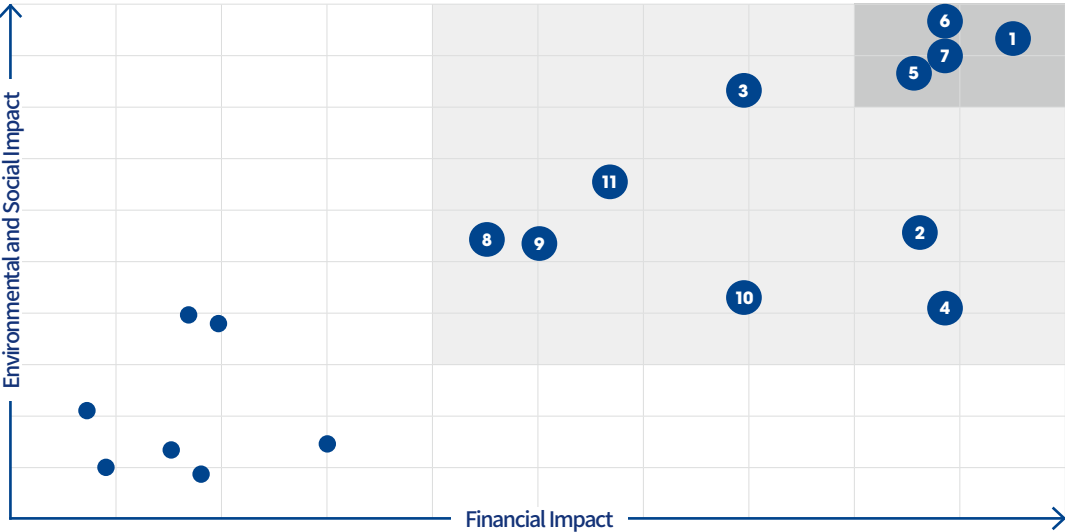


1) ESRS: European Sustainability Reporting Standards

# DOUBLE MATERIALITY ASSESSMENT

## Double Materiality Assessment Results

The 18 ESG issues highly relevant with the company were screened based on the environmental and social impacts of the company and the financial impact the ESG issues may have on the company to come up with a list of priority topics for the company. As a result, climate action, occupational safety and health, and quality management were determined as our priority topics. We are reporting our activities and performance on these priority topics in accordance with the ISSB framework (Governance-Strategy-Risk Management-Targets & Metrics) separately organized under Material Topics. In addition, 8 other issues, including eco-friendly technology, waste management, supply chain management, and ethical and compliance management were found to have high environmental, social, and financial impacts in relation to the company. A deep-dive analysis will be carried out on the selected 11 material topics and incorporated in the company’s sustainability strategy and targets, as well as our business activities.



## Hyundai E&C’s Material Topics

Area	Topic	Management Method
Environmental	Climate action	We are carrying out a phased implementation plan that includes setting net-zero goals based on SBTi, building an on-site low-carbon operating system, expanding our eco-friendly portfolio, continuing investment in eco-friendly technology, and strengthening cooperation across the value chain.
	Management of energy use	In order to improve the use of renewable energy and energy efficiency at business sites, we are contributing to the stable supply of renewable energy by installing on-site solar panels and ESS, joining K-EV100, and increasing purchases of eco-friendly vehicles, as well as pursuing the renewable energy power brokerage business.
	Eco-friendly technology	We are concentrating on eco-friendly business and energy transition businesses, striving to commercialize technology through on-site demonstration of eco-friendly technology. We are developing and verifying carbon-neutral energy technologies such as biogas energy, hydrogen production, and SMRs.
	Management of environmental pollution	We have established an eco-friendly construction process that minimizes environmental pollution throughout the entire value chain and operate an efficient eco-friendly management system based on domestic and foreign laws and regulations. Managing on-site risks through a site-focused management system and H-PMS, our integrated environmental performance management system, we are managing the environmental performance of all of our business site.
	Waste management	We have put in place a waste management system that is aligned with the Ministry of Environment’s waste management system and H-PMS to prevent violations of relevant laws and regulations and minimize the actual generation of on-site waste.
Social	Occupational safety and health	A safety and health risk assessment is carried out each year with immediate action taken in the event of non-conformity. We are making multifaceted efforts to prevent risks such as acquiring ISO45001 and KOSHA MS certifications, adopting the Smart Safety System (HloS and Disaster Prediction AI), conducting safety and health training for employees, and increasing investments in safety and health.
	Quality management	In order to secure customer satisfaction and high quality, we have established company-wide quality management principles and 7 quality norms, and are carrying out proactive quality management. We assess the frequency of nonconformity, participation in quality activities, and defect management after completion of construction to control quality with tailored management based on the assessment results.
	Labor practices and organizational culture	In order to improve organizational engagement, we operate various welfare systems such as a smart work system and childcare support. We are working hard to improve employee satisfaction by conducting an organizational culture diagnosis every year.
	Supply chain management	We conduct a Supply Chain ESG Assessment to manage suppliers with weak quality and safety standards. We offer training and consulting to help sharpen their competitiveness. Through H-Dudrim and the Hi-Partner supplier satisfaction survey, we are actively communicating with suppliers and addressing their needs and difficulties.
Governance	Ethical and compliance management	We operate an ISO 37001-certified anti-corruption management system and carry out compliance audits of our transaction partners, strengthen anti-corruption among our employees, and conduct training for our suppliers to build a corporate ethics culture that engages employees, affiliates, suppliers, and partner companies.
	Fair trade practices	We are striving to establish a sustainable value chain based on communication and cooperation to achieve shared growth through win-win partnerships. We operate a Win-win Growth Fund, carry out strategic procurement, offer safety consulting to suppliers, and operate practical and effective shared growth programs including the H-Safety Wallet program.



# DOUBLE MATERIALITY ASSESSMENT

## Internal and External Interviews on the Outcome of the Double Materiality Assessment

### Internal Expert Interview



Hyundai E&C Executive Director **Jae-Won Choi**

- Current Head of the Housing Works Project Office
- Former Representative of the Housing Works Business Division on Hyundai E&C's Sustainability Steering Committee

Served on multiple construction sites, in project administrative affairs, and as project manager, as well as being in charge of management and support for the housing works

\*Has been with Hyundai E&C for 19 years

#### Q How is Hyundai E&C responding to climate change along the project (construction) phases?

A Fully aware of the importance of climate change, Hyundai E&C is carrying out a variety of activities to respond to climate change. When working on projects, we closely examine various environmental factors starting from the preliminary stage when working on projects by looking at the climate, ground, and logistics conditions surrounding the project site, discussing what will be the optimal design and construction methods for the project with the client to understand impacts from the external environment. When construction sites undergo losses due to climate change during the project, we actively push to extend deadlines and modify designs, managing risks by including damages from force majeure catastrophic events in the indemnification clause of contracts. Moreover, we have emergency response manuals in place to prepare against sudden natural disasters such as heavy rains and snow with a system for minimizing damages to the site and supporting quick recovery even if such unexpected events occur. Under the principle of responding timely to the various issues that can be faced at all of our sites, Hyundai E&C is systematically managing risks to prevent physical and financial losses.

#### Q How does Hyundai E&C view climate change?

A Hyundai E&C prepares against the risks imposed by climate change, but we are also pondering on how we can take advantage of it as an opportunity and not simply as a risk. We carried out an empirical study on use of eco-friendly buildings in office and residential spaces through the Green Smart Innovation Center built in Mabuk-dong, Yongin City in 2014, and based on that experience, we received ZEB5, grade 5 of the Zero Energy Building Certification (23.37% energy self-sufficiency rate) with the 'Hillstate Lake Songdo Complex1' in 2019. As demand for housing and buildings with energy efficiency technologies, such as data centers, are expected to grow, we recognize this as a business opportunity and are striving to secure differentiated technology through continuous research and developments. Climate change can be a crisis for the construction industry, but it can be turned into an opportunity for the future to companies that have foreseen it and are prepared and ready.

### External Expert Interview



Standard Chartered Bank Korea Executive Director **Hak-Yeol Kim**

- Current Head of the Business Global Banking Division
- Current SRM in charge of Hyundai Motor Group

Offering financial solutions and financing to global businesses

\*28 years industry experience

#### Q Are the impacts, risks, and opportunities defined by Hyundai E&C for each material topic appropriate?

A Hyundai E&C clearly identifies the risks of climate action, occupational safety and health, and quality management that have substantial impact on the company and has developed feasible countermeasures. For the construction business, addressing physical risks triggered by climate change, especially by rising temperatures and increased precipitation is imperative. And, as there is higher possibility of safety and health incidents to occur compared to other industries, it should be determined as a material risk and have a designated management system.

#### Q How do you view Hyundai E&C's response towards the risks and opportunities associated with each material topic?

A I believe the company has prepared specific long-term plans as the first Korean public construction company to declare Net Zero by 2045 and obtain ISO9001 for its quality management system. Climate actions are not just about managing risks but can also lead to discovering new business opportunities while responding to quality management and occupational safety and health can sharpen the company's competitive edge in the construction industry and have a positive impact on its corporate value.

#### Q Are there any other response activities that you think the company can consider?

A It is important to build more detailed and advanced target-setting systems for strategies such as reaching Net-Zero by 2045 and expanding green businesses to strengthen the company's competitiveness. In addition, it would be desirable for the company to share specific improvement measures when disclosing information transparently on key matters such as quality management and occupational safety and health.

DOUBLE MATERIALITY ASSESSMENT

Response to Material Topics for Business Value Creation

Material Issues	Climate action	Occupational safety and health	Quality management								
Business Cases and Impact	<p>The importance of climate action is growing along with the global carbon neutrality trend which is driving demand for companies to step up their social responsibilities towards GHG mitigation to minimize the consequences from climate change. In particular, as regulations on GHG reduction targets become stricter across various industries such as steel, buildings, transportation, and waste, which are related to the construction industry, the direct impact on corporate revenues is also increasing.</p> <p>Meanwhile, low-carbon and eco-friendly demand are on the rise, leading to forecasts of further growth in the renewable energy market. And, GHG emissions for customers and local communities can be reduced through our eco-friendly business activities such as high energy efficiency buildings and renewable energy.</p> <p>Type of impact on business: Revenue</p>	<p>Construction sites involve most of its work to take place outdoors in dangerous environments with workers exposed to a high level of risks in terms of operating power engines and heavy equipment, facing the risk of falls, and requiring significant physical labor. Due to such situations, the industry has a higher death rate and injury rate than other industries.</p> <p>When safety and health accidents occur at worksites, it can have a direct impact on the health of our employees and suppliers, as well as undermine the quality of life for employee families. In addition, corporate responsibility towards occupational safety and health is being increasingly emphasized with the government’s Serious Accidents Punishment Act which places companies at direct operational risks and litigation risks.</p> <p>Type of impact on business: Risk</p>	<p>The construction industry engages various suppliers and subcontractors across various stages of the construction project from design and construction to maintenance. This complexity can lead to structural, equipment, and environmental defects. Such quality defects can sometimes trigger serious injuries or loss of property value, as well as economic damages.</p> <p>Recently, policies are moving in the direction of underscoring quality, and complaints and reports of defects in multifamily housing are increasing. Failing to manage quality can result in losing trust from stakeholders which can crucially undermine the business competitiveness of companies.</p> <p>Type of impact on business: Revenue</p>								
	Business Strategies	<p>Hyundai E&amp;C is discovering new eco-friendly businesses such as Zero Energy Buildings, offshore wind power, SMR, CCUS, and power brokerage, etc. and diversifying our portfolio to respond to climate change while maximizing its business opportunity at the same time.</p> <p>For our fundamental business, we are optimizing use of material through smart construction technologies such as BIM and developing eco-friendly construction material including low-carbon cement and steel to use in our constructions to reduce our impact on climate change.</p>	<p>In order to become a leading global player in terms of safety and health management, Hyundai E&amp;C is continuously strengthening our safety infrastructure, advancing safety and health systems, expanding a culture that embraces employees, and supporting the safety capabilities of our suppliers.</p> <p>By strengthening our safety and health organization, developing a Smart Safety System, and operating hands-on training and a safety management mileage program, we are working hard to minimize the risk of employee safety accidents.</p>	<p>Under our quality management system (ISO9001), we are adopting quality management systems (Q-Pocket and Q-Con) and conducting quality assessments (Q-TPI) on our constructions through professional institutions. In addition, various on-site quality inspection activities such as the Quality Management Check-up (QMC), on-site inspections and improvements (Q-Patrol), and Quality Audit on the Finishing of Multifamily Housing (Q-Audit) are carried out to improve our overall quality and strengthen quality management.</p>							
Targets and Metrics	<p>[Targets] 2030 GHG emission reductions in line with SBTi criteria (46.2% Scope 1,2 and 16.7% Scope 3 reductions compared to base year*)</p> <p>*Target set for 67% of Scope 3 emissions in the base year</p> <p>[Progress]</p> <table><tr><td>2023 Target</td><td>2023 Actual emissions</td></tr><tr><td>Scope 1: 347,696 tCO<sub>2</sub>eq</td><td>Scope 1: 270,467 tCO<sub>2</sub>eq</td></tr><tr><td>Scope 2: 148,292 tCO<sub>2</sub>eq</td><td>Scope 2: 92,907 tCO<sub>2</sub>eq</td></tr><tr><td>Scope 3: 9,009,295 tCO<sub>2</sub>eq</td><td>Scope 3: 5,765,722 tCO<sub>2</sub>eq</td></tr></table>	2023 Target	2023 Actual emissions	Scope 1: 347,696 tCO <sub>2</sub> eq	Scope 1: 270,467 tCO <sub>2</sub> eq	Scope 2: 148,292 tCO <sub>2</sub> eq	Scope 2: 92,907 tCO <sub>2</sub> eq	Scope 3: 9,009,295 tCO <sub>2</sub> eq	Scope 3: 5,765,722 tCO <sub>2</sub> eq	<p>[Targets] Reach 0 fatality rate and reduce 5% of lost time injury frequency rate (LTIFR) by 2030 (compared to 2023 base year)</p> <p>[Progress] 0 Employee fatality rate</p>	<p>[Targets] Customer satisfaction scores of 83 in 2023, 85 in 2024, 88 in 2025, and 90 in 2026</p> <p>[Progress] 81.3 points in 2023</p>
	2023 Target	2023 Actual emissions									
Scope 1: 347,696 tCO <sub>2</sub> eq	Scope 1: 270,467 tCO <sub>2</sub> eq										
Scope 2: 148,292 tCO <sub>2</sub> eq	Scope 2: 92,907 tCO <sub>2</sub> eq										
Scope 3: 9,009,295 tCO <sub>2</sub> eq	Scope 3: 5,765,722 tCO <sub>2</sub> eq										
Executive KPI	<p>Hyundai E&amp;C includes the climate change response strategy and targets in the CEO’s KPI. Climate change risks such as quantitative reduction targets for GHG emissions and energy use and GHG target management systems are integrated in the KPI, accounting for 5% and also linked to the CEO’s compensation of salary and incentives</p>	<p>Hyundai E&amp;C embeds occupational safety and health indicators such as death rates and severe accidents in management’s KPI, representing 15% of the total. Furthermore, safety related indicators are included in the KPI of all employees to raise awareness and strengthen their sense of responsibility for stronger drive towards safety.</p>	<p>To enhance quality, we include site evaluations and measures such as prevention of early defects and serious defects in the KPI of business sites. Quality targets are set with such indicators accounting for 10% of management KPI and being continuously managed through on-site assessments and defect and penalty related goals.</p>								

# DOUBLE MATERIALITY ASSESSMENT

## Management of Material Impacts

As corporate activities trigger various social issues such as environmental pollution and human rights violations, there has been growing demand from various stakeholders for companies to create environmental and social values in addition to financial performance and enhance value for all stakeholders. In accordance with the call of our times, Hyundai E&C quantitatively assesses the environmental and social impacts of company-wide business activities related to priority material sustainability issues identified from the materiality assessment and displays the results on this page, and also assesses the financial impact of sustainability issues on the company with a detailed analysis for each specific topic. We also assess the financial impact of sustainability issues on the company with a detailed analysis for each specific topic. Hyundai E&C maximizes ESG opportunities and minimizes risks by building measures for active management. We will continue to measure the performance of the company's ESG activities to prioritize material issues, allocate resources efficiently, and disclose it transparently to enhance value for stakeholders.

Category	Climate action	Occupational safety and health	Quality management
Hyundai E&C's Activities	<ul style="list-style-type: none"> <li>Pursuing eco-friendly projects such as high energy efficiency buildings and renewable energy businesses, etc.</li> <li>As of end 2023, energy usage per unit area at Hyundai E&amp;C high energy efficiency buildings was 88.6 kWh/m<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>Building 12 Golden Rules of Safety along with detailed strategies and initiatives and managing the safety and health of employees and suppliers through a Smart Safety System</li> <li>No. of workers with occupational accidents in 2023: 32 (Hyundai E&amp;C), 405 (suppliers)</li> </ul>	<ul style="list-style-type: none"> <li>Operating Korea's first organization and research facility dedicated to soundproofing floors and being the first Korean construction company to obtain grade 1 in floor impact sound reduction performance in August 2022</li> <li>Started pilot commercialization in December 2023</li> </ul>
Key impacts	<ul style="list-style-type: none"> <li>Less energy consumption in high-efficiency buildings compared to conventional buildings, and resulting GHG emissions reductions in local communities</li> </ul>	<ul style="list-style-type: none"> <li>Safety and health accidents at business sites can undermine the health of employees and suppliers, and the quality of life of employee families</li> </ul>	<ul style="list-style-type: none"> <li>Reduced costs due to social inconveniences resulting from noise between floors</li> </ul>
Affected party	<ul style="list-style-type: none"> <li>[Products and Services] Customers with demand for high-efficiency buildings</li> <li>[Products and Services] Local community (environment)</li> </ul>	<ul style="list-style-type: none"> <li>[Business Operations] Employees and supplier employees</li> </ul>	<ul style="list-style-type: none"> <li>[Products &amp; Services] Customers with demand for multi-family residential units</li> </ul>

### 2023 Environmental and Social Impact Evaluation

- The construction industry inherently generates carbon emissions as buildings, which are its products, consume energy.
- Hyundai E&C applies passive technology that minimizes energy consumption and active technology that produces green energy when designing buildings and adopts Smart BEMS (Building Energy Management System) to enhance energy efficiency in the buildings we construct.
- We measure and manage eco-friendly impacts based on reduction of energy per unit area in Hyundai E&C's high efficiency buildings compared to conventional buildings.

### Assumptions and Impact Metrics used in measuring performance

- Energy consumption per unit area in 2022 was 122kWh/n<sup>2</sup> (Ministry of Land, Infrastructure, and Transport)
- Electricity emission factor 0.4594106MWh/tCO<sub>2</sub>eq (country-specific electricity emission factor)
- Social cost of carbon in 2020~2050 is 51~85USD/tCO<sub>2</sub>eq (US Federal Government)

- Due to the nature of the industry, the construction business requires significant physical labor which potentially exposes employees and suppliers to higher risk than other industries. When safety accidents occur, not only do they harm employee health, but they can also cause economic loss to both society and the nation.
- The safety and health of Hyundai E&C employees and suppliers is the top priority value when carrying out our business activities. To this end, we are strengthening safety management programs and reinforcing our safety and health systems to be systematically prepared.
- Hyundai E&C measures and manages the social impact from occupational accidents based on the social costs incurred due to industrial accidents.

- The cost of lost time injuries in 2022 was KRW 33.43 trillion (Ministry of Employment and Labor)
- Number of people with work-related injuries and illnesses in 2022 was 130,348 (Korea Occupational Safety and Health Agency)

- As higher standards are demanded in the quality of homes and residential environments and as people spend more time at home, noise between floors has recently become a serious social issue.
- Based on our corporate culture of placing quality first, Hyundai E&C is strengthening our basic project capabilities to create high-quality project sites and developing technology to take a preemptive stance on managing quality. In particular, we have formed a taskforce which is carrying out research and development on improving noises between floors.
- We are measuring and managing Hyundai E&C's creation of social value based on the social inconvenience costs customers pay due to noise between floors.

- KRW 54,442 in annual inconvenience costs per household caused by noise between floors (estimated inconvenience costs due to noise between floors, Korea Spatial Planning Review Vol. 58)

# MATERIAL TOPIC 1. CLIMATE ACTION

Governance

Strategy

Risk Management

Targets & Metrics

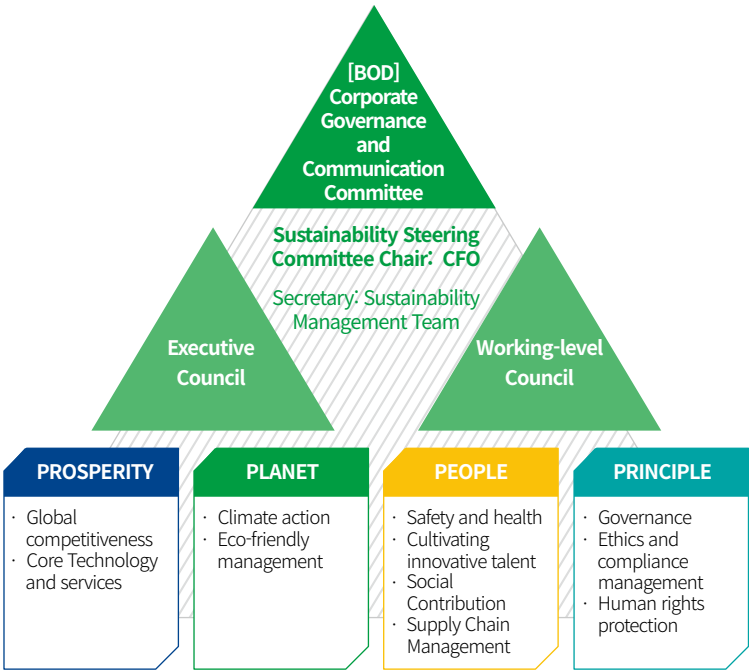
## BOD Management and Supervision on Climate Change

As the company’s highest decision-making body, Hyundai E&C’s Board of Directors deliberates on and determines important issues related to the company’s business operations including climate change issues and supervises the execution of duties by management. The BOD’s Corporate Governance & Communication Committee consists entirely of outside directors to assess material issues in an independent and objective manner and considers climate change issues when making key business decisions such as the business strategy. It also manages and supervises the effectiveness of key climate strategies including setting and achieving GHG reduction targets. The BOD receives reports on climate change issues regularly from the Sustainability Steering Committee to monitor progress of the company’s climate actions. The BOD reviewed and made decisions on the 2045 Net Zero Roadmap (2022) and Sustainability (ESG) plans (2022, 2023) to strengthen Hyundai E&C’s climate actions after announcing the company’s coal exit in 2021. To successfully respond to climate change, we received certification from SBTi<sup>1)</sup> in July 2023 for our 2030 GHG reduction targets and set up the NewEnergy division to pursue various changes such as expanding the energy transition business through offshore wind power and active PPAs to avoid further business related to coal-fired power plants.

Board of Directors

Execution Committee

Implementation Areas



1) Science Based Target initiatives

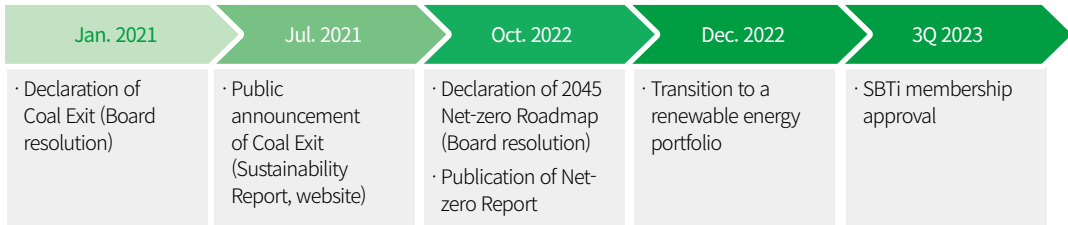
## Climate Change Organizations

Hyundai E&C is addressing climate change at the corporate level through the Sustainability Steering Committee which is responsible for managing and supervising climate risks and opportunities. The Sustainability Steering Committee is a management-level ESG council where executive councils including management, and other various departments participate. Departments included in the council set their KPIs each year based on ESG improvement tasks including climate actions and reports their performance each quarter to the committee. Climate-related issues of each department are also reported to the Sustainability Steering Committee by department executives and division heads. Issues that are considered material to the company’s business management are then reported to the Board by the Sustainability Steering Committee to be reflected in key business decisions including new business strategies and business plans, etc. Finally, disclosing the company’s key business principles regarding climate change is deliberated and determined by the Corporate Governance and Communication Committee, the highest decision-making body for climate issues, before being disclosed to stakeholders. In 2023, ESG tasks such as standardizing low-carbon temporary offices, improving energy efficiency at office buildings, devising a mid-to-long-term roadmap, developing carbon-reduced concrete technologies, and implementing a self-generated solar power pilot program were carried out.

## Performance Incentive System linked to Climate Change

Hyundai E&C assigns responsibility for climate action to the Chief Executive Officer and reflects the company’s climate strategy and targets in the CEO’s KPI to oversee the CEO’s role in this regard. The KPIs integrate risks related to climate change such as quantitative reduction targets for GHG emissions and energy use, and the performance of the GHG target management system. These KPIs account for 5% of the total performance indicators and are linked to compensation systems including the CEO’s salary and incentives.

### Implementation of Coal Exit



### 2022-2023 Board’s Decisions on Sustainability Management Issues

Corporate Governance and Communication Committee

- Approval of the 2045 Net Zero Roadmap
- Approval of the sustainability management (ESG) plan- Building relevant KPIs and conducting materiality assessment
- Report on enactment of key sustainability policies (environmental and biodiversity)

# MATERIAL TOPIC 1. CLIMATE ACTION

Governance	Strategy	Risk Management	Targets & Metrics
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## Identifying and Assessing Risks and Opportunities

Hyundai E&C created an issue pool by classifying climate-related risks and opportunities based on TCFD recommendations. After considering literature such as research papers on the construction industry, as well as demands from stakeholders including project issuers, financial institutions, and NGOs, we formed an issue pool of 22 climate-related risks and opportunities across Hyundai E&C’s domestic and global business sites and entire upstream and downstream value chain. The given risks and opportunities were reviewed comprehensively in terms of likelihood and impact scale through surveys with internal stakeholders and professional external institutions to assess the materiality of each factor. To understand the impact of each risk and opportunity on the business, short-term (~25), mid-term (~30), and long-term (~45) time horizons were used. As a result of the materiality assessment, we identified climate risks and opportunities that were determined to have substantial impact on Hyundai E&C and carried out a detailed analysis of each impact through a scenario-based analysis. For other issues, strategic impacts were considered similar to quantitative and qualitative analyses. The quantitative analysis of key risks and opportunities are reported to management each year through the Sustainability Steering Committee to be incorporated in the company’s business strategies.

### Climate Materiality Assessment Process



### Climate-related Risk and Opportunity Pool

Transition Risks	Risk Factor	
Policies and Legislations	<b>T1</b> Joining the emissions trading scheme	<b>T2</b> Increase in climate-related litigation risks
Technology	<b>T3</b> Transition cost to electrification and high-efficiency equipment	<b>T4</b> R&D costs for low-carbon construction technology
Market	<b>T5</b> Reduced demand for high-emission projects	<b>T6</b> Increased demands from customers for information disclosure
Reputation	<b>T7</b> Rise in carbon-intensive raw material prices	<b>T9</b> Increase in investors with socially responsible investment appetites
	<b>T8</b> Drop in stakeholder reputation	
	<b>T10</b> Undermined ESG evaluation	

Physical Risks	Risk Factor	
Acute	<b>P1</b> Typhoons, floods, heavy rainfalls	<b>P2</b> Droughts and water scarcity
Chronic	<b>P3</b> Rise in average temperatures	

Opportunities	Opportunity Factor	
Resource Efficiency	<b>O1</b> Utilization of electrified and high-efficiency equipment	<b>O2</b> Optimized procurement and distribution process through the Smart Construction System
Energy Source	<b>O3</b> Stable sourcing of renewable energy	<b>O4</b> Renewable energy policy incentive
Products and Services	<b>O5</b> Increase in demand for energy conversion projects	<b>O6</b> Increase in demand for Zero Energy Buildings
Market	<b>O7</b> Diversification from EPC-centered business models to platform and developer business models	
Resilience	<b>O8</b> Provision of solution to ease power variability	<b>O9</b> Development of low-carbon, green raw material through technology development partnerships in the supply chain

# MATERIAL TOPIC 1. CLIMATE ACTION

Governance	Strategy	Risk Management	Targets & Metrics
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## Key Outcomes of the Climate Materiality Assessment

Key transition risks identified from the climate materiality assessment are policy and legislations and market risks. More specifically, the risks are related to joining the emissions trading scheme, reduced demand for high-emission projects, and rise in carbon-intensive raw material with the impact from the given risks expected to steadily increase by 2045. Key physical risks were identified as financial impacts from higher frequency and intensity of disasters caused by typhoons, floods, and heavy rainfalls, etc., and rise in average temperatures.. Meanwhile, Hyundai E&C not only identified climate-related risks, but also confirmed positive financial impacts from new business opportunities related to low-carbon projects and Zero Energy Buildings.

### Physical Risks

P1	<b>Tropical cyclone, floods, and heavy rainfalls</b>	Possible delays in construction periods due to damages at construction sites caused by increase in frequency and intensity of climate-related disasters such as storms, floods, and heavy rainfalls, etc.
P3	<b>Rise in average temperature</b>	Possible drop in profits due to delays in construction periods caused by undermined worker productivity and work efficiency from heat related illnesses when average temperatures rise

### Transition Risks

T1	<b>Joining the Emissions Trading Scheme (ETS)</b>	The construction business is expected to join the ETS in its 4th phase (2026-2030) which will increase costs for responding to regulations
T5	<b>Reduced demand for high-emission projects</b>	Possible drop in demand for projects with heavy carbon emissions such as fossil fuel-based power plants due to stricter regulations on GHG emissions may lead to reduced profits for the company
T7	<b>Rise in carbon-intensive raw material prices</b>	Possible price hikes in carbon-intensive raw material such as steel and cement due to carbon neutrality policies and rising energy costs

### Opportunities

O5	<b>Increase in demand for energy conversion projects</b>	Possible increase in demand for low-carbon projects such as power generation using renewable energy and SMRs <sup>1)</sup> considering global trends and customer needs
O6	<b>Increase in demand for Zero Energy Buildings</b>	Possible increase in demand for eco-friendly and zero-energy buildings with stricter policies on energy efficiency in buildings such as the Zero Energy Building mandate, etc.

1) SMR: Small modular reactors with 300MWe-level electricity output

# MATERIAL TOPIC 1. CLIMATE ACTION

Governance

Strategy

Risk Management

Targets &amp; Metrics

## Key Outcome of Climate Materiality Assessments

✓ : Key Risks   ● : High   ● : Medium   ● : Low

Category	Risks & Opportunities		Time-horizon*			Impact on the Business and Value Chain	Response
			Short-term	Mid-term	Long-term		
Physical Risks							
Acute	✓ P1	Typhoons, floods, and heavy rainfalls	●	●	●	· Delays in construction and resulting drop in profits caused by higher frequency and intensity of	· Reflect climate predictions of the local community in the construction timeline · Negotiations with the client for an extension of the construction period due to delays caused by natural disasters
Chronic	P2	Drought and water scarcity	●	●	●	· Increased difficulty and costs in securing stable water supply at construction sites due to droughts and water scarcity	· Implement water recycling facilities and facilities for reusing rainwater
	✓ P3	Rise in average temperatures	●	●	●	· Undermined worker productivity and health due to rise in average temperatures · Drop in revenues due to delays in construction caused by limited working days	· Utilize Meteorom, a specialized weather program, to review the climate of project sites and reflect them in the construction timeline when engaging in bids · Prepare and educate healthcare guidelines for heatwaves
Transition Risks							
Policies and Legislations	✓ T1	Join the Emissions Trading Scheme	●	●	●	· Increase in costs to address regulations in the GHG ETS 4th phase (2026-2030) *Expected to have a relatively smaller impact on cost increases compared to other industries	· Build 2045 Net Zero Roadmap · Reduce on-site GHG emissions by using efficient equipment and self-generation, etc.
	T2	Risk of rise in climate-related litigations	●	●	●	· Rise in risk of litigations due to demands for carbon neutrality by stakeholders and delays in responding to climate change targets	· Prohibition of new coal-fired power plant projects after declaring to transition out from coal in 2021 · Expand eco-friendly business
Technology	T3	Transition cost to electrification and high-efficiency equipment	●	●	●	· Increase in costs to introduce electrification and high-efficient equipment	· Review cost-effectiveness of replacing equipment
	T4	R&D costs for low-carbon construction technology	●	●	●	· Increase in R&D costs for new technologies and alternative technologies such as OSC and construction robots, etc.	· Acquire technology patents through active R&D to lower technology adoption costs
Market	✓ T5	Reduced demand for high-emission projects	●	●	●	· Drop in high-emission projects such as fossil fuel-based power plants due to stricter GHG regulations	· Increase sustainable projects in line with the Green Taxonomy
	T6	Increased demands from customers for information disclosure	●	●	●	· Weaker competitiveness with increased demand from customers on information disclosure in the project PQ and bidding stage	· Identify requirements of project issuers and understand trends in climate change policies to strengthen our response · Enhancement of data management through GHG management systems
	✓ T7	Rise in carbon -intensive raw material	●	●	●	· Increase in prices of carbon-intensive raw material (steel, cement) due to stricter GHG regulations	· Reduce risks by analyzing monthly domestic and global raw material market conditions and market forecasts · Leverage the contract price adjustment clause for fluctuating raw material costs · Risk mitigation through proactive procurement at the Corporate level
Reputation	T8	Drop in stakeholder reputation	●	●	●	· Drop in reputation to stakeholders by performing projects with high GHG emissions	· Coal business → Reshuffled into the Renewable Energy Organization and setup of a New Energy Division
	T9	Increase in investors with socially responsible investment appetites	●	●	●	· Weaker financing capacity for high-emission sectors with the increase of investors with socially responsible investment appetites	· Promote the expansion of revenue share from eco-friendly projects and disclose sales based on the EU Taxonomy
	T10	Undermined ESG evaluations	●	●	●	· Undermine financing capacity due to weak climate actions and poor ESG evaluations	· Identify domestic and global climate disclosure trends and strengthen response to ESG assessments

\*Short-term (~2025), Mid-term (~2030), Long-term (~2045)



MATERIAL TOPIC 1. CLIMATE ACTION

Governance

Strategy

Risk Management

Targets & Metrics

Key Outcome of Climate Materiality Assessments

: Key Risks
 : High
 : Medium
 : Low

Category		Risks & Opportunities	Time-horizon*			Impact on the Business and Value Chain	Response
			Short-term	Mid-term	Long-term		
Opportunities							
Resource Efficiency	01	Utilization of electrified and high-efficiency equipment				· Drop in operating costs by leveraging electrification and high-efficiency equipment	· Drive efficiency by adopting a monitoring system for directly operated equipment · Monitor upgrade of electric equipment
	02	Optimization of procurement and distribution processes through the Smart Construction System				· Drop in operating costs through optimization of the procurement and distribution process using the Smart Construction System	· Optimize construction process using BIM
Resource Efficiency	03	Stable sourcing of renewable energy				· Drop in long-term operating costs through stable sourcing of renewable energy	· Source renewable energy through the renewable energy brokerage business
	04	Renewable energy policy incentives				· Increased capital sourcing capacity leveraging policy incentives	· Leverage policy incentives related to renewable energy and clean hydrogen
Products & Services	05	<b>Increase in demand for energy conversion projects</b>				· Increase in revenues due to rise in demand for low-carbon projects such as renewable energy power generation and SMRs etc.	· Business expansion by aligning with the renewable energy brokerage business · Expand into the global market and develop SMRs through partnership with Holtec
	06	<b>Rise in demand for Zero Energy Buildings</b>				· Increase in revenues due to rise in demand as a results of the mandatory policy requiring zero-energy building certification	· Construct Korea’s first high-rise zero-energy multifamily housing building · Secure zero energy building technology such as BIPV, etc. and obtain IPs
Market	07	Business diversification from EPC to platform and developer businesses				· Business diversification from a EPC-centered business model to platform business for power trading and renewable energy developer model	· Prepare a total solution for renewable energy that covers business development-EPC-O&M · Pursue the renewable energy brokerage business
Resilience	08	Provision of solutions to mitigate power fluctuations				· Providing solutions to ease fluctuating power costs through the renewable energy PPA business	· Develop VPP (Virtual Power Plant), an integrated management system for renewable energy
	09	Development of low-carbon eco-friendly raw material through cooperation in the supply chain to develop technology				· Cost-savings in adoption through low-carbon material R&D and obtaining relevant IPs	· Pursue research and development of low-carbon material with key suppliers

\*Short-term (~2025), Mid-term (~2030), Long-term (~2045)



# MATERIAL TOPIC 1. CLIMATE ACTION

Governance

Strategy

Risk Management

Targets & Metrics

## Analysis of Financial Impact from Physical Risks

### The Construction Sector and Physical Risks Caused by Climate Change

Most of the construction phases in the construction industry are carried out outdoors, involving significant physical and human resources including construction material, equipment and on-site labor. Therefore, the impact of physical risks on the company caused by climate change is relatively high compared to other stages of the value chain. To be more specific, natural disasters such as floods, typhoons, and wildfires not only damage construction site assets, but they can also undermine the labor productivity of site workers on site and delay the entire construction schedule. This has the potential to create a financial burden on construction companies to pay additional operating costs and delay damages associated with recovering damaged assets, increased use of equipment, and changes in work hours.

Since the construction site does not belong to the company after construction is completed, given the characteristics of the construction sector, physical risks to assets are low, and physical risks that arise during construction can have financial impact on the construction company. Therefore, it has become increasingly important for construction companies to identify physical risks at construction sites and develop appropriate response strategies. Hyundai E&C has considered the geographical locations of all construction sites in our analysis of physical risks in order to understand the actual financial impact inflicted by climate change.

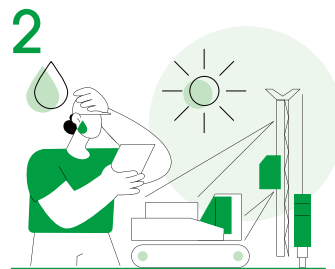
Hyundai E&C is striving to enhance resilience through continuous monitoring and an integrated corporate-wide risk management system for risks identified in the physical risk analysis for having potential financial impact.

### Key Physical Risks at Construction Sites



Disruptions or delays in construction schedule due to extreme temperatures and rainfall

※ The disruptions in construction caused by natural disasters are included in the contract clause to minimize actual financial impact on the company



Undermined labor productivity of construction site workers who work outdoors caused by extreme temperatures



Physical damages to assets at construction sites cause by floods, typhoons, and wildfires, etc.

※ The size of construction site assets is relatively small compared to manufacturing sector.

### Analysis Overview

Hyundai E&C assessed the financial impact on our headquarter offices and all construction sites caused by various natural hazards resulting from climate change (temperature extremes, fluvial-pluvial-coastal flooding, drought, water stress, wildfire, and tropical cyclone). Using the S&P Global Climamomics tool, we reviewed the impact of these disasters on all business and project sites. For the analysis physical risks, we applied the 4 SSP (Shared Socioeconomic Pathways) scenarios set forth in the IPCC's 6th Assessment Report, especially focusing on the high-emission scenario (SSP 5-8.5). Analysis of the financial impact was based on a 10-year Modeled Average Annual Loss (MAAL) for each scenario.

### 1 Select target for physical risk analysis

Costs associated with asset recovery and liquidated damages can have a substantial financial impact on Hyundai E&C when physical risks occur at construction sites. Therefore, in order to analyze reflecting the characteristics of Hyundai E&C by utilizing existing physical risks analysis tool, we included construction sites in our analysis, especially focusing on domestic and global sites that are considered important to the company based on the size of contracts, remaining construction period, and geographical locations. In addition, our headquarter office, which is a key tangible asset of the company, was also included in the analysis.



# MATERIAL TOPIC 1. CLIMATE ACTION

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## Analysis of Financial Impact from Physical Risks

### 2 Select Scenario

The 4 SSP (Shared Socioeconomic Pathways) scenarios set forth in the IPCC 6th Assessment Report was applied when analyzing physical risks.

After comprehensive analysis based on the low carbon, low emissions SSP 1-2.6 scenario and high carbon, high emissions SSP 5-8.5 scenario, this report uses the high emissions scenario (SSP 5-8.5) with high exposure to physical risks to consider the characteristics of the company's project sites and take a conservative stance in analysis.

Scenario	Scenario assumptions and descriptions
SSP 1-2.6	<ul style="list-style-type: none"><li>Scenario of eco-friendly and sustainable economic growth supported by the advancement of renewable energy technology</li><li>Average temperatures rise around 1.8°C around 2100 (under the 2°C scenario)</li></ul>
SSP 2-4.5	<ul style="list-style-type: none"><li>Scenario with mid-level climate change mitigations and socioeconomical developments</li><li>Average temperatures increase around 2.7°C in 2100</li></ul>
SSP 3-7.0	<ul style="list-style-type: none"><li>Scenario with passive climate change mitigation policies and social structure that is vulnerable to climate change due to slow speed of technology developments</li><li>GHG emissions increase by 2-fold in 2100 with average temperatures increasing by around 3.6°C in 2100</li></ul>
SSP 5-8.5	<ul style="list-style-type: none"><li>Scenario where use of fossil fuel is high with reckless development increasing due to the rapid advancement of industrial technologies</li><li>GHG emissions increase by 2-fold in 2050 compared to current levels</li></ul>

### 3 Drawing out Analysis Outcome

S&P Global Climamomics was used to analyze the financial impact from climate triggered hazards at each key business site and a headquarter on a 10-year basis. Analysis results were shown as Modeled Average Annual Loss (MAAL), which is an aggregate financial loss ratio (revenues, operating expenditure and capital expenditure, etc.) that can occur from the impact pathway of each disaster.

#### Time Horizon for Analysis

Analysis was conducted on the impact of physical risks on the company during the construction period.

#### Analysis of Natural Hazards

Temperature Extremes	<ul style="list-style-type: none"><li>Temperatures that go beyond historic ranges of the given region</li><li>Calculated financial costs associated with increased heating and cooling and damages to HVAC facilities due to extreme temperatures at construction sites or offices</li><li>Calculated financial losses from undermined productivity of workers due to extreme temperatures at construction sites</li></ul>
Wildfire	<ul style="list-style-type: none"><li>Annual probability of conditions for wildfires to exceed the 90th percentile of historic levels in the given region</li><li>Calculated the undermined labor productivity due to disruptions in construction as the financial impact from wildfires</li></ul>
Fluvial·Pluvial·Coastal Flooding, Tropical Cyclone	<ul style="list-style-type: none"><li>Fluvial·Pluvial·Coastal flooding: Scale of damages from 100-year floods in the given region</li><li>Tropical cyclone: Tropical cyclone exceeding 50m per second</li><li>Calculated based on the restoration cost for recovering construction sites or offices damaged by disasters</li><li>Calculated based on revenue losses caused by disruptions in operations during the recovery period</li></ul>
Drought	<ul style="list-style-type: none"><li>Annual probability of drought conditions to exceed the 90th percentile of historic conditions in the given region</li><li>Calculated based on value of the office damaged by drought</li><li>Calculated as financial impact from rising waterworks costs due to drought</li></ul>
Water Stress	<ul style="list-style-type: none"><li>Water stress level based on ratio of water withdrawal compared to water supply</li><li>Calculated as financial impact from rising waterworks costs due to water scarcity</li><li>Calculated based on revenue losses due to disruptions in operations in regions with high water stress levels</li></ul>

# MATERIAL TOPIC 1. CLIMATE ACTION

Governance	Strategy	Risk Management	Targets & Metrics
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## Physical Risk Analysis

- Hyundai E&C carried out an analysis of the impact of physical risks based on our domestic headquarters and construction sites; 3 in Korea (Gyeonggi, Ulsan, Incheon), 2 in Southeast Asia (the Philippines, Singapore), 2 in the Middle East (Saudi Arabia, Iraq), and 1 in Latin America (Panama).
- Analysis found that there were no identified physical risks of material risk-level<sup>1)</sup> at our key business sites in the 2020s but did find that temperature extremes had the highest risk across all regions. MAAL in the 2020s was 2.05% in **the Middle East**, showing the highest level in the total analysis. Losses due to temperature extremes accounted for most of the losses in the Middle East with a loss rate of 1.93%, confirming that the Middle East was the most vulnerable to temperature extremes. **Latin America and Southeast Asia** showed relatively low physical risks compared to other regions, but as both areas had higher risks for temperature extremes than other natural disasters, Hyundai E&C will strengthen our response against such temperature extremes . Southeast Asia was also found to have risks of water stress which was not identified in any other region, but current risk levels are not high and will be constantly monitored to keep an eye on risk trends. In the case of our **domestic headquarters and construction sites**, risks were the highest for temperature extremes (a loss rate of 1.68% and 1.62% respectively) and fluvial floods while other identified risks (wildfire, pluvial floods etc.) were also relatively higher than other regions. In addition, risks involving tropical cyclones and drought that were not identified in other regions were found in the domestic area. Accordingly, we plan to build and strengthen various response measures against different types of hazards considering the characteristics of our headquarters and construction sites.
- Hyundai E&C used modeled annual average losses of our domestic headquarters and domestic and overseas construction sites to analyze the financial impact of physical risks based on the company's assets and their geographical locations. Due to uncertainties in forecasting climate change, analysis of physical risks is subject to change, but we place importance on it as a means for identifying the impact of climate change and preparing against those risks in advance. Hyundai E&C will continue to exert efforts in refining analysis scenarios amid rapidly developing climate change to make predictions based on more precise data.

1) Material risk level of physical risks: MAAL ≥ 16% in the S&P Climanomics analysis

### Results of physical risk analysis (based on SSP 5-8.5 scenario)

※ SSP 5-8.5 high emission scenario, GHG emissions increase by 2-fold in 2050 compared to current levels

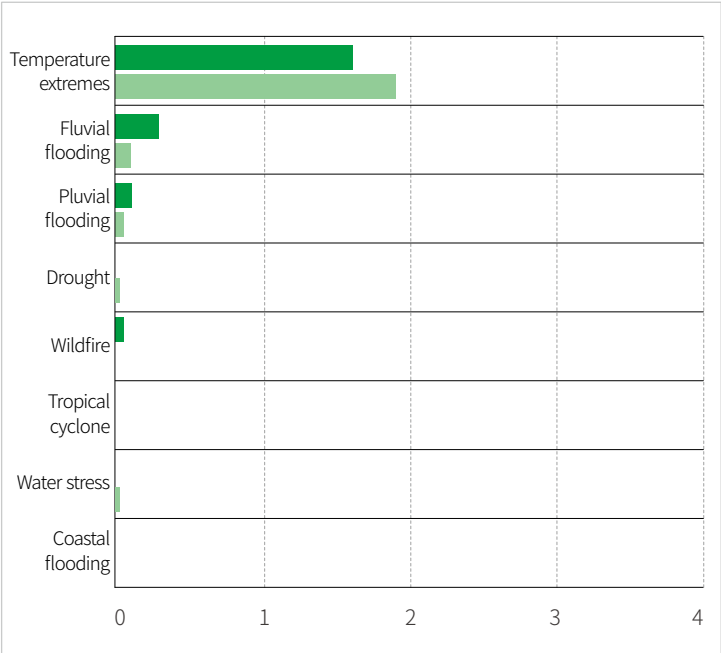


Category		MAAL for each hazard							
		Temperature extremes	Fluvial flooding	Pluvial flooding	Drought	Wildfire	Tropical cyclone	Water stress	Coastal flooding
Domestic	HQ								
	Gyeonggi								
	Incheon								
	Ulsan								
Overseas	Southeast Asia (the Philippines, Singapore)								
	the Middle East (Saudi Arabia, Iraq)								
	Latin America (Panama)								

Physical risk analysis graph

Domestic construction sites Middle east construction sites

(Unit: %)



## MATERIAL TOPIC 1. CLIMATE ACTION





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### Response Strategy for Physical Risks (within 5 years)

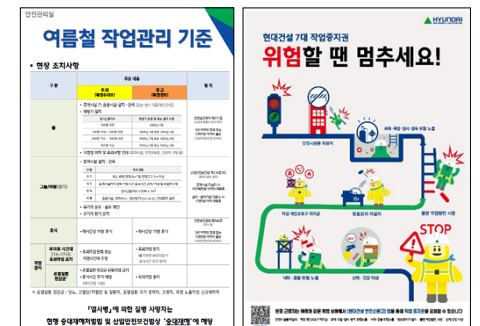
Natural Hazard	Category	Response Strategy
<b>Temperature extremes</b> 	Construction Site	<ul style="list-style-type: none"> <li>· When engaging in bids, utilize Meteonorm, a specialized weather program, to review the climate of the project sites, reflect them in to the construction timeline, and modify construction period.</li> </ul>
		<ul style="list-style-type: none"> <li>· Risk management through real-time weather forecasts for project site</li> </ul>
		<ul style="list-style-type: none"> <li>· Establish standards for adjusting workhours <ul style="list-style-type: none"> <li>- Heatwave advisory : Shorten time spent on outdoor work and adjust workhours</li> <li>- Heatwave warning : Discontinue outdoor work</li> </ul> </li> <li>· Build measures to manage heatwaves at project sites <ul style="list-style-type: none"> <li>- Divide heatwaves into 4 levels (watch-advisory-warning danger) to manage outdoor work and rest hours</li> <li>- Cascade measures for addressing patients with heat related illnesses when they occur</li> <li>- Rest: Immediate alert for heatwave advisories and warnings, and mandatory compliance with rest standards</li> <li>- Install canopies and rest areas : Install temporary canopies around work sites and designate appropriate rest areas</li> <li>- Water : Install drinking water and ice makers near work sites</li> <li>- Sodium tablets : Provide sodium tablets in locations that are easily accessible by workers</li> </ul> </li> </ul>
	HQ	<ul style="list-style-type: none"> <li>· Improve cooling equipment and carry out regular inspections</li> <li>· Prepare and educate health guidelines for heatwaves</li> </ul>
<b>Fluvial-Pluvial flooding</b> 	Construction Site	<ul style="list-style-type: none"> <li>· Prepare prevention measures for storm and wind damages <ul style="list-style-type: none"> <li>- Carry out maintenance for drain channels, grit chambers, and catch basins and move material and equipment from estimated flood areas</li> <li>- Check and reinforce binding of signs and facilities</li> <li>- Control access of unauthorized personnel for estimated danger zones</li> <li>- Remove risk of workers being isolated underground due to heavy downpours</li> <li>- Check ground state, install circuit breakers, and inspect insulation measures taken</li> </ul> </li> </ul>
	HQ	<ul style="list-style-type: none"> <li>· Install flood fences and sand bags around buildings</li> <li>· Regular inspection of drainage facilities</li> </ul>
<b>Drought</b> 	Construction Site	<ul style="list-style-type: none"> <li>· Plans to improve performance to reduce water losses</li> <li>· Implement water recycling facilities and facilities for reusing rainwater</li> </ul>
<b>Tropical cyclone</b> 	Construction Site	<ul style="list-style-type: none"> <li>· Install and operate system to monitor climate change during constructions</li> <li>· Carry out inspections on preparations against emergencies and typhoon damages and conduct training drills</li> </ul>
	HQ	<ul style="list-style-type: none"> <li>· Review construction insurance regarding climate change damages and review reflecting it in contracts</li> <li>· Develop manual to address utility issues such as electricity failures, facility damages, and system failures caused by typhoons</li> </ul>



Program for the Prevention of Heat Related Illnesses during Heat Waves



Special On-site Inspection during Heat Waves



## Notice on Summer Working Standards

Work exclusion rights, work  
stoppage rights poster

# MATERIAL TOPIC 1. CLIMATE ACTION

Governance	Strategy	Risk Management	Targets & Metrics
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## Analysis of Financial Impact from Transition Risks and Opportunities

### Overview of Transition Risk and Opportunity Analysis

Hyundai E&C analyzed the impact of key transition risks and climate-related opportunities identified in the climate materiality assessment using various scenarios to understand their impact on our business.

#### Analysis Scenario

Scenarios set forth by the IEA (International Energy Agency) and NGFS (Network for Greening the Financial System)<sup>1)</sup> were applied to the analysis of transition risks and opportunities while this report focuses on comparison between the high-emission and low-emission scenarios.

1) The GCAM 6.0 model was used for the NGFA scenario

#### Low-emission Scenario

Scenario	Scenario Assumptions and Descriptions
IEA NZE 2050	· Stable rise in global temperatures within the 1.5°C range and achieving global net-zero of GHG emissions by 2050
NGFS NZE 2050	· Limit temperature rises to 1.5°C through strict climate policies to achieve global net-zero of GHG emissions by 2050

#### High-emission Scenario

Scenario	Scenario Assumptions and Descriptions
IEA STEPS	· Scenario assuming current policies of countries around the world and policies announced by each country will be enacted
NDC	· National GHG reduction targets
NGFS CPS	· Scenario where no additional policies aside from existing policies are adopted

### Analysis of Key Transition Risks and Response Strategy

#### [T1] Joining the Emissions Trading Scheme (ETS)

As Hyundai E&C is expected to be included in phase 4 (2026-2030) of the GHG Emission Trading Scheme in line with the trend of stricter GHG regulations, costs for responding to regulations are likely to increase. We are preparing for such tighter regulations by analyzing its financial impact and building appropriate emission reduction strategies. Analysis on the financial impact based on 2023 average emission allowance prices found that cumulative costs for regulatory responses during phase 4 of the ETS will amount to KRW 5.1 billion ~ 35.5 billion which is less than that of other sectors. To ease impact from these risks, we are lowering our dependency on fossil fuels by transitioning to self-generated power and renewable energy while also striving to achieve our 2045 Net Zero targets by reducing GHG emissions through equipment replacements and improved efficiency.

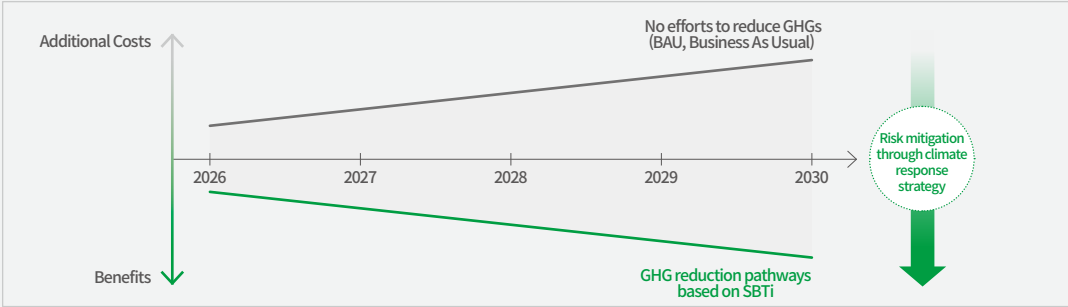
#### Criteria for Applying Detailed Conditions for Scenario Analysis

GHG Emission Pathway	Out look on the Emissions Trading Scheme		Price of Carbon Credits	Cost of Responding to Regulations (2026~2030 accumulative)
	Auctioning Ration	Adjustment Factor		
BAU	Consider 10% ~ 50%	Basic Plan on Carbon Neutrality (Industrial Sector Pathway)	IEA STEPS IEA NZE2050	KRW 5.1 billion ~ 35.5 billion*

\*Potential estimated costs

#### Resilience of the Strategy

Resilience in the response strategy for risks associated with joining the emissions trading scheme was confirmed through a scenario analysis. Through the analysis, we compared how much financial impact could be weakened when emissions are mitigated based on the 2045 Net-Zero strategy compared to a case where no efforts to reduce GHGs are made at all (BAU). Additional costs for purchasing carbon credits are expected when there are no efforts for curbing GHG emissions, but when Scope 1 and 2 emissions are lowered by 46.2% by 2030 compared to the base year in accordance with the 2045 Net-Zero roadmap, benefits from selling carbon credits are predicted.



# MATERIAL TOPIC 1. CLIMATE ACTION

Governance	Strategy	Risk Management	Targets & Metrics
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## Analysis of Financial Impact from Transition Risks and Opportunities

### Analysis of Key Transition Risks and Response Strategy

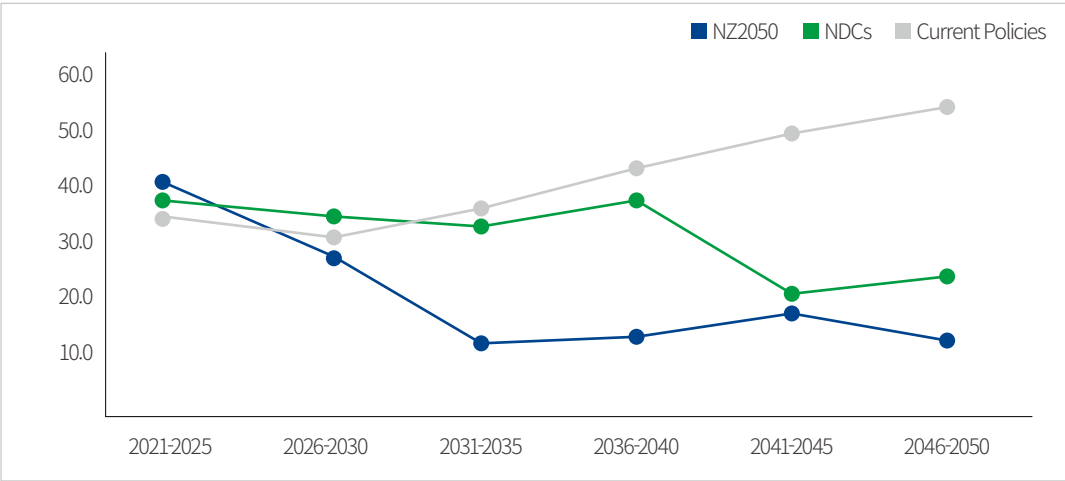
#### [T5] Reduced Demand for High-Emission Project

COAL-TO-CLEAN STATEMENT

As climate change intensifies, orders for thermal power plants and refineries are expected to decline as global policies move toward reducing investments and subsidies for thermal power plants. Hyundai E&C is a general construction company with a diverse portfolio that covers infrastructure, buildings, plants, and housing and its revenues from the plant and power business accounted for around 24% of revenues during the past 3 years with hydrocarbon projects, such as the Ulsan Shaheen project, especially representing a large share. Analysis of the capacity trends in gas power plants under the NGFS scenario shows that if current policy levels continue, the world’s gas-powered electricity capacity will increase around 56% by 2050 compared to today. However, if policies change to support each country reach their NDCs and net-zero goals, capacity will drop around 40-70% by 2050. Such contraction of the hydrocarbon market may translate into shrinking revenues for our plant/power business in the long-term with the dropping demand shifting to growing demand in markets for renewable energy, nuclear power, and CCUS. As a result, Hyundai E&C has announced the phase-out of coal and established the NewEnergy business division to expand our portfolio in renewable energy, nuclear power, and power transmissions and transformers. Development and pilot studies on technologies to capture, transport, and store carbon as we plan to create synergy with various businesses through partnering with the Hyundai Motor Group in the future.

Gas-powered Electricity Capacity Increase Trends in 2021~2050 (Capacity Additions)

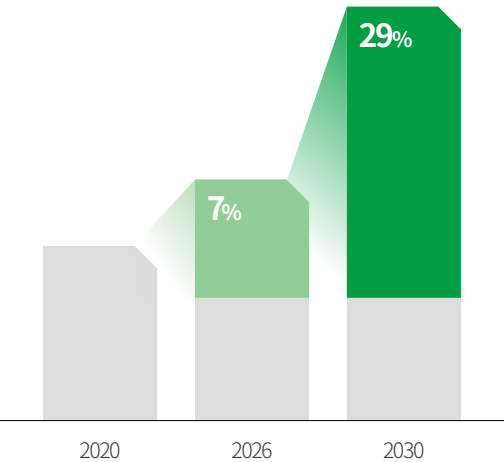
(Unit: GW/yr)



#### [T7] Rise in carbon-intensive raw material prices

The steel industry, which provides essential raw materials for the construction industry, is one of the most carbon-intensive industries affected by the emissions trading scheme (ETS). After the start of the ETS 4th phase in 2026, domestic regulations are expected to be much stricter than before, and with the implementation of the EU's Carbon Border Adjustment Mechanism (CBAM), the export of domestic steel to the EU is expected to incur additional costs to abide by the new regulation. In line with such changes, we carried out a financial impact analysis, recognizing the risk of such cost increases being passed on to higher steel prices. Analysis found that when assuming that the raw materials and costs involved in the current manufacturing process remain the same, regulatory response costs equivalent to 7% ~ 29% of the current manufacturing costs will occur from 2026 to 2030. The cost of regulatory response in the supply chain may be passed on to the unit price of construction material which will have a significant impact on our procurement costs for raw materials. Therefore, in order to reduce the impact of raw material costs, we are calculating construction costs after taking into account monthly analysis carried out on domestic and overseas raw material markets and forecasts. As the impact from GHG regulations are projected to become visible after the ETS 4th phase, we are responding in advance by closely reviewing supplier responses.

Estimated rises in costs to respond to regulations in the steel industry in 2030



Reference: A Study on the Analysis of Steel Production Process Transition Scenarios for Carbon Neutrality, Korea Energy Economics Institute, 2022

Criteria for Applying Detailed Conditions for Scenario Analysis

Category	Details	Applied scenario
Common	Carbon credit price	IEA STEPS/NZE
Domestic	Adjustment factor	National Basic Plan (Industrial sector 11.4%▽)
Overseas	EU export ratio	Applying the Steel Association's statistics (2021)



# MATERIAL TOPIC 1. CLIMATE ACTION

Governance	Strategy	Risk Management	Targets & Metrics
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## Analysis of Financial Impact from Transition Risks and Opportunities

### Key Opportunity Analysis and Response Strategy

#### [O5] Rise Increase in demand for energy conversion projects

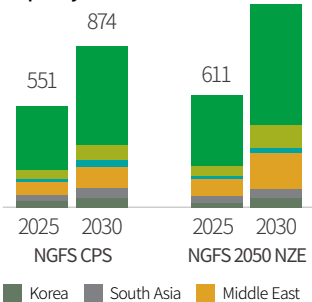
Increased use of clean energy has become a key global business trend, and countries around the world are devising policies to increase power generated from clean energy sources. Moreover, demand for electricity is predicted to surge compared to before due to the booming AI market and operation of massive data centers. Seizing this trend as a business opportunity, Hyundai E&C is expanding our renewable energy businesses in solar, offshore wind power, and SMRs which has value as a base power source. Along with clean energy, the market for low-carbon technology projects such as CCUS (Carbon Capture, Utilization, and Storage), which captures, stores, and utilizes CO<sub>2</sub> generated from power plants and industrial processes, and OSC (Off-Site Construction), a construction method in which structures, material, parts, and facilities of buildings are prefabricated and transported to construction sites for assembly and installation, is also growing. Hyundai E&C analyzes the level of business opportunities for solar power, offshore wind power, SMR, CCUS, and OSC markets in countries where Hyundai E&C has done business or is likely to do business in the future, and reflects them in our market expansion strategy in accordance with the NGFS scenario and the 10th Basic Plan for Long-term Electricity Supply and Demand (2022~2036).

#### Market Outlook and Response Strategy by Project

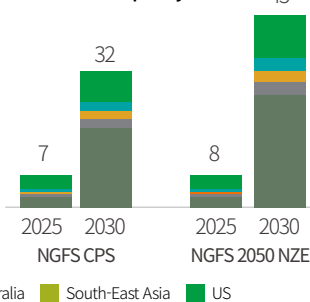
Category	Market Outlook	Response Strategy
Solar	<ul style="list-style-type: none"><li>Estimated power generation capacity of 874-1,101GW in 2030 in key markets</li></ul>	<ul style="list-style-type: none"><li>Carried out entire process for the domestic 65MW Seosan Solar Power Plant from design to construction and operations</li><li>459MW solar power plant development project in central Texas through a private-public cooperation with Korea Midland Power Company and the Korea Overseas Infrastructure &amp; Urban Development Corporation (KIND)</li></ul>
Wind power	<ul style="list-style-type: none"><li>Power generation capacity of 32-45GW in 2030 in key markets</li><li>Domestic offshore wind power generation capacity to expand from 2GW in 2022 to 19GW in 2030</li></ul>	<ul style="list-style-type: none"><li>Targeting KRW 11.8 trillion in constructions which is around 30% of all licensed offshore wind power projects in Korea</li><li>Southwest offshore wind power testbed (60MW) project</li><li>Construction of Jeju Hallim Offshore Wind Power Plant (100MW)</li><li>Deployed 'Hyundai Frontier,' Korea's only mega offshore wind power installation vessel, to the Jeju Hallim offshore construction site in 2023</li></ul>
SMR	<ul style="list-style-type: none"><li>Global power generation capacity of 65-85GW in 2035</li><li>* The 10th Basic Plan of Long-term Electricity Supply and Demand does not have additional NPP construction plans other than that for Shin-Hanul #3-4 (2.8GW) which we were chosen for, but there is possibility of additional plans such as for SMR to be included in the 11th Basic Plan</li></ul>	<ul style="list-style-type: none"><li>Developed a 160MW SMR through cooperation with US-based Holtec International (hereinafter 'Holtec')</li><li>MOU in 2023 with Holtec and the UK's Balfour Beatty and Mott MacDonald to collaborate in the Great British Nuclear's SMR technology program and build 32 units of 160MW SMRs by 2050</li></ul>
CCUS	<ul style="list-style-type: none"><li>Power generation capacity in key markets in line with the US inflation reduction act (IRA) expected to grow around 27% by2030 compared to 2020</li><li>Based on the domestic carbon neutrality and green growth basic plan, sequestration of a cumulative 1,680 tons is needed by 2030</li></ul>	<ul style="list-style-type: none"><li>Operates a professional R&amp;D team to develop original CCUS technology and carry out various pilot projects to secure market competitiveness</li><li>Drove business development by securing commercial-level design capabilities for carbon capturing technology and process design capabilities for carbon utilization, transportation, and storage technologies</li></ul>
OSC	<ul style="list-style-type: none"><li>Domestic market expected to reach KRW 1.1-1.4 trillion by 2030</li></ul>	<ul style="list-style-type: none"><li>Various patents and track record involving technology elements used in construction and engineering processes, etc.</li></ul>

\* Key market projections have been modified as domestic projections are updated based on the 10th Basic Plan on Long-term Electricity Supply and Demand

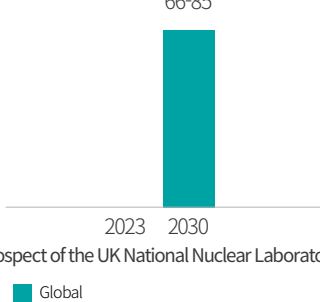
Estimated Solar Power Generation Capacity



Estimated Offshore Wind Power Generation Capacity



Estimated SMR Power Generation (Unit: GW)



#### [O6] Rise in Demand for Zero Energy Buildings

The Land, Infrastructure, and Transport 2050 Carbon Neutral Roadmap mandates new buildings being constructed to receive Zero Energy Building (ZEB) certification. Accordingly, as the ZEB market is expected to steadily grow, Hyundai E&C recognizes this a business opportunity. Compared to existing buildings, ZEB requires additional investments in high-efficiency facilities such as heating, cooling, lighting, and ventilation, and according to related studies, costs are expected to increase by about 5%-16% depending on the ZEB grade. Multifamily housing and large buildings, which are our main sources of revenue, will be required to obtain at least ZEB grade 5 for most new buildings from 2025 due to this new mandate. As the domestic construction and housing market is expected to gradually shift to a ZEB market, a market worth around KRW 92.8 trillion to 107 trillion in 2030 and over KRW 180 trillion in 2050 is forecast to be formed based on construction orders. Hyundai E&C has continuously built up its technological capabilities and track record in constructing zero-energy buildings such as data centers, and aims to adapt to future market changes. In line with government policies, Hyundai E&C has expanded low-energy and eco-friendly designs while all of 19 multifamily housing completed in 2023 were certified as low-energy buildings.

#### ZEB Certification Mandates by Year

Category	2020	2023	2024	2025	2030	2050
Public	1,000 m <sup>2</sup> or larger	500m <sup>2</sup> or larger [Grade 5] Multi-family housing for 30 units or more [Grade 5]	-	500m <sup>2</sup> or larger [Grade 4]	500m <sup>2</sup> or larger [Grade 3]	-
Private	-	-	-	Multi-family housing for 30 units or more [Grade 5] 1,000m <sup>2</sup> or larger [Grade 5]	500m <sup>2</sup> or larger [Grade 5]	All buildings [Grade 1]



# MATERIAL TOPIC 1. CLIMATE ACTION

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Risk Management

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## Analysis and Response Strategy for other Transition Risks and Opportunities

### [T2] Increase in climate-related litigation risks

As the risks of climate change come to life, demands for climate disclosures are also increasing. The TCFD provides a framework for voluntary climate change disclosures by companies and financial institutions while the IFRS Foundation sets forth the ISSB standard for sustainability disclosures based on the TCFD framework. Meanwhile, the Korea Accounting Standards Board is also developing the KSSB, a domestic sustainability disclosure standard, based on ISSB. With legislations for climate disclosures also expected going forward, risks of litigations on such climate change related information can also occur.

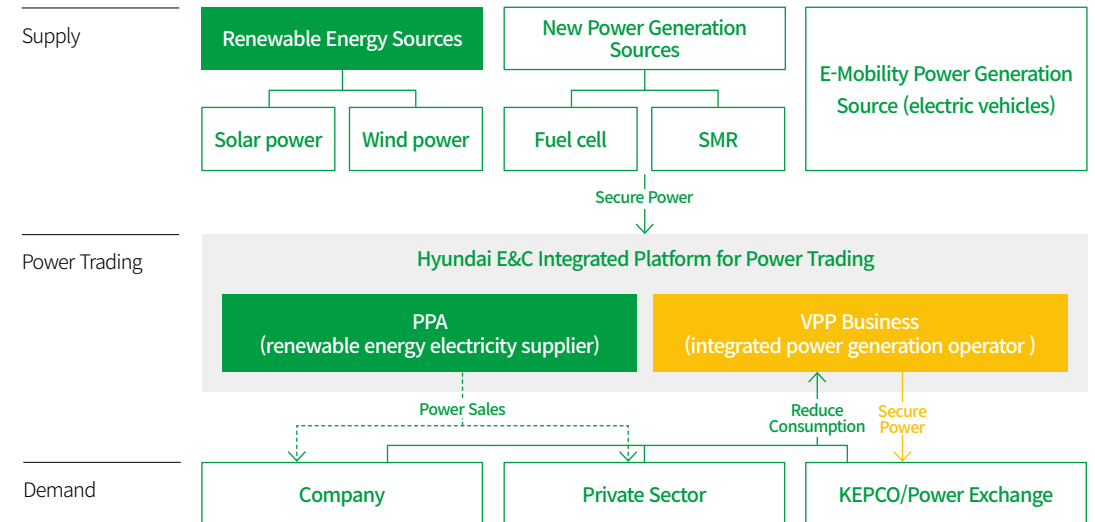
Taking all of this into account, Hyundai E&C is reporting our climate actions in our Sustainability Report in accordance with the TCFD framework and is found to be meeting most of the indicators required by ISSB, improving our data consistency through third-party assurance on GHG emissions.

### [T3] Transition cost to electrification and high-efficiency equipment

Most GHG emissions in construction are generated by the energy consumption of construction equipment. While purchasing energy-efficient construction equipment, vehicles, and diesel generators, etc., or replacing them with electric equipment and ESS would be the fundamental solution, we are reviewing adoption in the long-term as short-term transition is considered difficult due to lack of commercialized models or regional limitations. Through the gradual introduction of a direct monitoring system for equipment at overseas sites, we are trying to minimize GHG emissions by utilizing equipment more efficiently. The monitoring system attaches sensors to equipment engines to check on fuel and idle time, aiming to minimize such indicators and maximize energy efficiency of the equipment.

### [O7] Diversifying Business from EPC to Platform and Developer Businesses

As more companies declare their commitment to reach net-zero, demand for sourcing stable supply of renewable energy is growing with these companies joining RE100 as part of their net-zero strategies. Power purchase agreements (PPAs) are agreements between power producers and purchasers to sell and buy electricity at an agreed price during an agreed timeframe. Korea's power market continues to change the paradigm in the domestic market by introducing the PPA market through steady amendments made to relevant legislations while there is also an increase in virtual power plants (VPPs) which manage small-scale decentralized power generating units. Domestic demand for renewable energy in 2030 by companies apart of the global RE100 is expected to be around 80TWh in 2030 which leads to estimations that the renewable energy-based power trading market will grow to approximately KRW 14 trillion. The VPP business which carries out integrated operations of small-to-mid-scale renewable energy power plants is also projected to form a KRW 2 trillion market. Hyundai E&C is successfully expanding our business areas to the domestic renewable energy power trading market based on our experience in all stages from design and construction to operations of renewable energy power plants that were secured through the 300MW PPA contract in 2023. Through our partnership with IT startup 60Hz, we are strengthening our leadership position in the domestic market by building an integrated platform for power trading. Further details on Hyundai E&C's PPA and VPP business can be found on page 68 of this report.



cf. PwC Analysis, Korea Energy Economics Institute (mid-to-long-term REC price forecast analysis), Korea Electric Power statistics (2021), Guidehouse Mixed Asset Market Report 2020, BNEF(LH 2020 LCOE Data Review)



PPA with Kia Motors for Supply of Renewable Energy



Direct PPA with Hyundai Motors

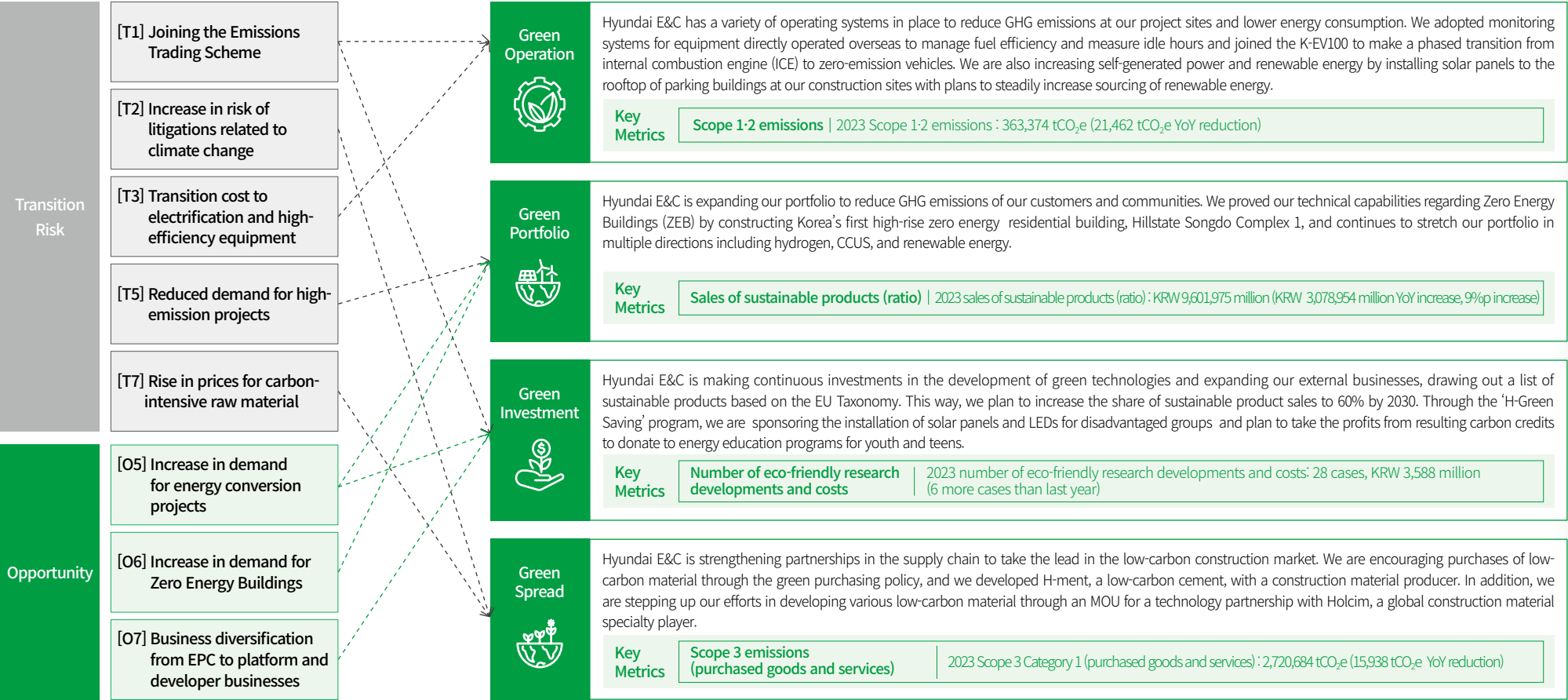
# MATERIAL TOPIC 1. CLIMATE ACTION

Governance	Strategy	Risk Management	Targets & Metrics
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## Hyundai E&C 2045 NET ZERO

### Hyundai E&C’s 2045 Net-Zero Strategy

Hyundai E&C determines the direction for our response strategy regarding each identified risk and opportunity based on the results of our climate materiality assessment and financial impact analysis. Our Sustainability Management Team identifies responses to material risks and works with relevant departments to decide on directions for improvement while this direction is reflected in the operating rules and policies for the organization. In addition, strategy feasibility and timing for implementation are considered to prioritize our responses and set targets for the short-term first to secure resilience in our strategies. Specific targets are linked to the KPIs of organizations in charge of making improvements which are reported each year to the Corporate Governance and Communication Committee by the Sustainability Steering Committee for management and supervision. We ensure that the direction of our strategic responses are applied to our net zero roadmap and reflected in our business strategy.



# MATERIAL TOPIC 1. CLIMATE ACTION

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Climate change risk management is a process that reviews climate-related risks and opportunities and appropriately integrates them with the business decision-making system. Through such risk management process, Hyundai E&C identifies and assesses climate-related risks and opportunities that can have sustainable impact on the company once a year. Considering the nature of the construction business, the risk management process is differentiated between risks at the business level and project level to manage impacts from climate change through risk identification, risk assessment, and response steps.

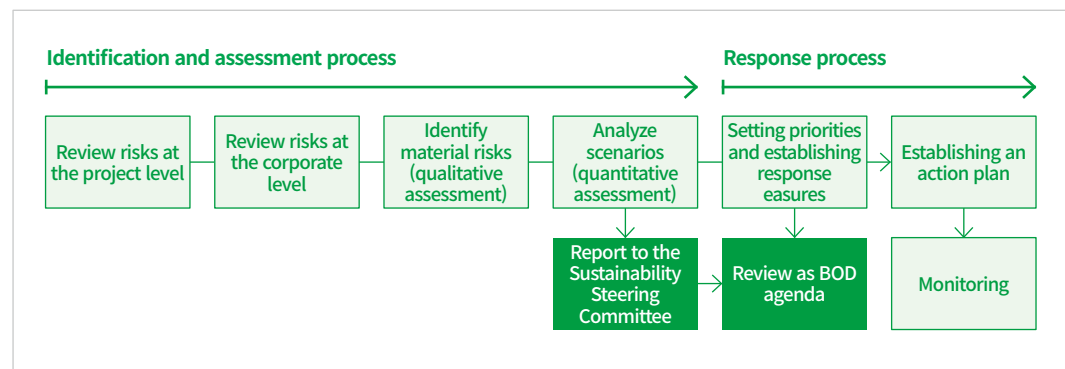
## Risk Identification and Assessment Process

### Managing Business Risks

We define climate-related risks and opportunities based on the risk classification system recommended in the TCFD framework and form a pool of risks and opportunities that reflect recent trends in the domestic and global construction industry, climate regulations, and stakeholder opinions. Materiality assessment is carried out to identify key risks and opportunities, as well as specific impacts on the business based on likelihood and impact scale. The quantitative assessment on key risks and opportunities are reported to management each year through the Sustainability Steering Committee to ensure it is incorporated into the company's business strategies.

### Risk Management at the Project Level

Managing risks at the project level involves risks management prior to winning projects and after. Before working on projects, the Fair RM Team identifies the direct and indirect risks associated with the project such as schedule delays due to the specific region, season, or climate through the Pre-contract Review Committee (PRC) to assess financial losses beforehand. After winning a project, the Environment Management Team identifies risks that can occur during the project while the Integrated Risk Management System monitors progress such as GHG reductions, etc. Then, the Sustainability Steering Committee carries out integrated management of such climate-related risk factors reviewed at the project level to manage risks and opportunities at the corporate level.



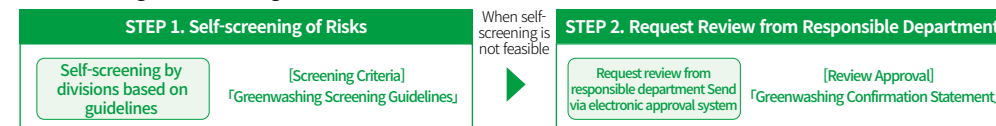
## Risk Response Process

Hyundai E&C establishes a risk response process based on our assessments of identified risks. Based on the materiality of identified risks and opportunities, we prioritize our responses taking into account relevance with the company's mid-to-long-term strategy, internal conditions, and key demands from external stakeholders and build a corresponding response strategy. Each year, the Sustainability Steering Committee takes this to set ESG improvement tasks and management metrics through discussions with relevant departments. The ESG improvement tasks are embedded in the department's KPI while improvements are monitored by the Sustainability Steering Committee.

### Case: Managing Greenwashing Risks

As stakeholders show greater interest in the sustainability activities of businesses, having environment-friendly products and services has become a source of corporate competitiveness. Being aware that labeling and advertising our environmentally conscious side of the business can affect direct and indirect returns to our customers, investors, and stakeholders, Hyundai E&C shares the Labeling and Advertising Guidelines for Eco-friendly Business Activities published by the Ministry of Environment across the entire company and has set up a Greenwashing Screening Process to ensure all external communication is based on objective facts to prevent risk of misleading stakeholders. The two-step Greenwashing Screening Process starts with greenwashing officers reviewing each respective business division based on the shared guidelines. To prepare for situations where it is difficult to reach a judgement through self-screening, roles and responsibilities for the Sustainability Management Team have been established within the screening process of the existing Labeling and Advertising Committee for additional review of environment-friendly aspects of activities and their supporting evidence. In 2024, training to prevent greenwashing will be carried out to relevant departments to enhance internal understanding along with distributing a practical guide that contains updated guidelines and actual case studies.

### Greenwashing Risk Screening Process



### Greenwashing Risk Screening Criteria

Category	Details
Authenticity	Content and expressions must be true
Clarity in Expression	Content and expressions must be clear and accurate
Target Specificity	Whether content is focused on all or part of the business activities is distinguished
Substantialness	Facts on actual environmental improvements made are described without being misleading
Voluntary	Legal mandates are not portrayed as voluntarily pursued environmental improvements
Information Completeness	Specific data to support content should be made easily accessible via website links or QR codes, etc.
Relevance	Environmental claims should be about environmental improvements made as part of business activities

# MATERIAL TOPIC 1. CLIMATE ACTION

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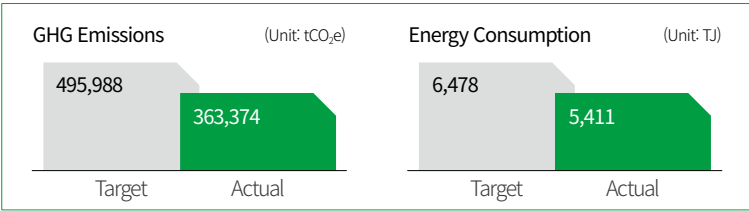
Strategy

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## Performance of Our Climate Actions

2023 Reduction  
Targets and Results



\*Based on Scope 1 and 2

GHG Emissions

Category	Unit	2020	2021	2022	2023
Direct/Indirect GHG Emissions (Scope 1&2)	tCO <sub>2</sub> e	307,740	296,841	384,836	363,374
Direct GHG Emissions (Scope 1)	tCO <sub>2</sub> e	167,071	174,227	309,762	270,467
Domestic	tCO <sub>2</sub> e	10,986	13,102	22,411	18,905
Overseas	tCO <sub>2</sub> e	156,085	161,125	287,351	251,562
Indirect GHG Emissions (Scope 2)	tCO <sub>2</sub> e	140,669	122,614	75,074	92,907
Domestic	tCO <sub>2</sub> e	64,663	65,075	57,556	68,947
Overseas	tCO <sub>2</sub> e	76,006	57,539	17,518	23,960
GHG Intensity (Scope 1&2) <sup>1)</sup>	tCO <sub>2</sub> e/KRW 100 million	3.3	2.9	3.2	2.3
Scope 1 Emissions Intensity <sup>1)</sup>	tCO <sub>2</sub> e/KRW 100 million	1.8	1.7	2.6	1.7
Scope 2 Emissions Intensity <sup>1)</sup>	tCO <sub>2</sub> e/KRW 100 million	1.5	1.2	0.6	0.6

1) Scope 1, 2 emissions/separate based sales

Scope 3 Emissions in 2023 by Category

Category	Unit	2023
Other Indirect GHG Emissions (Scope 3)	tCO <sub>2</sub> e	5,765,722
Upstream	tCO <sub>2</sub> e	2,880,398
Purchased Goods and Services	tCO <sub>2</sub> e	2,720,684
Capital Goods	tCO <sub>2</sub> e	460
Fuel and Energy-related Activities not Included in Scope 1 or 2	tCO <sub>2</sub> e	75,605
Upstream Transportation and Distribution	tCO <sub>2</sub> e	79,906
Waste Generated in the Operation Process	tCO <sub>2</sub> e	54
Business Travel	tCO <sub>2</sub> e	3,282
Employee Commuting	tCO <sub>2</sub> e	407
Downstream	tCO <sub>2</sub> e	2,885,323
Use of Sold Products	tCO <sub>2</sub> e	2,653,169
Disposal of Sold Products	tCO <sub>2</sub> e	180,759
Investments	tCO <sub>2</sub> e	51,395

GHG Emissions Reduction

Category		Unit	2020	2021	2022	2023
Reduction by Method	Total GHG Reductions	tCO <sub>2</sub> e	24,130	10,899	12,687	3,765
	Reductions from Energy Efficiency	tCO <sub>2</sub> e	22,951	10,716	12,510	3,394
	Reductions from Replacement of Energy Equipment	tCO <sub>2</sub> e	1,169	151	164	359
	Reductions from Operating Eco-friendly Vehicles	tCO <sub>2</sub> e	10	32	12	13
Reduction by scope	Total GHG Reductions	tCO <sub>2</sub> e	24,130	10,899	12,687	3,765
	Direct GHG Reductions (Scope 1)	tCO <sub>2</sub> e	10	32	12	13
	Indirect GHG Reductions (Scope 2)	tCO <sub>2</sub> e	24,119	10,867	12,675	3,753
	Other GHG Reductions (Scope 3)	tCO <sub>2</sub> e	-	-	-	-

Energy Consumption

Category	Unit	2020	2021	2022 <sup>2)</sup>	2023
Total Energy Consumption (A+B)	TJ	4,068	4,847	5,852	5,411
Total Non-renewable Energy Consumption (A)	TJ	4,066	4,839	5,851	5,410
Direct Energy Consumption	TJ	2,390	2,517	4,366	3,583
Indirect Energy Consumption	TJ	1,676	2,322	1,486	1,827
Total Renewable Energy Consumption (B)	TJ	1.53	7.95	0.93	0.63
Energy Consumption Intensity in the Organization <sup>1)</sup>	TJ/KRW 100 million	0.04	0.05	0.05	0.03

1) Total energy consumption/non-consolidated revenues

2) Energy usage increased in 2022 as other curing fuel were added to the scope

## Use of Internal Carbon Pricing

Hyundai E&C takes a comprehensive approach to analyze and respond to GHG regulations, seeks measures to improve our energy efficiency to curb GHG emissions, and makes capital investments. On top of all these efforts, we are also leveraging an internal carbon pricing system to promote new eco-friendly businesses. Internal carbon pricing is set at KRW 20,000 considering the domestic price of GHG emission rights. We apply a scenario where internal carbon pricing increases based on stricter GHG regulations and are monitoring the domestic carbon trading market to review the adequacy of internal prices. Also, the Sustainability Management Team calculates the GHG reduction effect from carbon reduction business investments and business activities to be considered for analyzing the economics of investments.

# MATERIAL TOPIC 1. CLIMATE ACTION

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## Sales Performance of Sustainable Products

Under the slogan 'Global Green One Pioneer,' Hyundai E&C is actively participating in global efforts to respond to the climate crisis by expanding our eco-friendly business activities to transition to a sustainable society. We have compiled a list of sustainable products based on the EU Taxonomy's eligibility criteria. Based on the EU Taxonomy (Regulation (EU) 2020/852), we are calculating not only the revenues of sustainable products, but also relevant CapEx and OpEx to assess our performance. CapEx was calculated based on investments for the given product show in our business report such as intangible assets and land acquisition costs while OpEx was calculated based on general expenses associated with the product including maintenance fees and short-term leases. As a result, our share of sustainable products has been on the rise for the past 3 years, growing 9%p in 2023 compared to the previous year.

Sales of Sustainable Products based on EU Taxonomy in 2023: 61% of Total

(Unit: KRW Million, non-consolidated)

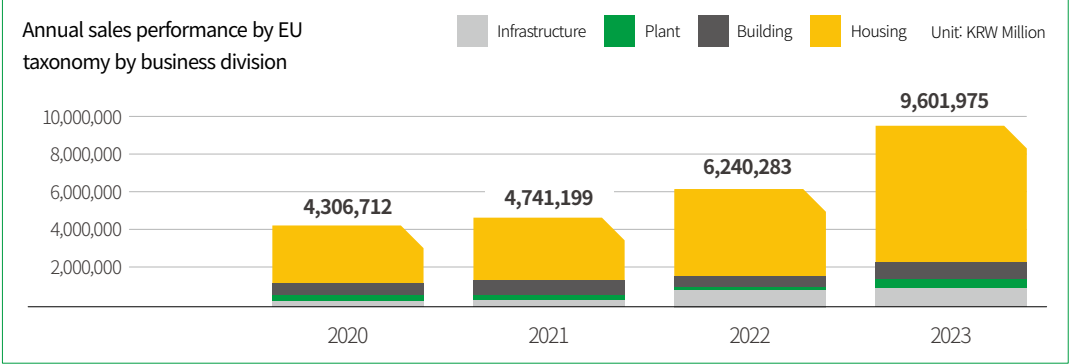
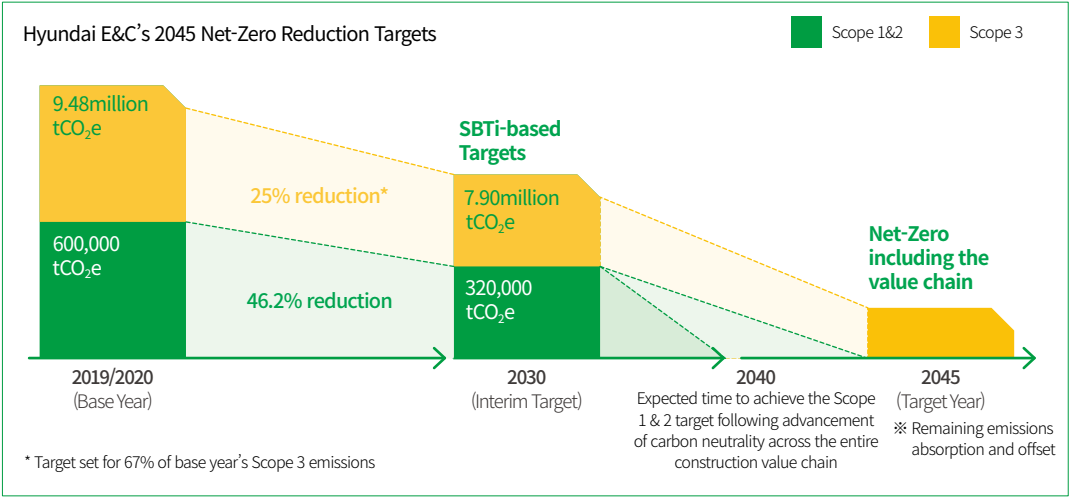
EU Taxonomy				2023		
Category	Economic Activity	Code	Category	Revenues	CapEx	OpEx
Manufacturing	Cement manufacturing	3.7	Transitional	-	-	22
	Hydrogen manufacturing	3.1	-	205	-	537
Energy	Wind power	4.3	-	95,234	40	145
	Hydro power	4.5	-	26,742	70	-
	Geothermal power	4.6	-	-	-	-
	Bioenergy	4.8	-	-	-	-
	Electricity transmission/distribution	4.9	Enabling	421,716	-	-
	New NPPs	4.27	Transitional	37,489	951	1,773
	Existing NPPs	4.28	Transitional	6,822	-	-
	Construction of water withdrawal facilities, etc.	5.1	-	-	-	2
Water/Waste	Construction of wastewater treatment facilities, etc.	5.3	-	64,462	10	11
	Improvements to wastewater treatment facilities, etc.	5.4	-	8,366	-	-
	Anaerobic digestion	5.7	-	21,545	1	646
	Transport of CO <sub>2</sub>	5.11	Enabling	-	-	44
	Permanent CO <sub>2</sub> sequestration	5.12	-	-	-	118
Transportation	Infrastructure for rail transport	6.14	Enabling	763,754	11,885	-
Construction	Construction of new buildings	7.1	-	8,155,641	65,149	290
Total				9,601,975	78,105	3,588
Ratio				61%	33%	2%

\*Applying the EU Taxonomy Economic Activity List Criteria (Eligible)

## 2045 Net-Zero Reduction Targets

In order to preemptively respond to climate change, Hyundai E&C has set mitigation targets in 2022 to reduce Scope 1, 2 emissions by 46.2% by 2030 compared to the base year (2019) and by 25% by 2030 for Scope 3 emissions\* compared to the base year (2020), which were validated as Near-term targets by the SBTi. Furthermore, we aim to reach net-zero, including Scope 3, by 2045. We are managing the targets with metrics to facilitate implementation of the G-O.P.I.S strategy. Performance for each metric will be monitored and used for tracking progress of each strategy and for evaluating our climate actions.

\* Target set for 67% of base year's Scope 3 emissions





# MATERIAL TOPIC 2.

## OCCUPATIONAL SAFETY AND HEALTH

Governance	Strategy	Risk Management	Targets & Metrics
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### BOD Management and Supervision on Safety and Health

As the company’s highest decision-making body for safety and health issues, Hyundai E&C’s Board of Directors protects and manages the safety and health of the company in various aspects. The Board’s Corporate Governance and Communication Committee monitors the company’s performance regarding safety and health twice a year through Hyundai E&C’s Chief Safety Officer (CSO) and evaluates the performance of the CSO. In 2023, the committee received biannual reports on safety and health performance from the CSO for the first and second halves of the year, approved making contributions to the Foundation for Industrial Safety Partnerships Fund, and received reports and approved 3 issues related to safety and health. This way, the committee continues to manage and oversee the direction in which the CSO is operating the safety and health management system and faithfully performs its role as the top decision-making body regarding safety and health matters. In addition, the CSO declares commitment toward placing the safety and health of all of our stakeholders including our customers, employees, suppliers, and workers as our top priority and discloses principles for realizing our safety and health values on our website.

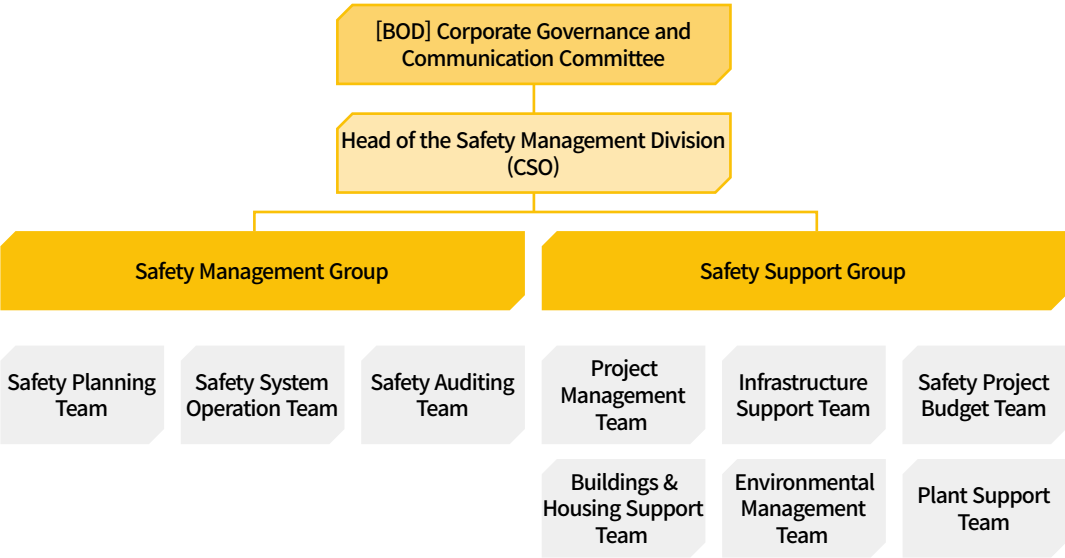
### Safety and Health Organizations

Hyundai E&C’s CSO operates the company’s safety and health management system and practices corporate safety management by discussing the safety and health system and policies with the Safety Management Office and Safety Support Office which are the company’s dedicated organizations for safety management. As of end-2023, the safety and health management organization had 848 employees, converting safety and health positions to permanent positions and assigning over 80 more personnel than what is required by law to build a safe working environment at all of our business and project sites. All employees are evaluated annually on their performance of fulfilling individual safety and health roles. Based on active engagement from the top decision-making body to individual employees in the safety and health system, we have built an advanced safety and health management system with ISO 45001 and KOSHA MS certifications for all of our business sites.

### Performance Incentive System linked to Safety and Health

Hyundai E&C integrates safety management KPIs in the HR evaluations of our employees. Safety performances account for 15% of each division’s KPI while the safety performance of management are linked to their compensations. For individual employees, 20% of common KPIs are allocated to safety to advance evaluations on individual safety practices. We are also offering incentives to management and employees for sites that achieve zero-accidents within targeted periods and also reward employees that display excellence in safety management with special incentives on a half-year or annual basis.

Safety and Health Governance System



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Safety and Health Risks and Opportunities

Hyundai E&C confirmed the safety and health risks and opportunities that can reasonably be expected to have impact on the company’s outlook and identified the following potential financial impacts.

Category	Risks & Opportunities	Time Horizon <sup>1)</sup>	Impact on the Business and Value Chain	Potential Financial Impact	Response	Relevant Page
Risk	[Legislations and Policies] Stringent safety and health legislations such as the Serious Accident Punishment Act, etc.	Short-term / Mid-term	· Disadvantages in winning new orders and carrying out business activities due to sanctions (cessation of operations, etc.) resulting from legal violations	· Costs for strengthening the safety and health management system to comply with laws and regulations	· Build preventive measures against hazardous factors and recurrence by major incident types	p.49
Risk	[Physical] Risk of serious injuries and safety accidents	Short-term / Mid-term	· Additional measures and costs to respond to safety accidents · Delays in construction due to stop work orders or cease operations orders	· Costs associated with legal procedures (litigation costs, compensation for damages, penalties, and fines, etc.) · Operating losses due to delays in construction schedules	· Build a risk assessment system	p.49
Risk	[Market] Supplier worker management risk resulting from changes in demographics	Mid-term / Long-term	· Increased risk of safety and health accidents involving aged workers and foreign workers	· Increased costs to strengthen safety and health activities for supplier workers including aged and foreign workers, etc.	· Conduct safety and health training across the entire company	p.50
Opportunity	[Technology] Competitive safety and health capabilities with the development of smart safety technologies	Short-term / Mid-term / Long-term	· Increased opportunities for new businesses with growing market demand for smart safety technologies (sharpening competitiveness in winning projects) · Reduced business site injuries by applying smart rt safety technologies	· Increased revenues with competitiveness in securing new projects · Savings in costs related to accidents (manpower, compensation, etc.) due to prevention of workplace hazards	· Adopt clamshell automatic risk detection system · Implement AI video recognition systems to prevent caught in/between hazards	p.50
Opportunity	[Institutional] Improvements in serious accident prevention rates in line with implementation of safety and health programs	Short-term / Mid-term / Long-term	· Improving the reputation and brand value of the company to customers, suppliers, and investors · Strengthening relationship with suppliers by sharing a safe working environment	· Additional cost-savings from conducting timely projects · Cost reduction from preventing potential accidents	· Operate a safety management mileage program · Supplier incentive system	p.50

1) Reporting periods refer to Short-term: ~1 year, Mid-term: 1~5 years, and Long-term: 6 years or longer

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Financial Impact from Risks and Opportunities

[Legislative and Policy-related Risks]

Stringent Safety and Health Legislations such as the Serious Accident Punishment Act, etc.

Due to the nature of the industry, the construction business has a relatively high rate of incidents occurring due to exposure to potential safety and health risks such as falls, heavy equipment accidents, knocks, and fires. Therefore, governments around the world are introducing laws and regulations with high levels of prevention measures against such accidents of construction workers, imposing new safety and health compliance obligations on companies. Hyundai E&C also faces new compliance requirements with stricter safety and health legislations such as the Serious Accident Punishment Act. When failing to comply, there is possibility of various penalties and sanctions, and serious accidents can even trigger greater costs and operating losses due to litigations and cessation of operations.

Hyundai E&C defines the costs for strengthening our safety and health management system as a potential financial impact and found financial impacts worth a total KRW 199,491 million during the reporting period. With tighter safety and health laws and regulations, these costs will increase, but Hyundai E&C plans to increase such spending to strengthen our safety and health management system from a long-term perspective and by recognizing it as an investment to prevent occupational incidents by reducing risks of safety accidents.

Financial Impact during the Reporting Period

(Unit: KRW Million)

Category	Details	Financial Statement	Account Title	Value
Expenses for strengthening the safety and health system	Expenses for safety facilities	Income Statement	Cost of Goods Sold	64,486
	Expenses for safety protection gear		Sold (COGS)	29,201
	Safety training expenses			3,178
	Inspection and prevention expenses			1,541
	Safety audit expenses			3,123
	Safety manager labor costs			97,963
Total				199,491

[Physical Risk] Cessation of Operations due to Serious Accidents and Safety Incidents

Despite active efforts made by companies to prevent incidents, injuries and accidents can occur at construction sites for various reasons. When a serious accident takes place, it can lead to project delays or cessations which can increase project costs and lower returns. Moreover, an occupational incident can raise the insurance costs and also trigger costs related to the process of compensating injured workers. Hyundai E&C had 3 serious incidents during the reporting period which led to work cessations, but we were able to prevent delays in the project timeline through efficient process operations such as utilizing substitution workforce and found that the impact on the project period and profitability was low. We define legally imposed costs as financial impacts including litigation costs regarding accidents, insurance liabilities, penalties and fines, and found financial impact from safety incidents during the reporting period to amount to a total KRW 809 million. We expect such impacts to decrease going forward by lowering incident occurrence rates through active prevention activities and investing in smart safety technologies.

Financial Impact during the Reporting Period

(Unit: KRW Million)

Category	Details	Financial Statement	Account Title	Value
Costs for legal procedures regarding occupational accidents	Fines related to safety and health <sup>1)</sup>	Income Statement	Cost of Goods Sold (COGS)	809
Total				809

1) As of end-December 2023, there are no safety and health related litigations

Estimated Financial Impact

In the event of delays or cessations caused by serious accidents, Hyundai E&C finds that leveraging efficient operations such as substitution workforce can result in low impact on project period and profitability unless there is a legal stop work order. However, we estimate around 0.92% of contract price as liquidated damages for delay<sup>1)</sup> due to stop work order in accordance with laws and regulations.

1) Average 23 operation cessation days at the 3 project sites due to safety incidents (serious accidents), and daily liquidated damages for delay is an average 0.04% of project price

# MATERIAL TOPIC 2.

## OCCUPATIONAL SAFETY AND HEALTH

Governance	Strategy	Risk Management	Targets & Metrics
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### Financial Impact from Risks and Opportunities

#### [Market Risk] Supplier Worker Management Risk Resulting from Changes in Demographics

A high proportion of supplier workers work at construction sites with the number and ratio of injuries and accidents being relatively high among them. In addition, recent changes in the demographic structure due to low birthrates and an aging population are also affecting the composition of construction workers. It is becoming difficult to secure young and middle-aged skilled workers in construction while the share of older workers and foreign workers is gradually increasing. Hyundai E&C defines the potential financial impact of increased risk in managing suppliers' workers as the cost of additional safety and health activities for supplier workers, resulting in a total financial impact of KRW 44,088 million during the reporting period.

Hyundai E&C is supporting additional safety and health enhancement activities for older workers of suppliers with relatively high safety and health risks, and is making efforts to provide effective safety and health training to foreign workers. Specifically, we are strengthening the safety and health management system for elderly and super-aged workers of suppliers in order to minimize relevant risks by conducting follow-ups on health exam results once a month for super-aged workers, once a month for elderly workers with illnesses, and once a quarter for other elderly workers. In addition, considering that about 30% of the workers of our supplier workforce are foreign workers, we have developed training materials in local languages such as Chinese, Burmese, and Vietnamese to provide effective safety and health training. While there are costs involved in safety and health activities for our suppliers, Hyundai E&C is committed to achieving a zero serious accidents goal. We view these expenses as investments in preventing industrial accidents and will increase spending to strengthen our partners' safety and health management systems.

#### Financial Impact during the Reporting Period

(Unit: KRW million)

Category	Details	Financial Statement	Account Title	Value
Supplier worker safety and health activities	Supplier safety management costs	Income Statement	Cost of Goods Sold (COGS)	44,088
Total				44,088

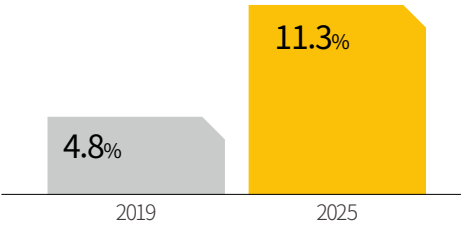
#### [Opportunity]

#### Competitive safety and health capabilities with the development of smart safety technologies

In recent years, with the development of technologies such as AI, big data, and AR, the smart construction safety market has also been growing rapidly. Smart safety technology is a technology that maximizes productivity and safety by realizing digitalization of the entire construction process through convergence with smart technologies such as AI, IoT, drones, and robots to prevent safety incidents at construction sites, and by performing automation of construction equipment, virtual constructions, and on-site safety management. The global smart construction market is showing evident growth as it is expected to account for about 11.3% of the total construction market by 2025 compared to 4.8% in 2019<sup>1)</sup>.

Hyundai E&C recognizes the active development and adoption of smart safety technology as an opportunity to not only prevent safety incidents at our business operations, but also to sharpen our competitiveness in winning orders based on securing excellent safety and health capabilities.

Outlook on the Overseas Smart Construction Safety Market



- 1) Smart Construction Promotion Plan, Ministry of Land, Infrastructure, and Transport (Jul 20, 2022)
- 2) Bidding system where contract parties participate from the design phase to carry out designs first-hand or complement existing designs to not only improve quality of construction, but also sharpen technology competitiveness

#### [Opportunity]

#### Improvements in Serious Accident Prevention Rates in Line with Implementation of Safety and Health Programs

Hyundai E&C places safety as its top priority in business activities and carries out various safety and health programs including implementation of 10 key tasks to realize ‘zero serious accidents’ for our employees and suppliers. In particular, we are trying to prevent accidents by raising employee and supplier awareness on safety and health through investing in safety and health facilities, building a safety and health training system, and operating a safety culture experience center. Through this, we are reducing various costs incurred due to injuries and accidents such as premiums for occupational accident insurance. In addition, we look forward improving trust and obtaining a positive reputation from shareholders, investors, and customers by fulfilling our social responsibilities of creating a safe working environment.

#### Impact of Lower Premiums for Occupational Accident Insurance

- When there are 3 or more work-related fatalities during the 3 directly preceding years, insurance premium discount rate is reduced based on the rate of benefits to contributions<sup>1)</sup>
- Compared to the 3.6% general occupational accident insurance rate of construction companies, Hyundai E&C applies a 16.1% discount rate to its occupational accident insurance premiums which was found to have an approximate 0.58% reduction impact on premiums (discount impact drops when there are 3 or more fatalities)

1) Rate of benefits to contributions = (Total benefits received during the 3 directly preceding years / total contributions paid during the 3 directly preceding years) x 100

# MATERIAL TOPIC 2.

## OCCUPATIONAL SAFETY AND HEALTH




Governance	Strategy	Risk Management	Targets & Metrics
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### Strategy and Actions in Response to Risks & Opportunities

Placing safety and health as a top priority value for the business to pursue, Hyundai E&C has set up and prioritize action plans and targets for a safe and healthy workplace, maintaining lower accident rates and fatality rates<sup>1)</sup> compared to the construction industry average. To establish advanced safety and health practices, we established safety and health policies that cover all stakeholders in our value chain from our employees to suppliers and vendors in the first half of 2024 which will be followed by employee and supplier training in the second half of 2024 to reflect the new policies in the operations of the organization. With the implementation, we aim to reduce accident rates at the company and suppliers who have contracts with us by an annual 5% compared to the previous year to eventually reach a decrease of 15% by 2026. All of our employees will do their utmost to achieve the goal of lowering accident rates from 2.73% to 2.34% and accomplish zero serious accidents. We also developed an advanced safety and health management system and received ISO 45001 and KOSHA MS certifications for 100% (as of 2023) of our project sites. We will build an organically aligned safety and health management system with our suppliers who face actual accidents frequently to implement an autonomous prevention system and strengthen safety control to address unsafe behavior and zones vulnerable to safety risks.

1) General construction company accident fatality rates: 2.06 % (2022, Korea Occupational Safety and Health Agency)

#### Safety and Health Targets and Specific Strategies

ZERO Serious Safety and Environmental Accidents	
Strengthen implementation of safety and health programs	
Reinforce systems based on safety and health	
Highlight safety and health DNA	
Category	Tasks
 Strengthen implementation of safety and health programs	Strengthen employee capabilities
	100% implementation of core programs
	Detailed diagnosis of implementation progress and apply stricter equipment management
 Reinforce systems based on safety and health	Build real-time risk evaluation system
	Refine TBM operations
	Strengthen safety management based on IT systems
 Highlight safety and health DNA	Build safety and health leadership programs
	Upgrade the safety and health experience center
	Strengthen safety and health training for employees

### Development of Accident Predictions

Hyundai E&C manages site safety through an internally developed AI (artificial intelligence)-based accident prediction program that is built on more than 39 million big data points collected from various projects carried out over the past 10 years. This accident prediction AI program provides information on accident risks every day to our domestic project sites that are currently underway to help draw out measures for reducing accident probability and mitigating risks. This way, project superintendents and officers can receive accident prediction information for the given day via e-mail and text messages to conduct preemptive safety management. We are also utilizing cutting-edge technologies such as, AI, IoT (Internet of Things), robotics, CCTV, black boxes, and body cams to strengthen accident prevention and site safety management while adopting smart safety technologies to remove blind spots in safety monitoring. Hyundai E&C plans to continuously digitize safety-related information collected from each site to advance the performance of our accident prediction AI program and expand its applications to accident forecasting by introducing smart airbags and smart safety hooks to expand use of smart safety technologies across the entire company. Moreover, we conducted analysis to predict risks at the work-level by segmenting the accident prediction model. We implemented a site safety alarm system linked to weather information from the Korea Meteorological Administration and are continuing to develop and build measures for utilizing the accident prediction database for on-site individual work-level risks. This information is aligned to the H-PMS work system and operated as an integrated management system.

### AI Video Recognition System to Prevent Caught In/Between Hazards

Hyundai E&C introduced an AI video recognition system for prevention of caught in/between hazards to improve the shortcomings of using previous ultrasound methods. The previous prevention system based on ultrasound technology could not distinguish objects from humans which led to alarms going off unnecessarily, but the current AI video recognition system uses AI technology to differentiate objects and humans to efficiently secure worker safety by providing alerts only when people are in near proximity of heavy equipment. In addition, we partnered with technology players to remove blind spots from the camera for video recognition and will continue to make improvements to expand the scope of surveillance to 360-degree detection.



CCTV for predicting incidents



AI -based accident prevention



MATERIAL TOPIC 2.  
OCCUPATIONAL SAFETY AND HEALTH

Governance	Strategy	Risk Management	Targets & Metrics
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Strategy and Actions in Response to Risks & Opportunities

Automatic Clamshell Hazard Detection System

Hyundai E&C has introduced an automatic clamshell hazard detection system to prepare for safety accidents that may occur during underground constructions. Due to the nature of underground construction, it is difficult to effectively warn workers of danger by relying only on signalmen due to loud noises and the wide distribution of workers. This system, however, automatically detects movements through sensors underground and above ground with a warning device that goes off automatically when movement is detected. The sensors accurately check the movement of clamshells, and while movement is detected, they inform workers of danger through sirens, warning lights, and danger warning messages to prepare against safety accidents.

Automatic Clamshell Hazard Detection System



Clamshell ground signalman

Clamshell caught in/between prevention warning system

Clamshell downward facing camera

Safety Management Mileage Program

Hyundai E&C operates a safety management mileage system to strengthen industrial accident prevention through the participation of project site employees in safety activities and quantify our performance in managing safety risks. This system presents quantitative goals for safety activities and measures performance. In addition, an accident-free incentive program is operated to reward individuals and project sites who practice outstanding safety in order to identify and report risks in advance, prevent accidents, and establish a culture of participating in safety activities. New safety programs are incorporated into the mileage program to manage the safety management performance capabilities of employees based on quantified metrics. In 2024, safety activities will be embedded in risk assessments to reinforce the safety management system in connection with risk assessments.

Corporate Safety and Health Training

Hyundai E&C is dedicated to safety and health training. We conduct safety and health training at least once a quarter for our headquarter executives, team leaders, and project superintendents, and plan to institutionalize our safety and health leadership program tailored to the construction business. In 2023, we reopened the safety culture experience center within our Technical Training Institute, which encompasses smart safety facilities using AR and VR technologies to provide 180 training sessions to 3,701 participants. The Center addresses key safety and health topics related to the construction industry and consists of 50 experiential facilities spread out across 10 zones for training on safety issues such as equipment safety, first-aid, health management, confined spaces, elevated work, temporary work safety, fire prevention, work environments, and electricity safety. We emphasize job training for new safety and health managers to strengthen the safety and health management system for new employees, offering a newcomer guidemap to view the company’s safety and health guidelines. Stepping Stone video training was carried out to 844 new safety and health managers while the on-site Stepping Stone program for safety and health management systems at 13 project sites was switched from online training to off-the-job training in 2024.

Safety Culture Experience Center

Key Safety and Health Training in 2023

Category	Training Program	Audience	Trainees
Statutory Training	Job skill training	Superintendents and safety and health managers (including suppliers)	996
	Regular safety and health training (HQ)	HQ employees	22,534
	Regular safety and health training (site)		214,583
	New recruits training	Workers at the 180 project sites including sites where construction has been completed	98,406
	Training for change in work		1,883
	Special safety and health training		104,846
	MSDS training		59,259
	Regular supervisor training		51,772
	Training for initial labor provision		585
	Training at the Safety Culture Experience Center	Internal employees	2,527
General Training		External parties including project issuers	1,174
	New Stepping Stone Training (safety, health, etc.)	New joiners and existing employees	922
	Special training on safety violators	Safety rule violators	1,206
	Self-authorization training	Relevant workers	4,919

MATERIAL TOPIC 2.

OCCUPATIONAL SAFETY AND HEALTH

Governance	Strategy	Risk Management	Targets & Metrics
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Strategy and Actions in Response to Risks & Opportunities

Supplier Incentive Program

Hyundai E&C introduced ‘H-Safety Wallet,’ an incentive system to raise safety awareness in workers and encourage active safety practices. H-Safety Wallet, the industry’s first accident-free incentive platform for workers, gives safety points to workers when they practice safety measures for their own safety or to protect colleagues. Since its introduction in May 2022, the cumulative number of subscribers has recorded 87,000 with a total KRW 2.4 billion having been paid. Workers can obtain points through accident-free certification, TBM attendance, participation in safety training, viewing safety and health information videos, and submitting reports to the Safety reporting, a channel for reporting safety-related incidents. The Safety reporting has especially advanced as one of the main safety and health platforms of Hyundai E&C that engage workers as reports have increased 546% following the launch of H-Safety Wallet, recording an average 850 reports being submitted each month.

In addition, Hyundai E&C operates a 50% advance payment system for safety management expenses to support suppliers in carrying out early site preparations. This system pays in advance 50% of safety management costs stated in subcontracts with suppliers in the early stage of construction so that they can meticulously manage safety from the initial stages without the burden of executing their funds. Since the system was rolled out, a total KRW 36.7 billion has been paid to encourage initial investments from suppliers with 91 small-and-medium-sized suppliers achieving zero-accidents across all processes and receiving KRW 513 million in rewards. Importantly, we do not request a return guarantee for the safety management fee paid beforehand to prevent suppliers from giving up the advanced payment.

H-Safety Wallet



H-Safety Wallet Performance

H-Safety Wallet development costs

KRW 195 million

Number of members

Cumulative 86,651 persons

Payments made

Cumulative KRW 2.4 billion

Number of reports submitted to the Safety reporting

Monthly average of 850 reports

Key Safety Hazards and Recurrence Prevention Measures

In the event of an accident, Hyundai E&C carries out risk management by classifying it by type of construction and accident, analyzing various potential causes of the accident at the technical, institutional, and managerial levels, and establishing measures to prevent recurrence. The details are systematically managed through an internal IT system, and the cause of accident, analysis results, and preventive measures are shared across the entire company as 'accident cases' to raise safety awareness among employees. Key causes of accidents include caught in/between construction equipment, construction material dropping from heights due to poor work methods, collisions with construction equipment or objects being lifted, stabbed by rebar, insufficient installation and management of temporary facilities, and falls due to negligence of workers. These hazards are prioritized to develop relevant implementation plans and prevention measures. Key measures to prevent recurrence include managing placement of flaggers and signalmen, improving equipment visibility (caught in/betweens), safety-oriented control and reinforced compliance of safety rules (falls), AI cameras, protection measures for rebar (collision), compliance with temporary facility installation regulations, and rebuilding and distributing standardization policies (falls). Meanwhile, Hyundai E&C has introduced smart airbags to minimize damage in the event of a worker's fall in a situation where it is difficult to fasten a seat belt. 432 units have been introduced and are being used at all sites in Korea, being applied to prevent workers from being exposed to unsafe environments.

Category	Key accident factors	Prevention measure
Caught in/between	- Caught in/between construction equipment (mantalls, etc.)	- Strengthen management of positioning flaggers and signalmen - Improve visibility for operators by switching external safety nets to metal mesh nets - Install impact resistance bars and double reinforcement of horizontal bars to scissor-type elevated work platforms at all sites - Cascade and train workers on work procedures and identified risks
Struck by objects	- Falling material due to incorrect work methods (hangers, simultaneously working above and below, etc.)	- Stricter control of danger zones (adoption of smart systems, etc.) - Development of rigorous work plans - Compliance with rigging safety rules (color coding, etc.)
Collision	- Colliding with construction equipment or objects being lifted - Colliding with structures, materials, etc. - Hit by rebar	- Comprehensive implementation of core equipment systems (smart safety such as AI cameras, etc.) - Protection measures for rebar (safety caps) - Line marking for routes to pre-secure space to move on top of the slab
Falls	- Weak installation and management of temporary facilities such as safety facilities and temporary buildings, etc. - Workers arbitrarily remove safety chains and fall while moving	- Reestablish standardization rules for temporary facilities - Attach seals to connector area of fall arresters to check when they are disconnected - Attach bands to identify protrudes along the wall in sections where Gondolas operate (route)
Common		- Diagnose core system 100% implementation and manage equipment - Advance the risk assessment system and IT-based safety management - Build safety and health leadership program

MATERIAL TOPIC 2.

OCCUPATIONAL SAFETY AND HEALTH

Governance	Strategy	Risk Management	Targets & Metrics
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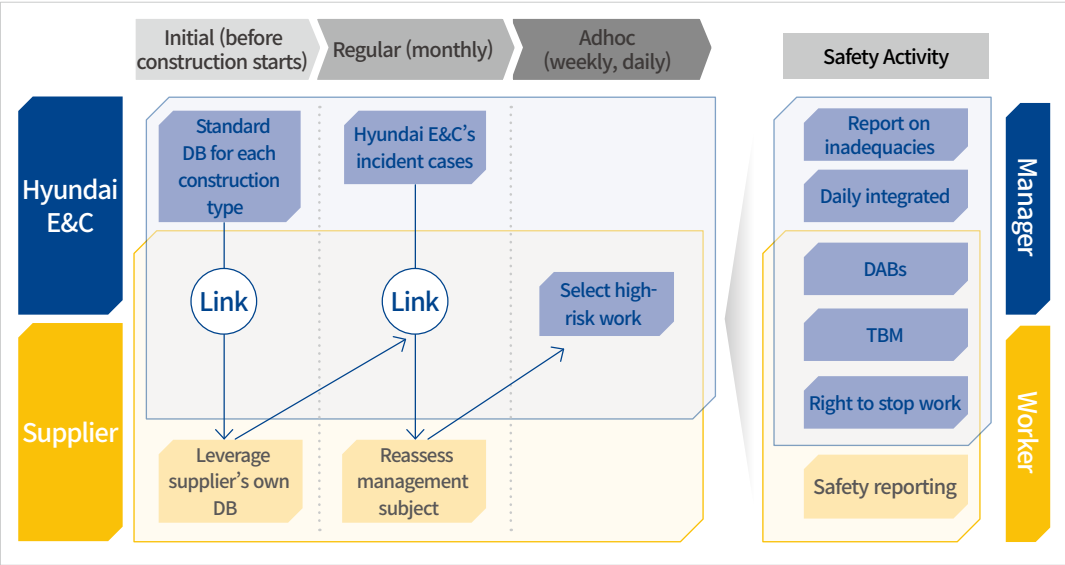
Safety and Health Risk Assessment

Risk Assessment System

As applying risk assessments becomes more important due to the revision of relevant laws and regulations in accordance with the Serious Disaster Reduction Roadmap, Hyundai E&C operates a regular risk assessment system to identify hazards and risk factors at sites and minimize risks and conducts risk assessments that are aligned with suppliers.

We have established and operate a risk database through a dedicated IT system for safety and health management and adopted occupational safety and health standards in procurement and contract requirements. To support risk assessment systems of suppliers who actually perform the work, Hyundai E&C has completely revamped the system in 2023 so that suppliers can create initial risk assessments directly using Hyundai E&C's project management system (H-PMS). At the same time, we are building a system that allows safety activities carried out by supervisors and workers to be registered and approved anytime by reflecting them in real-time as risk assessments. This will be the basis for a system where suppliers and Hyundai E&C identifies risk factors together and for the identified risks to be cascaded to workers through PTW (Permit to Work) and TBM (Tool Box Meeting) before they commence work. Permit to Work (PTW), an accident prevention system of Hyundai E&C, requires obtaining a permit to work in advance by establishing a safety measure for all possible risk factors of every work executed at sites and incorporated into risk.

Risk Assessment Chart



Risk Assessment Follow-up Measures

Hyundai E&C builds risk reduction measures to manage risks identified through risk assessments carried out along with suppliers and their workers based on the size of risks and the number of affected workers. High-risk work and factors are addressed first based on the outcome of the assessment, and key risks that need to be managed are tracked and monitored across multiple aspects by recording whether countermeasures are being implemented. We operate a high-intensity safety management policy that conducts immediate safety improvements after discontinuing work at the high-risk sites identified from safety audits. After immediate actions are taken regarding real-time risk factors such as the right to stop work and reports on inadequacies, adequacy is reviewed when improvements are made to the right to stop work and inadequacies to resume work. In addition, data regarding safety incidents are analyzed with a prevention implementation system based on risk assessment instead of taking follow-up measures after incidents occur to build a system where common risk factors can be inspected directly at sites.

Risk Assessment Inspection Result in 2023

Category		Adequate	Inadequate	N/A	Action rate
Risk assessment across all processes	Enactments, amendments, review, and approvals	192	36	-	100%
	Appropriateness of details (whether risk factors are included, etc.)	132	96	-	100%
	Risk reassessment after accidents	109	12	107	100%
	Reflect Hyundai E&C incidents and reassess	99	13	1	100%
Monthly risk assessment	Monthly risk assessment meetings	37	78	-	100%
	Submission and revisions of monthly risk assessments	102	125	1	100%
	Connection with construction safety and health management plans	72	41	-	100%
	Connection with process risk assessment	96	17	-	100%
	Engagement of safety officials and workers	70	45	-	100%
	Process errors	116	92	-	100%
	Risk reassessment following accident	86	24	118	100%
	Status of reflecting Hyundai E&C incident cases	146	80	2	100%

# MATERIAL TOPIC 2.

## OCCUPATIONAL SAFETY AND HEALTH

Governance	Strategy	Risk Management	Targets & Metrics
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### Advancing Safety Inspections

Hyundai E&C has carried out 324 thorough diagnosis of the execution of on-site preventive measures across all of our sites in Korea, closely managing suppliers that had issues in the risk assessment or had recurring issues by dispatching Safety Patrol. In addition, we assigned dedicated equipment officers at each site and conducted site inspections and training support to improve equipment management capabilities at individual sites along with 10 experts from headquarters. A total 4,494 site inspections were held including construction machinery and equipment inspections and special inspections by HQ employees to monitor implementation of the safety and health management system up close. On top of this, implementation of safety and health management systems is included in the assessments of suppliers, accounting for 20% for new registered suppliers and 30% for suppliers renewing contracts. Based on the 2023 assessment, we sponsored a total 29.4 million in costs for suppliers in the bottom 5% to receive safety and health training and consulting from institutions specializing in safety and health to actively support them in building strong safety and health systems.

#### Current Status of Safety Inspections

Category	2021	2022	2023
CEO and CSO Safety Inspection	41(CEO)	64(CSO)	50(CSO)
Safety and Health Audits (including initial on-site support inspection)	408	338	324
365 Safety Patrol	364	528	626
Inspection of construction machinery and equipment	888	2,428	2,181
Special inspection of HQ employees	875	1,377	1,338
Total	2,576	4,735	4,494

#### Accident Response Process

Category	Details
Initial response	- Call 119 or hospitals and operate emergency situation room - Control personnel and vehicle access and preserve sites and stop work
Initial report	- Immediately report accident to relevant internal departments - Report to external parties such as Ministry of Employment and Labor, the police department, and the Ministry of Land, Infrastructure and Transport within 24 hours
Accident investigations and interim report	- Prepare and plan accident investigation - Collect information and conduct site investigation and inspections - Analyze cause of incident and fundamental causes - Build and implement improvement measures - Input details to the H-PMS accident survey program
Final report	- Report accident investigation to CSO and BOD - Share outcome with the entire company and implement preventive measures - Submit accident investigation reports and workplace incident report form to external institutions

### Strengthen Response to Emergency Situations

Hyundai E&C continues to strengthen our emergency response system to respond quickly to emergencies and minimize human and physical damages. To this end, we conduct emergency drills 4 times a year based on various scenarios such as fires, acts of terrorism, and hazardous chemical transportation accidents. Following the drills, evaluations and analysis are made to identify issues and make improvements while we are also striving to strengthen both preventive measures and rapid follow-up measures.

#### Safety and Health FOCUS ISSUE

In 2023, the Ministry of Employment and Labor carried out on-site inspections of 36 of Hyundai E&C's key project sites and reported a total 254 cases of safety violations. Major violations found included breaches of slip, trip, and fall prevention measures such as failing to install safety handrails and footholds. Hyundai E&C takes immediate measures to address such safety violations. To this end, improvement measures are being cascaded to all management and employees by the CSO, especially dispatching internal safety and health incident investigators for serious accidents to identify the key cause of the incident to share it with the rest of the organization to prevent similar accidents from occurring. Through such efforts, legal actions dropped 89% compared to 2021 while fines also decreased by around 4%.

Moreover, improvement measures are developed at the corporate level not only for serious accidents, but for all incidents, and on-site risk assessments are carried out monthly during site manager training. We are also actively adopting advanced safety and health techniques, having completed the implementation of SMART, to further strengthen our safety and health technologies and policies as a leader in safety management in the construction industry. We will continue to proactively insert efforts in enhancing our safety and health management capabilities for all of our employees.

MATERIAL TOPIC 2.

OCCUPATIONAL SAFETY AND HEALTH

Governance	Strategy	Risk Management	Targets & Metrics
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Safety and Health Performance Indicators

Category			Unit	2020	2021	2022 <sup>3)</sup>	2023
Investments in Safety Management			KRW 100 million	1,099	1,349	1,658	2,399
No. of On-site Safety Inspections			Number	1,688	2,576	4,735	4,494
Number of cases of lost time injuries (number of accidents)	Total		Cases	163	286	344	454
	Sub-total	Domestic	Cases	159	275	332	437
		Overseas	Cases	4	11	12	17
	Employees	Domestic	Cases	6	12	30	32
		Overseas	Cases	3	2	5	12
	Suppliers	Domestic	Cases	153	263	302	405
		Overseas	Cases	1	9	7	5
LTIFR <sup>1)</sup>	Employees		Cases/million hours	0.105	0.140	0.327	0.389
	Suppliers		Cases/million hours	1.024	1.644	1.982	2.121
OFIR <sup>2)</sup>	Total		Cases/million hours	0.265	0.571	0.651	0.686
No. of fatalities	Employees		Person	0	0	0	0
	Suppliers		Person	4	5	3	3
No. of persons with injuries	Employees		Person	9	14	35	44
	Suppliers		Person	150	267	306	407

\* The disaster rate and number of incidents for 2023 may be updated after the final results of industrial accident calculations by the Ministry of Employment and Labor, based on March 2023.

1) Lost Time Injury Frequency Rate = (Number of incidents with lost time injuries × 1,000,000 (hours)) / annual work hours

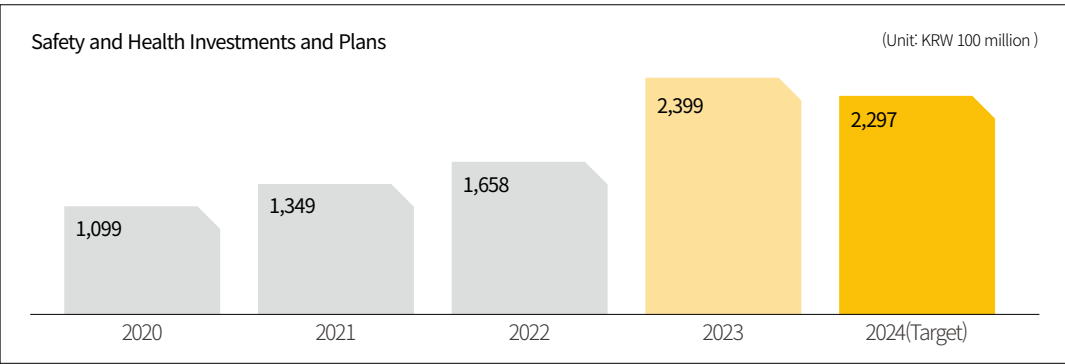
2) Occupational Illness Frequency Rate = (Number of occupational illness × 1,000,000 (hours)) / annual work hours

3) 2022 data was modified to reflect confirmed outcomes following issuance of the 2023 Report

Mid-to-Long-term Targets for Safety and Health

To achieve zero serious accidents, Hyundai E&C strives to lower accident rates by 5% compared to the previous year to reduce rates by approximately 15% compared to the base year (2023). In addition, we aim to reach 100% in executing rights to stop work and respond to reports made through the Safety reporting by 2026.

Category	Unit	2023	2024	2025	2026
Hyundai E&C lost time injury frequency rate (LTIFR)	%	0.389	0.370	0.351	0.334
Supplier lost time injury frequency rate (LTIFR)	%	2.121	2.015	1.914	1.819
Rate of acting on Safety reporting	%	96.5	98	100	100





MATERIAL TOPIC 3.  
QUALITY MANAGEMENT

Governance

Strategy

Risk Management

Targets & Metrics

BOD Management and Supervision on Quality Management Issues

Hyundai E&C’s Board of Directors is the company’s highest decision-making body for quality management issues, protecting and managing capabilities needed to provide high quality to satisfy our customers in various aspects. The BOD plays its role as the top decision-making body by continuously managing and supervising the direction for operating Hyundai E&C’s quality management systems. Through the Strategic Planning Division, the BOD constantly monitors quality management tasks and in 2023, received reports on the ‘2023 quality management targets and guidelines’, establishment of an on-site quality system that oversees the entire process from design to construction, extension of on-site technical support, and objective third-party quality assessment on construction work for ongoing management of quality risks.

Quality Management Governance



Quality Management Organization

In order to improve satisfaction on external customers and internal employees alike while strengthening the company’s quality related capabilities, Hyundai E&C positions the Quality Strategy Group and H-Service Center under the Strategic Planning Division. The Quality Strategy Group consists of the Q-Strategy Team, Q-ENG Team, and Q-Audit Team to offer systematic quality management. The Q-Strategy Team is in charge of overall quality planning and operates quality training and on-site quality management systems such as Q-Support and Q-Pocket while the Q-ENG Team manages Q-TOS (OSC integrated technical support), ISO certifications, participation in bids, and technical assistance. Meanwhile, The Q-Audit team conducts construction quality evaluations (Q-TPI, Third Party Inspection). The Q-Audit team performs comprehensive quality inspections and assessments through systems such as external penalty prevention checks. The H-Service Center supports site inspections before and after the completion of construction projects and handles defect repairs, striving for prompt response to ensure customer satisfaction.

Quality Management-linked Performance Compensation

Hyundai E&C integrates quality management KPI in our HR evaluations. Performance related to prevention of defects to enhance quality make up around 10% of the KPIs for each division to link the performance of management with their compensation. In addition, incentives are given to sites that display excellent quality and excellence in quality management, as well as special incentives for exemplary employees in quality management.

# MATERIAL TOPIC 3.

## QUALITY MANAGEMENT

Governance	Strategy	Risk Management	Targets & Metrics
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### Quality Management Key Risks and Opportunities

Hyundai E&C confirmed the quality management risks and opportunities that can reasonably be expected to have impact on the company’s outlook and identified the following potential financial impacts.

Category	Risks & Opportunities	Time Horizon <sup>1)</sup>	Impact on the Business and Value Chain	Potential Financial Impact	Response	Relevant Page
Risk	[Legislations and Policies] Increased litigation risks and risks related to managing penalty points due to quality issues	Short-term / Mid-term	· Disadvantages in winning new projects and carrying out sales activities due to sanctions from violations of law	· Costs due to tighter quality management systems for legal compliance · Costs associated with legal procedures (litigation costs, damage compensation, penalties, and fines, etc.)	· Quality Management Check-up (QMC) · On-site construction quality assessment (Q-TPI) · Inspection on prevention of external penalties	p.58
Risk	[Technology] Compensation for quality issues caused by quality defects	Short-term / Mid-term	· Project delays caused by redesigning and repairing quality defects and maintenance and repair costs for quality issues	· Project delays caused by redesigning and repairs, and costs associated with maintenance for quality issues	· Quality Management Check-up (QMC) · On-site construction quality assessment (Q-TPI) · Inspection on prevention of external penalties	p.58
Opportunity	[Products and Services] Technology-based quality management	Short-term / Mid-term / Long-term	· Increased demand for smart construction technology	· Increase in revenues with enhanced competitiveness · Reduction in maintenance and repair costs	· Adopt smart quality management · Conduct quality training · New business quality management	p.59
Opportunity	[Products and Services] Increased consumer preference	Short-term / Mid-term / Long-term	· Securing trust from customers and the community · Improved brand reputation and corporate image	· Increase in revenues driven by improved brand reputation and corporate image	· Operate Quality Management System · Customer satisfaction survey	p.59

1) Based on reporting periods with Short-term : (~1 year), Mid-term: 1~5 years, Long-term: 6 years or longer

MATERIAL TOPIC 3.

QUALITY MANAGEMENT

Governance

Strategy

Risk Management

Targets & Metrics

Financial Impact from Risks and Opportunities

[Legislative and Policy-related Risks]

Increased Flaw-related Litigation Risks and Risks in Managing Penalty Points

The most fundamental and important area in construction is quality and safety. Failing to carry out proper quality control and safety management can lead to massive human and physical damages, as well as social costs. Therefore, construction companies are exerting great efforts to be in compliance with the many legislations and regulations applied to quality management in the construction business. Stakeholder expectations for quality are growing as recently, there was a string of poor construction work issues in Korea that led to the relevant construction companies being sanctioned with business suspensions which displayed the substantial impact quality management can have on business operations. Changes made to the penalty point system under the Construction Technology Promotion Act that was enacted in January 2023 have especially triggered an increase in risks regarding penalty points. Instead of the previous method of using average penalty points, the current method uses a sum of penalty points to apply stricter sanctions such as restrictions presales and participating in bidding for public projects. Currently, Hyundai E&C is implementing various response strategies to prevent penalty risks and is maintaining zero penalty points as of April 2024.

Among the provisions of 24,086 million set aside for costs resulting from a tighter quality management system and pending litigations, Hyundai E&C defines the litigation provisions for quality lawsuits (maintenance and repairs for quality issues) as potential financial impacts and thereby confirmed a total financial impact of KRW 13,805 million during the reporting period. Costs are expected to rise in the short-term to strengthen our quality management system and secure improved quality capabilities, but such enhanced quality competency is considered to sharpen our competitiveness in winning new orders and serve as an opportunity in the mid-to-long-term.

Financial Impact during the Reporting Period (Unit: KRW million)

Category	Details	Financial Statement	Account Title	Value
Costs of Major Quality Inspections for Regulatory Compliance	Quality inspection costs (travel expenses)	Income Statement	SG&A	76
	Quality inspection costs (service fee)			1,080
Legal procedure costs	Quality (maintenance and repairs) related litigation costs	Balance Sheet	Litigation provisions	12,649
Total				13,805

※ Details on the company’s accounting policies regarding provisions can be found in the annotated ‘2.2 (14) Provisions’ section of the Financial Statements in the company’s Annual Report.

[Technology Risk] Compensations for Quality Defects and Issues

There are many legislations such as the Construction Technology Promotion Act that define the construction company’s accountability regarding defects resulting from quality flaws in construction. As warranty liabilities are imposed on construction companies pursuant to relevant regulations, construction companies must repair defects that result from quality flaws during a specified period while the project issuer may file for compensation in substitution for repairing the defects. Hyundai E&C recognizes the cost of repairing defects from quality flaws as a present obligation (legal or constructive) that has arisen as a result of a past event and is probable in the given year. When cost for performing the obligation can be estimated reliably, provision for warranty reserve, which is the estimate for the amount expected for carrying out defect repairs considering uncertainties of the event, is defined as a financial impact at the end of the reporting period.

The provision for warranty reserve during this reporting period was found to be KRW 73,346 million. Hyundai E&C operates a quality management system and conducts various on-site quality inspection activities to reduce risk of defective repairs.

Financial Impact during the Reporting Period (Unit: KRW million)

Category	Details	Financial Statement	Account Title	Value
Quality defect related costs	Maintenance and repair cost for quality issues	Income Statement	Provision for liabilities regarding flaw maintenance and repairs	73,346
Total				73,346

Estimated Financial Impact

The balance for the provisions for liabilities regarding flaw maintenance and repairs recognized at the end of the reporting period is KRW 369,914 million.

MATERIAL TOPIC 3.  
QUALITY MANAGEMENT

Governance	Strategy	Risk Management	Targets & Metrics
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Financial Impact from Risks and Opportunities

[Opportunity] Technology-based Quality Management

Recently, industries are expediting their efforts in adopting smart technologies such as artificial intelligence and big data. The construction industry is no exception, introducing smart technology to improve productivity, safety, and quality. Hyundai E&C is also actively applying smart technology to our sites for enhanced safety and quality. We also operate a Quality Management Platform tailored to the construction environment using internally developed smart technology. Thanks to such efforts leveraging smart technology for quality management, we obtained patents for 40 smart construction technologies as of December 2023 with commercialization underway. We recognize the active development and adoption of smart technology in aspiring smart construction markets to be not only beneficial to the company in terms of improved quality of business oprations, but also as in terms of being overall opprtunity to sharpen our competitiveness in attracting new projects with outstanding quality management capabilities.

New Patents for Smart Construction Technology in 2023

Date	Details	Commercialization
2023.02	Real-time vibration signals for rotating machinery integrity management and methods based on machine learning	In-progress
2023.02	Diagnosis of vibrations in rotating machinery considering combined conditions	In-progress
2023.08	AR-based safety training systems and methods for construction equipment	Complete
2023.08	Launching caissons without floating dock using deep learning	In-progress

Key R&D Achievements for Smart Construction Technology

Continuous Diagnosis System for the Cloud-based Power Plant Core Pump

Enhance reliability of diagnostic and forecasting technologies by building a core pump database

Remote Site Management System Using Unmanned Drones and Smart Glass

Develop applicable drone and AI footage recognition technologies for sites

Commercialize Unmanned Patrol Robot Functions and Improve Monitoring System

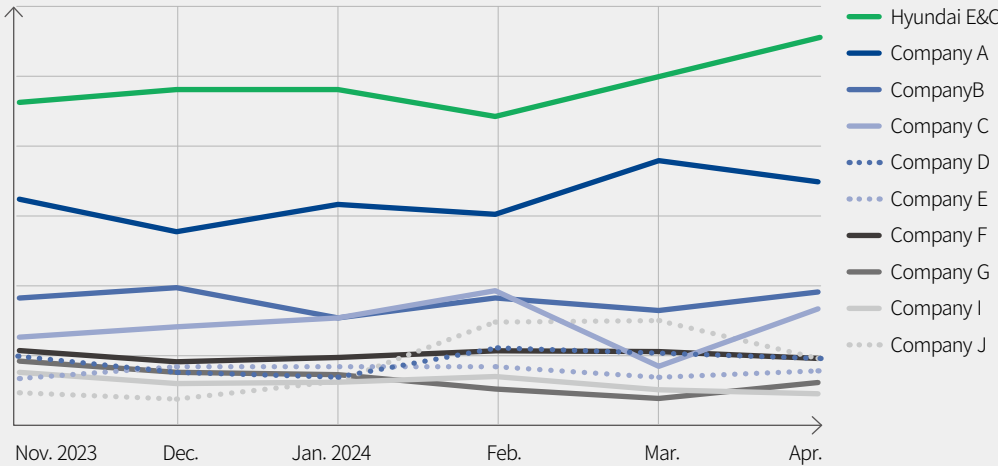
Improve robot monitoring system and apply patrol robots to project sites

[Opportunity] Increased Consumer Preference

Quality control has recently been raised as a key issue in the domestic construction industry with issues breaking out from serious defects found in the process of constructing apartments, attracting growing interest from stakeholders. In particular, as housing takes up a large share of the business portfolio of most domestic construction companies, quality competitiveness can improve consumer confidents and preference which has a direct impact on revenues. Based on our excellent quality management capabilities, Hyundai E&C has secured a positive brand reputation through various activities to improve the brand equity of our Hillstate brand and was ranked number 1 for six consecutive months from November 2023 to April 2024 on Korea's Brand Reputation Index.

Brand Reputation Survey of Domestic Construction Companies

- Results from Korea's Brand Reputation Index (6 months from November 2023 ~ April 2024)
- The Brand Reputation Index takes big data from brands and analyzes consumer behavior, placing positive and negative weights based on engagement value, communication value, media value, community value, and social value



## MATERIAL TOPIC 3. QUALITY MANAGEMENT

## Governance

## Strategy

## Risk Management

## Targets & Metrics

## Strategy and Actions in Response to Risks & Opportunities

Based on our organizational culture of always placing quality first, Hyundai E&C continues to make endless efforts to satisfy our customers and step up as a global construction leader. We established a no-compromise quality assessment system to strengthen fundamental capabilities through Q-Support (on-site quality support) to realize high-quality outcomes at project sites to meet customer satisfaction. We also operate Q-Pocket (integrated on-site quality management platform) in line with demands in the age of digital transformation to take the lead in creating a smart quality culture that streamlines quality control at sites and improves efficiency of quality management tasks. With a preemptive quality response system in place, we are spreading policies that emphasize quality and minimizing risks that come from the increase in complaints regarding defects in multifamily housing. In addition, we are forming a quality culture based on strict compliance and safety that has high awareness of quality and actively executes it to bring joy to our customers. In 2024, we set a goal to reach zero serious quality issues and are driving innovation in customer values by conducting multilateral activities including improving quality, strengthening quality control capabilities, and managing risks.

### Quality Management Targets and Specific Strategies

## Quality Guidelines and Targets ↗

## ZERO Major Quality Defects

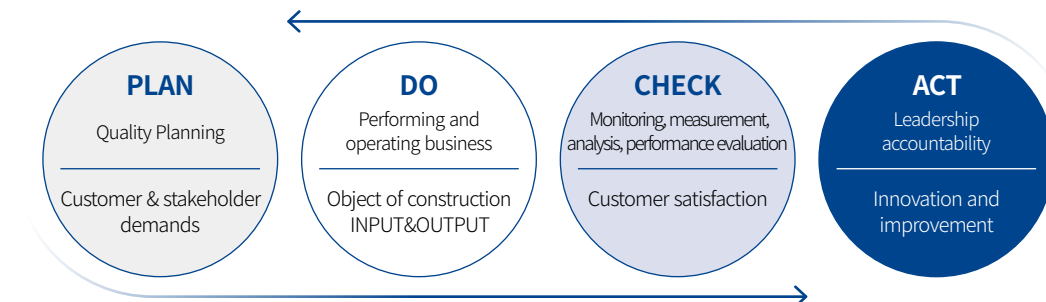
Strengthen fundamental capabilities  
to realize high quality at site

Establish a no-compromise quality management system for customers

Build preemptive response system  
for quality risks

Take the lead in smart quality systems  
with advanced digital transformation

### Quality Management System (PDCA)



## Quality Management Certification

In 1993, Hyundai E&C became the first domestic construction company to obtain ISO 9001 certification, an international standard for quality management systems, and has maintained it since. In particular, in order to actively advance into the large-scale petrochemical and gas plant markets by gaining an early advantage in quality competitiveness compared to our peers in the global plant market, we were also the first general construction company in Korea to acquire ISO 29001:2020 (oil, chemical, and gas quality management system) certification. We have also obtained and are maintain certifications for our globally exceptional nuclear power technology with KEPIC (Korea Electric Power Industry Code) certification in Korea and ASME (American Society of Mechanical Engineers) certification overseas. In 2022, we succeeded in being certified for even design, completing our unrivalled technology in domestic nuclear power design and construction. We plan to continue to carry out systematic quality management based on renewal audits for ISO, KEPIC, and ASME certifications. Through this, Hyundai E&C has established and is operating an effective quality system in all areas of business, including design, purchase, construction, and commissioning, and has established the basics of a company-wide quality management system. In the future, we plan to conduct ISO renewal audits to continue certification-based systematic quality management.

## ISO 9001, 29001 Certificates





# MATERIAL TOPIC 3.

## QUALITY MANAGEMENT

Governance

Strategy

Risk Management

Targets & Metrics

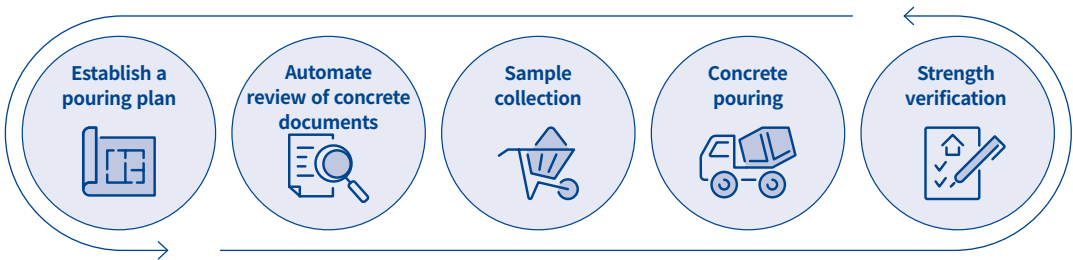
### Strategy and Actions in Response to Risks & Opportunities

#### Introduction of Smart Quality Management

Smart Quality Management is a system that maximizes the efficiency of on-site quality management work by using artificial intelligence, big data, and the Internet of things. In March 2021, Hyundai E&C developed Q-Pocket, a mobile integrated quality management system that can digitize simple repetitive paperwork, the first of its kind in Korea, and is using it to perform on-site quality work efficiently. We are contributing to the improvement of actual site quality by improving management efficiency through on-site monitoring of construction objects, identification of quality issues, and taking actions.

In June 2023, we completed the registration of Q-Pocket technology in the ‘Smart Construction Technology Field’ under the Ministry of Land, Infrastructure and Transport to secure external public confidence. In December 2022, we completed the development of Q-Con, an artificial intelligence system for preventing quality issues in concrete. It is now being used at all domestic sites, and we have completed the application for patent filing in February 2023. Based on concrete data accumulated over the years, Q-Con automates review of concrete quality paperwork, predicting the strength of concrete after pouring by age, and quantifying the quality of ready-mixed concrete suppliers to measure quality levels and contribute to securing high-quality concrete and improved site efficiency. Moreover, we are striving to prevent serious defects through immediate maintenance of defects identified early on through Q-Coupon, a worker quality incentive system.

#### Q-Con Concrete Problem Prevention System



#### Quality Training

Hyundai E&C is actively fostering excellent future construction engineers by operating company-wide quality training programs. Company-wide quality training is provided both offline and online, and by producing and distributing manuals for improving quality and process performance, we are contributing to improving productivity and enhancing technical capabilities in the field. In particular, we operate Q-Academy for new quality managers (experienced, new) to provide overall training on the company’s quality management systems, covering topics from on-site quality affairs to focused management areas, quality systems, and practice of Q-Pocket. We are also strengthening the quality capabilities of quality managers by building an online quality training system to provide constant training and have contributed to quality enhancement at sites through regular quality mindset training for field officers and working-level employees. This training reduced the time spent on quality management by approximately 48%.

#### Quality Training Conducted in 2023

Training Program	Audience	Training Hours	No. of Trainees
Online skill training	All employees	50 hours	1,796
Q-Pocket manual	All employees	10 hours	2,298
Q-Academy for field officers	Field officers	22 hours	240
Q-Academy for working-level on the field	Site working-level	16 hours	45
Q-Academy for new quality managers (Technical Training Institute)	Technical Training Institute dept. of Quality	120 hours	40
Q-Academy for new quality managers (Experienced workers)	Experienced workers and quality managers	64 hours	93

MATERIAL TOPIC 3.
QUALITY MANAGEMENT

Governance	Strategy	Risk Management	Targets & Metrics
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Quality Risk Management

Hyundai E&C is setting up a quality management system and organization that is in compliance with quality related laws and regulations and reflects the demands of customers and stakeholders. We conduct quality evaluations during each stage of project execution from a customer standpoint to inspect, analyze, and monitor the quality of our products and effectively manage quality risks. We are strengthening our response capabilities at both headquarters and construction sites to address quality risks based on regulations, guidelines, and integrated systems related to company-wide external inspections. We operate Q-Pocket, an IT-based on-site quality management system, and QMC (Quality Management Check-up), and monitor quality indicators from a customer perspective. We proactively assess risks through step-by-step verifications of structural design documents from the bidding stage to completion that is performed by structural experts. Additionally, we conduct quantitative evaluations of supplier quality to carry out objective supplier management and implement tailored management measures, including sanctions, for subcontractors with lower quality evaluation scores. This way, Hyundai E&C responds promptly to quality issues, prevents defects, and minimizes risks.

Quality Management Check-up (QMC)

Hyundai E&C preemptively responds to quality risks at each stage of project execution through various on-site quality inspection activities in order to actively realize our goal of zero major quality defects. We operate QMC, a quality management check-up, to manage all areas of quality based on a data-based evaluation system that measures quality assurance levels at sites and through H-PMS (Hyundai-Project Management System) for inspection on whether sites meet legally required mandatory quality standards. Through the implementation of these basic on-site quality activities, we can respond to external inspections and carry out preventive activities that are essential at sites. Furthermore, we plan to maximize work efficiency by streamlining on-site quality work and expand QMCs based on domestic and international standards by applying tailored checklists that are in accordance with the Construction Technology Promotion Act and ISO 9001:2015 standards.

On-site Quality Third-Party Inspection (Q-TPI)

Hyundai E&C diagnoses the exact quality level of project sites and suppliers throughout all stages of construction, without compromise, and has been conducting construction quality evaluations with internal quality specialists and quality diagnostics companies (Q-TPI, Quality Third Party Inspection) since May 2023 to focus on improving poor quality items at each site. From the start of construction to the pre-inspection prior to completion, a comprehensive evaluation of the types of work in progress are being performed to manage quality. Meanwhile, We are monitoring by making up for quality deficiencies at each site to correct non-conforming sites, reviewing and improving design and construction standards, analyzing evaluation results, and providing feedback. We are also leveraging quantitative metrics to manage the overall quality level in the project execution phase. For domestic building/housing sites, we plan to conduct step-by-step construction quality diagnostics starting from the groundbreaking stage through initial, intermediate, and final evaluations based on a checklist of key items for each construction type. For infrastructure projects, we are evaluating the quality of construction based on compliance with specifications and inspection of measurements. This way, we are improving the quality of supplier work for each construction type while reducing the number of defects and complaints filed and improving quality control by our employees to provide high quality and customer satisfaction.

Quality Risk Management Process

Category	Details
On-site Support	<ul style="list-style-type: none"> <li>Assist deployment of a quality system through Q-Support</li> <li>Support setting underground structures with Q-Ready</li> </ul>
On-site Inspection	<ul style="list-style-type: none"> <li>Q-TPI : Building/Housing/Infrastructure sites</li> <li>QMC : All sites</li> <li>Construction Quality Assessment: Plant/New Energy project</li> <li>Penalty Prevention Inspection: All domestic sites</li> </ul>
Issue Identification	<ul style="list-style-type: none"> <li>Check for vulnerabilities at all domestic and overseas project sites</li> <li>Issue PCR (Potential Corrective Report) containing corrective measures for potential flaws</li> </ul>
Improvement Measure	<ul style="list-style-type: none"> <li>Check if corrections have been carried out through feedback inspection</li> </ul>
Evaluations and Horizontal Deployment	<ul style="list-style-type: none"> <li>Draw out improvements through a council between headquarters and project sites</li> <li>Training and sharing best practices · Check if corrections have been carried out through feedback inspection</li> </ul>

Prevention of Quality Risks

Inspection for Prevention of External Penalty Points

Hyundai E&C has established rules for preventing external penalty points by reflecting the Enforcement Decree of the Construction Technology Promotion Act and the ‘Penalty Point Management Criteria for Construction Works, etc.’ in order to reduce quality management risks due to non-compliance with quality-related laws and quality standards. A checklist for 19 items was prepared and 72 domestic sites will be inspected based on the checklist to prevent penalties by reporting inspection results and conducting monitoring. We are strengthening company-wide on-site quality management by establishing an inspection system to respond to legal regulations.

New Business Quality Management

Hyundai E&C is also systematically managing the quality of our new businesses resulting from our portfolio diversification. Based on the KEPIC certification for power technology and ASME certification for nuclear quality assurance, we are strengthening our internal and external competitiveness in the nuclear power plant business. Through quality management efforts driven by headquarters, we are also preparing in advance against the growing OSC (Off-Site Construction) market and risks related to the quality of factory manufacturing. In addition, we are striving for quality management of ready-mixed concrete through focused management of low-quality producers and a real-time monitoring system for information on ready-mixed concrete shipments.

KEPIC Certificates



# MATERIAL TOPIC 3.

## QUALITY MANAGEMENT

Governance

Strategy

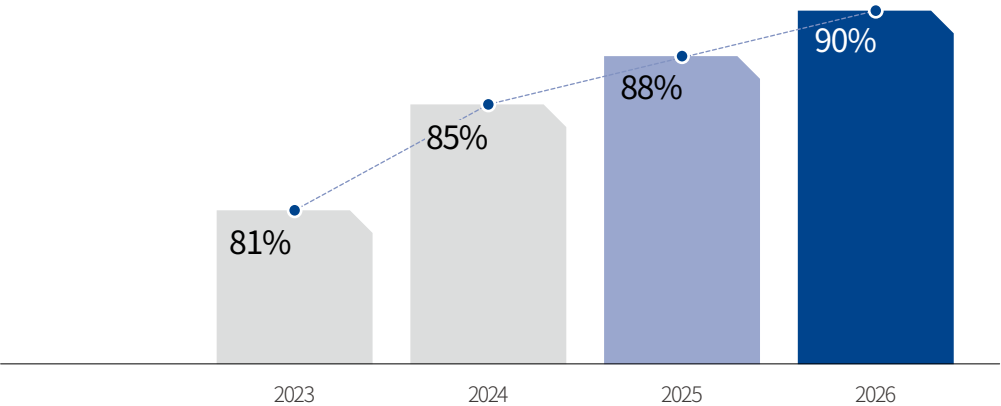
Risk Management

Targets & Metrics

### Customer Satisfaction Survey

Hyundai E&C conducts customer satisfaction surveys to domestic and global customers including project issuers, construction supervision groups, and design companies to understand customer expectations and demands and improve our quality system. In 2022, our efforts to continuously improve the quality of our products and services paid off as we received 9 internal and external awards including the Minister of Environment Award, Minister of Land, Infrastructure, and Transport Award, and the President of the Korea Construction Management Association Award. We plan to strengthen employee capabilities through reinforced online training systems to improve customer satisfaction. In addition, we are issuing quality publications such as the Q-Guide quality management guide to promote internal and external communication and build a communication channel with quality managers to share identified on-site quality management issues.

Customer Satisfaction Survey Outcome in 2023 and Improvement Goals



### Quality FOCUS ISSUE

Hyundai E&C carried out a complete numeration survey of quality issues that were raised against other construction companies in 2023. As a result, no quality issues were found thanks to rigorous inspections of structural designs that are based on structure design guidelines set forth by Hyundai E&C before start of construction, strict control of changes in structural design after construction commences, and differentiated design and construction technologies built through an AI-driven ready-made concrete mix management system.

### Quality Management KPI

Hyundai E&C operates internal quality KPIs for quality management. The company carries out quality assessments at headquarters and business divisions, quality management check-ups (QMC), and site quality assessments based on specific metrics for smart quality. Grades are lowered in the event of critical defects at sites or penalty points during inspection by external institutions while grades are raised as incentives when quality best practices are identified.

#### Composition of Quality KPIs

Category	Details
Quality Assessment	· Q-Audit Team assessment · Business division assessment
QMC Quality Assurance Index	· QMC score for each area
Smart Quality	· Current status of smart quality management such as Q-Pocket, etc.







# PROSPERITY

## Sustainable Innovation Created by Hyundai E&C

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### Future Technology Innovations

Research and Development  
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The National  
Museum of Qatar



## PROSPERITY

# Creating Sustainable Economic Value

Since its founding in 1947, Hyundai E&C has become a leader in the global construction industry with its undaunting spirit in taking on challenges and pursuing innovation over the past 77 years.

Amid increasing change and uncertainties faced by businesses today, Hyundai E&C is committed to strengthening our fundamental competitiveness in the EPC business while actively developing various low-carbon and eco-friendly businesses and new domestic and overseas markets.

We will step up our efforts in creating sustainable economic value by focusing our capabilities on high value-adding businesses and securing a distinctive technological edge in our core businesses.

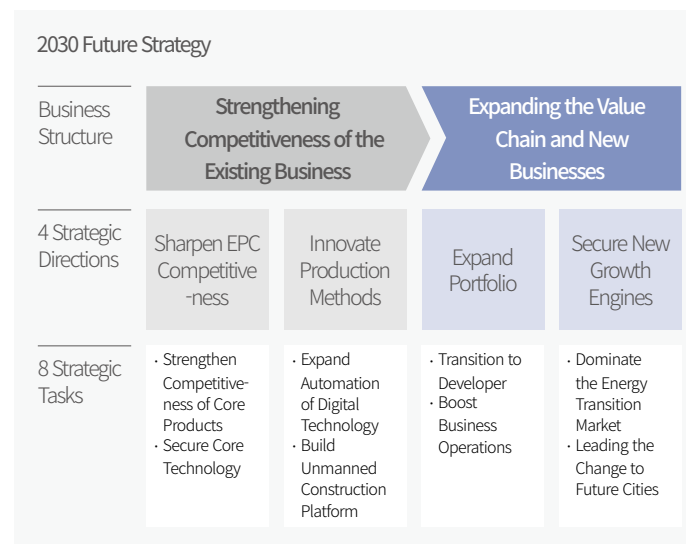


## Strategy and Our Response

### 2030 Future Strategy

As a global leader in construction driving technology innovations, Hyundai E&C aims to shift toward a new eco-friendly and low-carbon business structure by expanding our value chain and increasing the share of new businesses to 50% by 2030. We are securing new growth engines by acquiring innovative technologies, applying digital transformation to our production methods, and responding to energy transition and carbon neutrality trends based on our 2030 Future Strategy composed of 4 strategic directions and 8 strategic tasks in order to secure sustainability and address changes in the future business environment.

To take the lead in innovating the construction business, we have been building an Open Innovation platform since 2019, continuously developing promising start-ups boasting innovative technologies and services. In 2023, we provided sustainable growth opportunities and various follow-up support to start-ups by not only expanding the scale of our start-up contest, but also by forming a cooperative network between the private sector, government, industry, and academia.



### New Business Portfolio

As global climate change triggers increasing demand for low-carbon and eco-friendly solutions and the implementation of coal phase-out policies, Hyundai E&C is diversifying our new business portfolio in energy brokerage, smart cities, and energy transition based on our existing technological capabilities in line with forecasts for growth in the renewable energy market. We aim to actively pursue the new energy brokerage business to secure market stability and trading efficiency.

To this end, in 2023, we partnered with an IT start-up specializing in energy and started development of an integrated platform (PPA/WVP) for energy trading. We also signed a virtual power purchase agreement (VPPA) for 5MW of renewable energy with Hyundai Mobis which was followed by MOUs for renewable energy power purchase agreements (PPAs) with Hyundai Motors and Kia Motors for 65MW and 291MW, each respectively. Aside from affiliates of the Hyundai Motor Group, we also signed an on-site PPA with the Incheon Namdong Industrial Complex for a 7.5MW solar rooftop to contribute to the complex achieving its RE100 goals.

In addition, after analyzing leading trends and selecting which technologies to apply to secure competitiveness in smart cities, we are adopting smart solutions such as autonomous driving and urban air mobility (UAM). We are reviewing specialized technologies through our recent work in designing the vertiport pilot site in Wonhyo-ro and the mixed-use development project near Bokjeong Station. Furthermore, Hyundai E&C is developing vessels dedicated to offshore wind farms and construction technologies to dominate the domestic offshore wind power market while also actively pursuing biogas energy center projects such as building the Siheung Clean Energy Center. Meanwhile, we are also participating in state research projects and the private sector joint empirical study on CCUS (carbon capture, utilization, and storage) (Pre-FEED design of the CCS pilot project leveraging the waste Donghae gas field) and next-generation reactor (SMR) business to lead energy transition in the construction sector.



## Strategy and Our Response

### Key New Growth Businesses

Category	Direction	Key Businesses
Energy Transition	Hydrogen Plants	<ul style="list-style-type: none"> <li>Secure track record in hydro energy and strengthen market competitiveness</li> <li>Buan, Jeollabuk-do Hydrogen Production Base Based on Water Electrolysis</li> <li>Pre-FEED for the Jeju Green Hydrogen Pilot Project based on Water Electrolysis</li> <li>Participation in water electrolysis pilot projects linked with NPPs</li> </ul>
	Next-generation NPPs	<ul style="list-style-type: none"> <li>Strengthen the value chain by driving next-generation nuclear power plant projects</li> <li>Detailed design for commercializing SMR-300</li> <li>Agreement for the reconstruction of energy infrastructure in the Ukraine (large-scale nuclear power units, SMRs, etc.) (Energoatom)</li> <li>MOU for financial support to expand the global SMR business (Holtec, Korea Trade Insurance Corporation, Export-Import Bank of Korea)</li> </ul>
	Carbon Capture, Utilization, and Storage (CCUS)	<ul style="list-style-type: none"> <li>Secure CCUS technology and actively participate in global carbon neutrality projects</li> <li>Optimization and testing of hybrid CO<sub>2</sub> capturing and liquefaction processes to produce blue hydrogen</li> <li>Pre-FEED design for the Donghae Gas Field CCS (Carbon Capture and Storage) project</li> </ul>
	Renewable Energy	<ul style="list-style-type: none"> <li>Increase EPC contracts for offshore wind power and strengthen biogas O&amp;M capabilities</li> <li>Sarulla Geothermal Power Plant</li> <li>Seosan Solar Power Plant</li> <li>Chungju Food Bio Energy Center</li> <li>Daesan Biomass Power Plant</li> <li>Complex turbines and basic-structure EPC for the Southwest Demonstration Offshore Wind Farm</li> <li>Jeju Hallim Offshore Wind Power Project</li> <li>Siheung Clean Energy Private Investment Project</li> <li>Joint entry into the Solar PV development project in Texas (KIND)</li> </ul>

Category	Direction	Key Businesses
Smart City	Urban Mobility Hub	<ul style="list-style-type: none"> <li>Realize urban air mobility and build ecosystem</li> <li>Designs for Vertiport pilot sites</li> </ul>
	Future Housing	<ul style="list-style-type: none"> <li>Use eco-friendly construction material and construct Zero Energy Buildings</li> <li>Hillstate Lake Songdo Complex1</li> <li>Amorepacific building</li> <li>LH headquarters building</li> <li>Dongtan Parkrix (Preliminary Certification)</li> <li>Hillstate Daegu Station First</li> <li>Custom care inside residential spaces based on genetic analysis data of residents</li> <li>MOU with Thermo Fisher Scientific, a bioengineering company, and Microgen, a DNA analysis and testing service provider, to develop healthy future housing based on gene analysis</li> </ul>
	Data Centers	<ul style="list-style-type: none"> <li>Develop 'All Lifecare House,' a new concept for future housing that converges technologies from construction, bioengineering, and precision diagnostics</li> <li>Enter the global data center market and strengthen network</li> <li>Naver Sejong Data Center</li> <li>Yongin Jukjeon Data Center</li> <li>AWS Data Center</li> </ul>
	Energy Brokerage	<ul style="list-style-type: none"> <li>PPA business to supply electricity based on renewable energy to private electricity users</li> <li>Building and operating renewable energy facilities in Incheon's Namdong Industrial Complex, in charge of energy trading</li> <li>Renewable Energy Certificate (REC) supply agreement with Hyundai Mobis</li> <li>Power Purchase Agreements (PPA) with Hyundai Motors' Ulsan Plant and Kia Motors</li> <li>VPP business for integrated power generation services</li> <li>Joint development of a VPP platform with Sixty Hertz, an energy IT company</li> <li>Government R&amp;D project on V2G (Vehicle to Grid) demonstration</li> </ul>

## Strategy and Our Response

### Renewable Energy Market based on Power Purchase Agreements (PPA) and Virtual Power Plants (VPP)

Building on our years of experience and technology knowhow in the energy industry, Hyundai E&C is driving the transition from fossil fuels to clean energy to address power insufficiencies while taking into account the future of earth. In 2023, 'the renewable energy-based electricity supply business and small-scale energy broker business' were incorporated in the company's articles of incorporation, and a new energy brokerage organization was set up to expedite entry into the new energy business to prepare various solutions to make building and practicing net-zero strategies more convenient across the entire industry value chain.

Based on our experience in developing, constructing, designing, and operating renewable energy power plants, Hyundai E&C is spreading out into the area of power trading by purchasing electricity produced from multiple renewable energy power plants and supplying them to companies aiming to achieve their RE100 commitments. In 2023, we signed an agreement to build a solar power plant on the rooftop of a leased factory in Incheon's Namdong Industrial Complex and supply it to SMEs in the complex as part of a national test-bed project while also signing the largest power purchase agreement (PPA) and virtual power purchase agreement (VPPA) in Korea with Hyundai Motor Group for its RE100 aspirations.

In addition, we are laying the foundation for an integrated power generation business with virtual power plants (VPP) that contribute to stabilizing power systems by seamlessly integrating and controlling power from distributed renewable energy and energy storage device (EV, ESS) via an ICT-driven platform and AI forecasting to make up for the intermittency of renewable energy and dispersion of resources. On top of the core V2G EV battery hardware we secured as a member of the Hyundai Motor Group, we have also secured software elements by forming a strategic partnership with Sixty Hertz, a Korean IT startup.

Through the power trading business, Hyundai E&C looks forward to contributing to promoting renewable energy trading and the increase of renewable energy power plants by supporting companies fulfill their RE100 plans of using electricity generated 100% from renewable energy by 2050 and create a market for direct trade of renewable energy between power plants and customers to respond to the diversification of renewable trading markets. Moreover, we will contribute to stable power systems through VPPs that leverage accurate AI forecasting for the irregular power output from renewable energy and that immediately manage power production and consumption based on ICT without a physical power plant to improve efficiency of energy resources and boost the market through small-scale power trading. Through such efforts, Hyundai E&C will take the lead in the power trading business and integrated power generation business by supplying eco-friendly energy as a Total Energy Solution Provider.

#### Renewable energy power purchase agreement (PPA)

#### Self-sufficient energy project agreement with Incheon's Namdong Industrial Complex

To supply power after implementing a 7.5MW solar power plant by 2025

#### VPPA with Hyundai Mobis

Sourcing 150GWh power by 2048  
(amount of power used by 42,000 households for 25 years  
\*based on 4-person families)

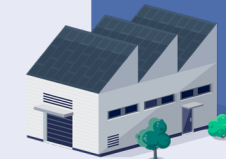
#### Largest domestic PPA with Hyundai Motors and Kia

- 64MW for Hyundai Motors Ulsan Plant by 2025  
- Supplying 219MW solar power to all Kia business sites by 2030  
(carbon reduction effect of an annual 170,000 tons - effect of absorbing annual carbon emissions from 100,000 semi-mid-sized cars \*based on annual driving distance of 15,000km)



Developing and advancing software with our VPP platform business partner, Sixty Hertz

A climate tech startup that won the CES 2023 Innovation Award



Secured core hardware through partnership with Hyundai Motor Group

A global automotive group that produces top-notch electric vehicles

## Strategy and Our Response

### Biogas, Eco-friendly Energy Made from Waste

Biogas is in the spotlight as a carbon-neutral energy source that not only uses waste as renewable energy, but also serves as a stable waste treatment method that can reduce carbon emissions.

Hyundai E&C entered the race to develop original technology for converting biogas into energy in 2008, building a biogas-to-energy pilot facility in Cheongna, Incheon and succeeding in stable production of biogas after several rounds of research. Later, in 2016, we completed construction of the Food Bioenergy Center in Chungju, which can process 80 tons of food waste per day, and in 2024, the Siheung Clean Energy Center which can integrate and process food waste, sewage waste, and livestock waste is scheduled to be completed. In 2026, an integrated biogas energy conversion demonstration facility that can process 75 tons of livestock waste, sewage waste, and food waste per day will be built in Inje-gun, Gangwon-do where improved pretreatment technology is expected to be able to produce more biogas with less energy and safely handle wastewater treatment, as well. Meanwhile, Hyundai E&C is developing innovative technologies for biogas energy conversion through continuous research and technological advancements. As a result, we have been recognized for our excellent technology with 2 environmental new technology certifications and 1 green certification and registering a total of 15 patents in Korea and 3 patents overseas.

Going forward, biogas energy conversion will play an important role in recycling organic waste in each region, helping to improve energy independence and strengthening energy security in Korea, which is highly dependent on energy imports. Hyundai E&C is devoted to revitalizing resource circulation and carbon neutrality based on our exceptional original technology for biogasification.

#### 01

##### Incheon Cheongna Biogas-to-Energy Pilot Facility (2008)

Development of original technology for Korea  
Succeeded in biogas production with inhouse technology

#### 02

##### Chungju Food Bio Energy Center (2016)

Started operations of the first commercial R&D facility  
Operating the first test facility that embodies the R&D achievements of Hyundai E&C

#### 03

- Siheung Clean Energy Center (construction to be completed in 2024)
- Inje Integrated Biogas Energy Conversion Facility (construction to be completed in 2026)

**Integrated biogas facility business**  
Construction for an integrated biogas facility that handles food waste, sewage waste, and livestock waste

#### 04

- 15 domestic registered patents and 3 overseas patents
- 2 new environmental technology certifications and 1 green certification

**Tested eco-friendly hydrogen production technology**  
MOU for joint demonstration of eco-friendly hydrogen production technology using biogas



Chungju Food Bio Energy Center



Siheung Clean Energy Center



## Strategy and Our Response

### Expanding Entry into New Markets

Hyundai E&C is making an all-out effort to address fiercer competition in overseas construction markets and respond to various risks by developing potential markets and diversifying our market portfolio. We are strengthening our position in core markets in the Middle East and Asia by securing continuous profitability and increasing project opportunities while seeking diversification to more stable advanced market based on the technology and capabilities accumulated over the years.

As a result, we set a foothold into Europe's nuclear energy sector in 2023 by winning the project for a tritium removal facility Cernavoda in Romania based on our technology and domestic and global track record. By entering Romania, we plan to focus on entering large-scale nuclear power units and SMR projects in promising markets in Europe such as the UK, the Ukraine, and Bulgaria. Along with these efforts, we will set up a stable new market portfolio by also entering SMR, solar power development, cutting-edge industries, and infrastructure projects in the US, as well as a power transmission and substation project in Australia. Moreover, we are carrying out preemptive efforts to prepare for post-war restoration projects expected in the Ukraine by pursuing strategic partnerships with influential players in Europe and building a branch network.

#### Business Strategy for Overseas Markets

### Strengthening the Global Network

Based on our vast global network, Hyundai E&C is focusing on improving its competitiveness in winning and executing overseas projects by discovering new overseas projects, developing subcontracting strategies, and providing on-site support as we strive to secure sustainable growth and competitiveness by establishing a management system for key customers, clients, and suppliers. We are actively reviewing and implementing setting up local branches and subsidiaries with the aim of boosting overseas projects through regional diversification. We are making endeavors to secure order opportunities by building local hubs in strategic locations while pursuing continuous growth through localization in the long-term.

In 2023, Hyundai E&C took advantage of our global network to form a strategic cooperation system with companies that possess original technologies to take a leading position in the unprecedented competition for next-generation nuclear power plant projects. Through such efforts, we were able to take a pioneering position in the SMR market, and also stood out in the overseas large-scale nuclear power plant market based on our domestic and global track record. We also completed setting up branches in Poland and Romania where active NPP projects are expected to enhance our customer management capabilities and project performance in the region. Meanwhile, we plan to flexibly respond to the situation in the Ukraine, where post-war restoration projects are expected, by building a local branch to predominate the market.

#### Middle East



- Strengthen partnerships with competitive players to prepare for large-scale infrastructure and plant projects (Saudi NEOM project, etc.)
- Leverage new construction JV in Saudi Arabia (National EPC Champion- local RTCC) for Aramco orders
- Secure dominant business position and increase orders
- Diversify business and predominate future markets by entering eco-friendly energy business areas (blue hydrogen, ammonia)
- Sharpen technology competitiveness by cooperating with leading players equipped with technology
- Strengthen market position in Middle Eastern markets by keeping an eye on oil price trends, international politics, and security issues

#### Asia



- Develop infrastructure projects in developing countries through EDCF, JICA, and multilateral development banks, and pursue continuous participation
- Increase or maintain margin levels at construction sites in Asia including in Singapore, etc.
- Increase participation in data center projects in Asia and plant projects that accompany financing
- Increase market influence in Asia's transportation infrastructure based on projects for sections 4, 5, and 6 of the Philippines' South Commuter Railway
- Secure projects to serve as foothold into advanced PPP markets (e.g., Australia)

#### Americas/CIS



- Accumulate advanced nuclear power technologies by participating in decommissioning and SMR (small modular reactor) projects in the US
- Increase participation in the US cutting-edge industry, renewable energy (solar, etc.) developments, and transportation infrastructure projects
- Pursue strategic cooperation by partnering with influential players in the US and Europe
- Develop ECA financing proposal projects in Latin America

#### Europe/Africa



- Form strategic partnerships with European construction and engineering companies to secure opportunities in projects in Europe
- Increase participation in NPP/SMR projects in Bulgaria, the UK, and the Ukraine to enter Romania
- Pre-sales to secure business opportunities to take part in the Ukraine's restoration project (nuclear power units, airports, and power transmission and substation facilities)
- Analyze risks in new Europe and CIS markets through preemptive market studies and develop strategies to participate in the markets

## Targets & Metrics

### Employment and Value Creation

#### Economic Contributions

(Consolidated basis, Unit: KRW Million)

Category	Stakeholder	Value
Total dividends	Shareholders and investors	67,499
Interest expense	Shareholders and investors	64,062
Salary expense	Employees	2,223,599
Raw material cost	Suppliers	8,217,883
Corporate tax	Government	285,264
Donations	Community	10,349

### Creating Global Economic Performance

Despite global geopolitical risks and economic slowdowns, Hyundai E&C is doing our utmost to secure a sound business by identifying risks in advance and building contingency plans. As an example, we took advantage of the business downswing risks from continuing high oil prices and turned it into an opportunity with a strategy focused on oil producers in the Middle East to win major projects in the region including the Amiral Package 1, 4 and Jafurah gas plant projects in Saudi Arabia. Also, we actively addressed issues faced at sites in the face of various risks such as disruption in the supply chain and rising prices, to record consolidate revenues of KRW 29.7 trillion, operating profits of KRW 785.4 billion, and new orders worth KRW 32.5 trillion. Based on this performance, Hyundai E&C set annual targets for 2024 to win KRW 28.9 trillion in orders and register KRW 29.7 trillion in revenues with a strategy to strengthen the soundness of our overseas business to meet our goals and respond to the direct and indirect risks in various overseas construction markets imposed by the global recession and deteriorating political developments in the Middle East. We plan to actively expand our high-return business models by participating in limited competitive bids for projects requiring competitive technologies or involving strong industry players and technology firms such as regarding large and next-generation nuclear reactors. We will also strive to meet our order targets by securing profitable and stable projects by entering advanced markets in the US and Australia. Furthermore, Hyundai E&C plans to focus on maximizing revenue and managing profitability by identifying risks beforehand through reinforced screening of high-risk projects and identifying low-return projects through new market studies and inspection systems, as well as review of preliminary risks.

### Global Projects

50 global project sites among the 885 projects (as of end-December 2023)

### New Project Orders

(Consolidated basis, Unit: KRW Billion)

Infrastructure	Buildings/Housing	Plant/Power	HEC	Other	Total
2,502	9,496	5,063	14,991	439	32,491

### Strengthening Competitiveness of the Existing Business

Business Structure	4 Key Strategic Directions	2023 Results	2030 Targets
Strengthening Competitiveness of Existing Business	Sharpen EPC competitiveness	<b>Future housing (All Lifecare House)</b> · Develop future housing products based on gene analysis - Develop specialized technology and services through domestic and global partnerships, MOU with US-based Thermo Fisher and Korea's Microgen (May) - MOU with Naver to develop an AI healthcare platform (Sep)	Shifted to a portfolio of the best products
		<b>Secured basic design capabilities for water electrolysis hydrogen production plants</b> · Completed design of Korea's first water electrolysis hydrogen plant in Buan, Jeollabuk-do (Oct.2023)	Secured core technologies and design capabilities for future promising products
Production Innovations		· (Site automation) Automated quality management system for AI structures using drones · (Artificial Intelligence) Commercialize caught in/ between prevention systems based on UWB (Ultra-Wideband)	Increased digital transformation and development of smart construction technologies
		· Build an AI quality monitoring system using drones and mobile technology · Adopt AR and VR systems at sites · Apply safety management system (HioS) to sites and optimize system	Phased development of an unmanned platform underway

### Expanding the Value Chain and New Businesses

Based on EPC capabilities acquired through the general construction business, we plan to expand our value chain and increase the share of new businesses to 50% by 2030, raising the share of sustainable product sales to over 60% in 2030 from 52.10% in 2022.



PROSPERITY

# Future Technology Innovations

Energy transition is an inevitable global megatrend as the fourth industrial revolution accelerates digital transformation and the world faces depleted fossil fuel and a climate crisis. Hyundai E&C is devoted to strengthening our technology capabilities through technology innovations to take the lead in the future and respond to the rapidly changing internal and external environment.

We are developing base technologies to sharpen our business competitiveness while focusing on net-zero and energy transition to secure new growth engines, and driving innovation in the construction business through the development of smart construction technologies.

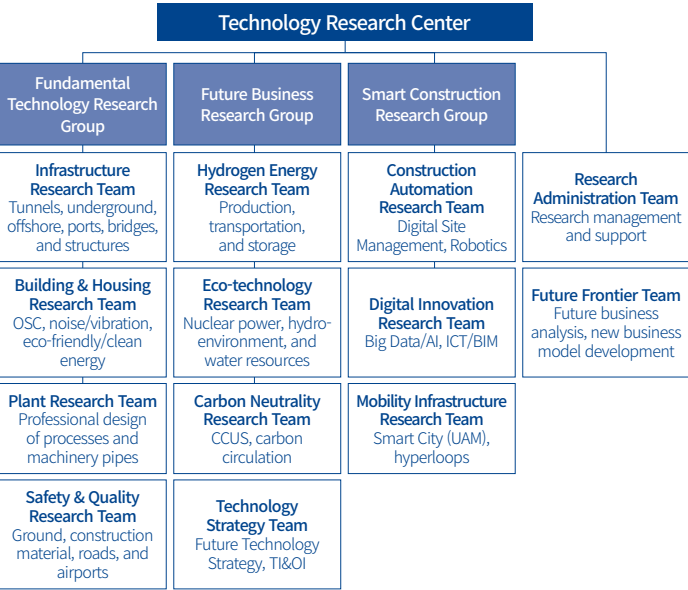


## R&D Organization

### Organizations

Hyundai E&C operates a research and development organization under the Technical Research Center to secure technology competitiveness through technology demonstration and in-house development. Area-specific research teams are organized under the Fundamental Technology Research Group, Future Business Research Group, and Smart Construction Research Group, along with an additional Research Administration Team and Future Frontier Team.

The Fundamental Technology Research Group develops sustainable construction technologies by studying new construction materials, technologies, and solutions with a focus on core technology developments for the construction industry. The Future Business Research Group studies new business models and cooperation systems and focuses on the development new market entry strategies and innovative services. The Smart Construction Research Group develops smart construction technologies and solutions utilizing automation of construction sites, data analysis, and artificial intelligence to transform production and improve safety management. Meanwhile, the Research Administration Team provides efficient and strategic support for planning and managing research activities, and the Future Frontier Team analyzes industrial and technological trends to explores potential business areas and opportunities for future growth.



## Strategy and Our Response

### Technology Innovation Strategy




Hyundai E&C is strengthening our technical capitalizes through technology innovations. We are developing fundamental technology to secure EPC competitiveness, acquiring eco-friendly energy technologies to respond to demands for a carbon neutral society, and taking the lead in driving innovation for the future of the construction business by developing smart construction technologies.

Fundamental Technology Developments	Infrastructure	Creation of new spaces and development of new methods for cost-savings and shorter construction periods
	Building & Housing	Development of market differentiation technologies
	Plants	Development of new eco-friendly processes and specialized designs
New Growth Engines	Eco-friendly	Commercialization of technologies through site demonstrations of eco-friendly technology
	Energy Transition	Development of core technologies for low-carbon energy
Future Technology Innovations	Smart Construction	Development of construction automation technologies and a digital project management system
	Smart City	Leading future mobility and smart city solutions

## Strategy and Our Response

### Development of Fundamental Technology

Hyundai E&C is developing fundamental technologies to sharpen our EPC competitiveness. We are especially focusing on the development of fundamental technologies to secure a technological advantage in the areas of infrastructure, buildings & housing, and plants. For infrastructure, we are developing new methods to create new spaces and shorten construction periods while efforts are being in the building & housing sector to develop distinctive market technologies for high performance and high-quality concrete, PC rahmen structures, modularization, and zero energy. In the plants sector, we are developing eco-friendly new process technologies such as for metal material, anti-corrosion, and smart plants.

<b>Infrastructure</b>  <ul style="list-style-type: none"> <li>Marine ports: Floating structure and subsea spaces</li> <li>Bridges and structures: Long-span bridges and rapid construction</li> <li>Underground spaces: TBM* design and construction</li> <li>Groundwork and foundations: Foundations for offshore wind farms</li> </ul>	<b>Building and Housing</b>  <ul style="list-style-type: none"> <li>Noise and vibrations: Reducing inter-floor noise</li> <li>Construction materials: High performance and high-quality concrete</li> <li>Building structures and OSC: PC*Rahmen, modular, DfMA*</li> <li>Eco-friendly/energy: Environmental and energy-friendly, Zero Energy Buildings and healthy homes</li> </ul>	<b>Plants</b>  <ul style="list-style-type: none"> <li>Process: Cryogenic liquefaction and CCUS*</li> <li>Machinery and piping: Flow and integrity check</li> <li>Metal material and corrosion: Corrosion assessments and corrosion-proof designs</li> <li>Smart plants: Smart diagnosis and controls</li> </ul>
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\*TBM: Tunnel Boring Machine OSC: Off-Site Construction PC: Precast Concrete DfMA: Design for Manufacturing and Assembly CCUS: Carbon Capture, Utilization, and Storage

### Improving Construction Site Safety and Quality using AI-based Video

Hyundai E&C applies an on-site CCTV video analysis system developed to detect the location of workers, construction equipment, and fire risks and prevent potential dangers in real-time using AI technology. We gathered data on safety incidents at project sites based on legislations and standards related to construction safety and conducted learning using video data from various scenarios and construction sites to implement an AI analysis system tailored to the construction business. CCTV footages are analyzed by AI in real-time and recognize construction equipment and signalmen and flaggers at the same time to detect dangerous distances and help prevent caught in/between incidents with equipment. It is also used for strict safety management at worksites, providing alerts for risks of fire in welding work and identifying dangerous motions based on posture estimation algorithms. Hyundai E&C will continue to develop applicable core AI technology through various R&D studies to expand applications and secure a competitive edge in construction AI.

### Securing New Growth Engines

Hyundai E&C is developing technologies related to new growth engines to secure core technologies to drive expansion of our business areas. We are engaging in the development of clean technologies and seeking business opportunities in energy transition. In nuclear energy, we are studying small modular reactors (SMR) and plant decommissioning while in hydrogen, we are carrying out research on hydrogen production and storage. Moreover, we are pursuing studies on CCUS for CO<sub>2</sub> capturing and utilization. We aim to contribute to sustainable energy production and eco-friendly power supply. In addition, we are actively conducting test projects for converting biogas into energy and RO desalination technology to promote commercialization of new technologies. Efforts are underway to reduce environmental impact through clean technology related to resource recycling, managing water resources, and purifying soil. Hyundai E&C worked on 28 eco-friendly research projects in 2023 including for ZEBs (Zero Energy Buildings), hydrogen technology, and low-carbon concrete, strengthening our clean tech capabilities with 27% more projects than the 22 in 2022.

<b>Eco-friendly technology</b>  <ul style="list-style-type: none"> <li>Biogas-to-energy: Biogas production and upgrading</li> <li>Desalination and water treatment: RO* usage, high concentration nitrogen treatment biofilm process testing</li> <li>Remediation of contaminated soil: Cleaning soil contaminated by heavy metals and oil, thermal processing of organic pollutants</li> </ul>	<b>Energy transition</b>  <ul style="list-style-type: none"> <li>Nuclear energy: SMRs, deep geological disposal of high-level radioactive waste, nuclear decommissioning sites</li> <li>Hydrogen: Hydrogen production (water electrolysis, methane reforming using CO<sub>2</sub>), hydrogen storage (liquefaction, ammonia, LOHC*)</li> <li>CCUS: CO<sub>2</sub> capture (wet, dry, DAC*), CO<sub>2</sub> utilization</li> </ul>
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\*RO: Reverse Osmosis LOHC: Liquid Organic Hydrogen Carriers DAC: Direct Air Capture

### Strengthening Leadership in Concrete Safety and Quality Technology

Hyundai E&C has recently developed high-early strength concrete that can secure initial compressive strength quickly and evenly through nanoparticle homogeneous mixing technology and management of raw material purity. High-early strength concrete hardens fast with higher compressive strength than general concrete, being able to minimize the risks that come with construction environments.

In December 2023, the high-early strength concrete became the first concrete technology to be certified by the Ministry of Interior and Safety as a new disaster safety technology among Korean companies. In particular, unlike general concrete which requires thermal energy from lignite or heaters to raise temperatures to over 10°C to create an environment for curing in winter, it has been recognized for its excellence in terms of safety as it can minimize safety accidents such as gas leaks, suffocation, and fires, as well as shorten construction periods and lower heating costs to accelerate the cement hydration reaction by achieving strengths of 5 MPa or more within 24 hours early when temperatures are 5°C. High-early strength concrete technology has been applied to many sites such as zone 2 of the Daegok~Sosa double-track railway and will be further expanded. We will continue to strive to secure differentiated original technologies that place safety and quality first to improve overall quality across the construction industry.

## Strategy and Our Response

### Securing New Growth Engines

#### Advancing CCUS Technology

Hyundai E&C is striving to secure global technological competitiveness by developing CCUS (Carbon Capture, Utilization and Storage) technology. We are working on a government project from the Ministry of Trade, Industry and Energy to secure safety throughout the lifecycle of marine CO<sub>2</sub> transportation and injection facilities, and are taking part in an international joint research to advance CCUS commercial technologies and secure overseas storage at depleted oil and gas fields in Southeast Asia. In the Netherlands, we are expanding our CCUS technology network by participating in the development of technology to turn outdated gas production facilities into CCS facilities in a depleted gas reservoir as part of international joint research. Moreover, we carried out new research projects for developing high-efficiency CO<sub>2</sub> capturing processes to apply to blue hydrogen production sites and for developing an energy-saving CO<sub>2</sub> high-temperature absorption process to secure competitiveness across the entire CCUS value chain.

#### Biogas-to Energy

Hyundai E&C is at the forefront of the effort to build an eco-friendly industry ecosystem by expanding our biogas business for a circular economy. Since establishing pilot facilities in Cheongna, Incheon in 2008 to develop technology for converting organic waste into biogas energy, we have continuously strengthened our capabilities in the area by acquiring certification as a new environmental technology and green certification, as well as registering 18 domestic and international patents, and securing stable and competitive technology through demonstration projects with original technology. In particular, we carried out an assessment on undermined biogas production by heavy metals and built response strategies while currently being involved in the government research project on the development of technologies to operate and manage high-concentration organic waste and biogas energy.

We will continue to actively take part in various research projects to strengthen our position as a leader in converting organic waste to biogas and contributing to reducing our environmental impact on communities while increasing next-generation energy supplies.

#### Leading Hydrogen Technology

Recognizing hydrogen as a key energy source in the carbon-neutral era to drive the future energy market, Hyundai E&C is making continuous investments in not only the development of original technology, but also in securing inhouse design capabilities to lay the foundation for entering the global hydrogen market.

We became the first company in Korea to acquire capabilities for designing hydrogen production sites based on water electrolysis through 'the demonstration of constructing a 1 ton/day (2.5MW) capacity hydrogen production base based on water electrolysis' and executed a new project for 'developing a combined plant for clean hydrogen production and storage based on light water reactors'

### Future Technology Innovations

Hyundai E&C is working on various studies for future technologies to take the lead in shifting the paradigm in the future construction industry. There are expectations for 3D printing technology to become a new model driving construction in the future when combined with robotics. Along those lines, we have conducted a study on development automated construction technology using concrete 3D printing. Meanwhile, we have also carried out research on building a monitoring system for the quality of drone image analysis. Our efforts and investments in future technologies bore fruit as the platform for automated management of road infrastructure lifecycles that leverages spatial data obtained from drones was awarded the Most Excellent Innovation Award at the 2023 Smart Construction Challenge hosted by the Ministry of Land, Infrastructure, and Transport. Studies on robotics are also underway such as researches on the development of automated recording and management of construction site data using unmanned patrol robots and development of a robot for precision construction of curtain walls.

#### Smart Construction



- Construction automation: Construction robotics and 3D printing
- Big Data: Safety, quality, and process AI predictions
- ICT convergence: IoT-based safety management system
- Automated construction management platform: Digitization of the entire construction process

#### Smart City



- Air mobility: UAM infrastructure
- Underground mobility: Hyperloops
- Smart cities: Developing smart services

### Full-fledged Development of the 'All Life-care House' based on Gene Analysis

'All Life-care House' is a futuristic residential model that actively manages the lives and health of residents based on genetic analysis, offering a solution that monitors the state of health of residents, provides customized health management, and improves the living environment.

In the future, residents will be offered a 'Wellness Solution' that manage diets, physical activities, and sleep based AI-analyzed data, a 'Medical Solution' connected with hospitals for immediate response in case of emergencies, and a 'Healthy Living Solution' that creates an optimal atmosphere by controlling not only temperatures and humidity, but also the amount of air, light, and water.



# Strategy and Our Response

## Increasing Investments in Technology

### Research and Development Investments

Hyundai E&C is concentrating its efforts on R&D to secure top-notch technological competitiveness.

In 2023, we invested KRW 23.7 billion in research and developments, a KRW 1.7 billion larger budget than the previous year, and successfully executed 87 research projects including 15 government projects with 157 research personnel. We registered 31 patents and received certification as a new disaster safety technology with the ‘Concrete Technology for Reducing Collapse Accidents During Winter Constructions Using Modified Early Strength Cement and Early Strength Accelerating Admixture and Nano C-S-H Stimulants.’

In 2024, we plan to expand our R&D budget to KRW 25.4 billion, aiming to perform a total 78 research projects including 16 government projects.

### Support for Technology Innovations

Hyundai E&C is striving to achieve growth of the global construction industry through technological innovations and realize win-win cooperation.In order to realize our core value of putting the customer first by strengthening the quality of our construction products, we are strengthening collaboration between the Technology Research Center, business divisions, and project sites through technical support. When a technology-related issue arises at business divisions or a project site, technical support from the Technology Research Center is requested. When solutions are provided, reports are also written and automatically linked to the company’s site management system for systematical management. In 2023, a total of 138 cases of technical support, including 127 on-site requests and 11 proactive support cases, were provided.

### Technology Contest

Hyundai E&C has been holding annual technology contests for 16 years since 2008 to discover companies, universities, and institutions with excellent technologies and pursue win-win cooperation. Selected SMEs from the contest receive up to KRW 100 million in support for development for 1 year with the opportunity to verify their technology. Through this event, Hyundai E&C provides small and medium-sized enterprises (SMEs), where investing in new technologies and achieve results, a chance for shared growth by extending technology development costs and the opportunity to apply their technology to the field.

#### 2023 Hyundai E&C Technology Contest

Classification	Submitted	Selected	Infrastructure	Building & Housing	Plant	Eco-friendly	Smart Construction
Cases	122	15	4	4	1	4	2

# Targets & Metrics

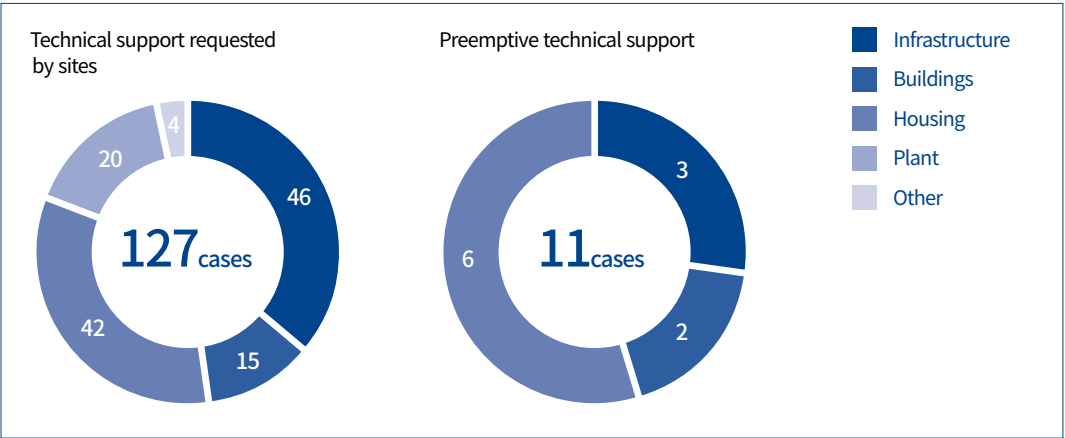
## Innovation for Better Products and Services

Category	Unit	2023
Total R&D expenses <sup>1)</sup>	KRW Million	164,251
Investments for developing clean technology	KRW Million	3,588
R&D investment expenses <sup>2)</sup>	KRW 100 Million	237
Personnel expenses	KRW 100 Million	190
Technology development expenses	KRW 100 Million	45
Asset acquisition cost	KRW 100 Million	2
R&D manpower	Person	157
No. of research projects	Cases	147
Government Projects	Cases	15
Company projects	Cases	72
Internal projects	Cases	60
No. of new patents filed	Cases	78
No. of new patents registered	Cases	31
New technologies possessed	Cases	14
Green technologies possessed	Cases	1

1) Company-wide expenses  
2) Technology Research Center’s R&D expenses

## Technical Support

(Unit: Cases)







# PLANET

## Sustainable Habitat Led by Hyundai E&C

### Eco-friendly Management

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## PLANET

# Eco-Friendly Management

The construction industry plays an essential role in building and developing cities, but it also triggers environmental issues such as generating massive waste and causing air, soil, and noise pollution. To address these issues, environmental risks must be identified ahead of construction projects and measures should be taken in advance. Hyundai E&C is opening a new horizon in construction by driving innovation and change across the industry. We are implementing eco-friendly approaches to construction to minimize environmental pollution along the entire value chain and are complying with domestic and international environmental regulations to meet global standards while also creating a sustainable construction environment through strict management and supervision.



## Governance for Eco-friendly Management

### Environmental Management Organization

Hyundai E&C has established a separate Environmental Management Team, a specialized organization for on-site environment management, to promote systematic environmental management. The Sustainability Management Team and the Environmental Management Team work together to drive efficient environmental management. On-site management includes the evaluation and support of environmental issues faced at project sites, as well as strengthening capabilities through training for managing the site environment. In addition, environmental management issues related to ESG, such as ESG evaluations and implementing the Net-zero roadmap are reported to the Board of Directors through the Sustainability Steering Committee and the Corporate Governance & Communication Committee, to create a systematic governance structure. Starting in 2023, environment management items are included in the KPI of all employees aside from those in site quality and safety functions, accounting for 5% of their evaluations. Incentives and penalties are given depending on performance while completed sites with excellent evaluations also receive separate incentives. This evaluation includes climate-related indicators (GHG and energy reduction targets, operation of green environment systems, etc.) generated at the site from the start of construction to completion, and based on the degree of achievement of the target, up to 50% of the average base salary (differential payment by position) is paid as a performance bonus.

#### Environmental Management Governance System



## Strategy and Our Response

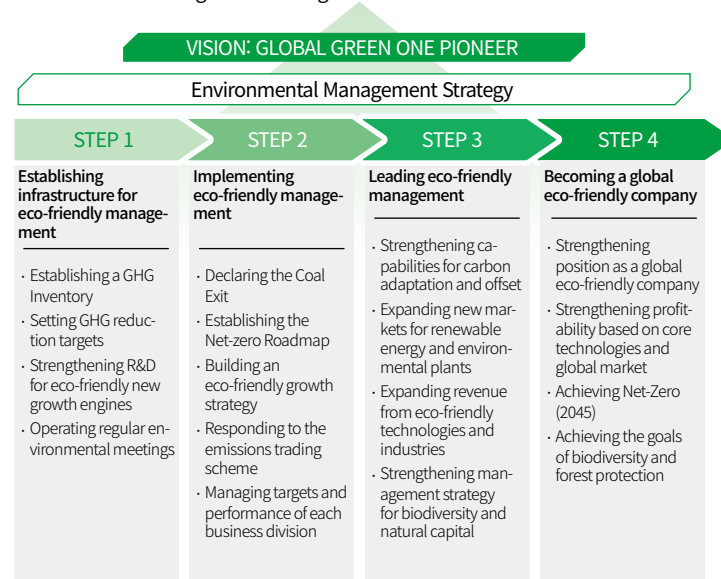
### Environmental Management Strategy and Guidelines

Hyundai E&C Environmental Management Policy 71

Hyundai E&C established the management vision of 'Global Green One Pioneer' to respond to global eco-friendly trends and regulations, and is growing into a global eco-friendly company. To this end, we have established a systematic eco-friendly management strategy that consists of 4 phases that lead up to 2050, strengthening eco-friendly management activities while complying with relevant laws and regulations.

We have never been fined more than \$10,000 for environmental violations in the past 5 years. In March 2023, we distributed the Environmental Work Guide Map to the entire company to prevent environmental risks such as fugitive dust and waste that are expected in pre-construction, early construction, during construction, and construction completion stages. This guide reflects the latest revisions in environmental laws and regulations. In addition, we have established environmental management policies throughout our business, including in distribution, logistics, due diligence, M&As, and for key business partners, and are continuously making improvements.

#### Environmental Management Strategic Process



## Strategy and Our Response

### Environmental Management System

#### Integrated Environmental Performance Management System (H-PMS) and Awards for Exemplary Sites

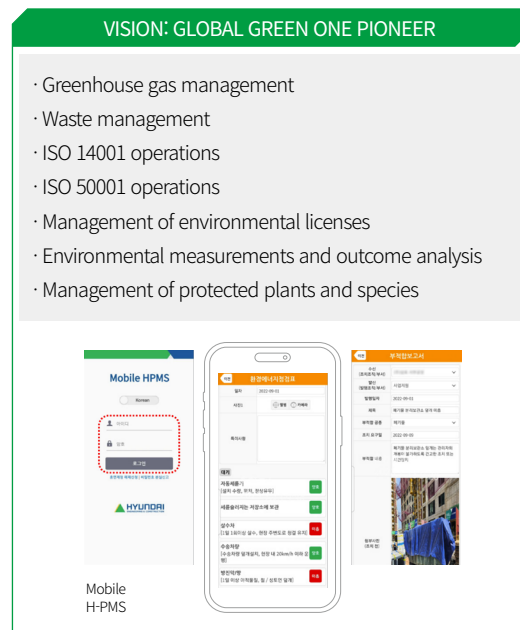
Hyundai E&C has developed and is using the H-PMS (Hyundai-Project Management System), an IT-based integrated environmental performance management system, to efficiently manage the environmental performance of all project sites. We are striving to minimize impact on the construction site environment through H-PMS which groups environmental factors into air and water quality, soil (waste), and noise and vibrations. By aligning H-PMS with ISO14001/50001 certified management systems, we are conducting integrated management of environmental performance including planning, execution, and inspection of our environment management efforts. By utilizing the system to manage energy usage, consumption, and efficiency based on data, we are especially upgrading analysis of energy usage and GHG emissions.

In February 2023, we enhanced convenience by developing a mobile version of the H-PMS that enables site environmental non-conformity reports and environmental energy inspections to be registered and managed immediately via smartphones. Since introducing the mobile H-PMS, the number of environmental non-conformity reports issued increased 79.1% compared to 2022 while violations of environmental laws and regulations at sites dropped 63.3%. In addition, we are leveraging H-PMS to reward sites with outstanding environmental systems and plan to expand incentives for standardization of environmental systems and prevention of violating environment laws and regulations.



ISO 14001

ISO 50001



### Improving Environmental Awareness

#### Enhanced Environmental Evaluations and Inspections

Hyundai E&C is conducting on-site environmental inspections and evaluations to preemptively respond to environmental risks. In 2023, we expanded environmental evaluation inspections and support compared to the previous year by conducting site evaluations for a total of 135 sites, supporting initial stages at 32 sites, and providing occasional site support for 53 sites. In 2024, we plan to further expand site evaluations from once a year to twice a year (1H/2H).

Environmental Criteria for Site Evaluations	No. of Items
Air	47
Waste	43
Water	24
Noise	20
Other	9
Management System	31
Total	174

#### Raising Site Awareness on Environment Management and Increasing Investments

To strengthen employee awareness on environmental protection at project sites, Hyundai E&C regularly distributes notifications on laws and regulations, as well as issues related to managing site environments. In 2023, a total of nine 'Environmental Issue Communications' and two 'Environmental Regulation Violation Cases' were disseminated to all workplaces. Additionally, in order to elevate the level of on-site environment management, we established standardized operating systems for environmental facilities by cascading installation criteria and best practices. In 2023, Hyundai E&C set new standards for allocating environment management budgets and ensured that it was executed and managed appropriately for necessary environmental facilities at project sites.

#### Climate Change-linked Employee Incentives

Hyundai E&C provides rewards to employees who have made excellent achievements related to climate change such as developing eco-friendly technologies, reducing carbon emissions, and evaluating energy-saving performance. Selected best practices are shared with all employees of Hyundai E&C to raise awareness on climate change. In addition, we have been sponsoring employees acquiring LEED certification through the 'LEED-AP Certification Support Program' since 2010 along with various rewards.

# Strategy and Our Response

## Environmental Accident Prevention and On-site Environmental Training

Hyundai E&C conducts environmental emergency training to respond to environmental accidents by each site once every half year to strengthen the ability of employees to respond to environmental accidents. As a rule, the results of environmental emergency training are registered in the H-PMS, and the compliance and initiative of environmental emergency training are verified through on-site environmental assessments to maximize the effectiveness of training. In 2023, a total of 266 emergency environmental accident training were conducted at 118 sites, with a total participation of 8,537 individuals. Also, we carried out 338 training sessions on site environment management and prevention of fugitive dust to employees, suppliers at 127 project sites. Through such training activities, we are striving to help site workers internalize action plans for various environmental accidents that may occur on site.

Meanwhile, we expanded the existing Social Contribution Mileage Program to include environmental management to encourage employee participation, launching the integrated CSR mileage program (social contribution mileage + green mileage). Green mileage encourages participants who signed up for the carbon points and eco mileage point programs to lower personal energy usage and GHG emissions as a voluntary program that helps employees to take part in practicing carbon mitigation in their daily lives.

### Supply Chain ESG Risk Assessment and Due Diligence Outcome in 2023

Trainer	Program Title	Description	Audience	Training Period
HQ Environmental Manager	Site Environment Management Training	Standards on managing air, waste, noise, water, and soilCase studies of outstanding environmental facilities, legal violations, energy reduction, and GHG mitigation	Employee and supplier officers	Evaluations, inspections, support
	Regular Environmental Training	Standards on managing air, waste, noise, water, and soil, energy reduction, and GHG mitigation	Employees, suppliers	
	Awareness on Emergency Reduction of Fine Dust	Standards and response to high-concentration fine dust emergency reduction measures	Employees, suppliers	
	Environmental Issues Awareness Training	Waste covers and key environmental issues such as amendments in relevant laws and regulations	Employees	
	Case Study of Environmental Law Violations	Case studies of violations of air, waste, noise, water, and soil related laws and regulations	Employees, suppliers	At least once every half year at each site
	Environmental Training for New Workers	8 essential environmental norms to observe	New employees, new suppliers	
	Waste Management Training	Waste separation and storage training	Employees, suppliers	
	Noise and Vibration Management Training	Training on noise and vibration management standards	Employees, suppliers	
	Environmental Training for Key Processes	Material organization and clean-up, site management	Suppliers	Throughout the year
Site Environmental Manager	Other Environmental Training	Managing complaints, daily waste management, wastewater management	Employees, suppliers	

## Water Resources Management

### Identifying Water Risks and Analyzing Financial Impacts

Hyundai E&C identified water stress at 76 of our domestic sites and countries where 20 of our overseas sites are located, using the World Resources Institute's (WRI) Aqueduct Water Risk Atlas. Water stress is the ratio of water supply to demand, so even if demand is consistent, the ratio can fluctuate depending on the amount of available water supply with the higher the value implying fiercer competition among water users. As the cost for a given amount of water will rise when competition intensifies, we defined water stress levels of 'High' (water stress ratio of 40%) or higher to be risks based on the 5 water stress levels of low, low-medium, medium-high, high, and extremely high. Results showed that of the total 96 sites, 7 sites -1 in Algeria, 1 in Kuwait, and 5 in Saudi Arabia - fell under the High or higher water stress levels. To estimate the potential financial impact of water stress risks, we used a very conservative assumption of water usage costs increasing at a cost ratio of 0.25~0.5%p with simulations estimating potential financial impacts of up to approximately KRW 29 billion.

#### Water Stress at Countries where Constructions are Underway

Country	Water Stress <sup>1)</sup>	Share of Revenues	Country	Water Stress <sup>1)</sup>	Share of Revenues
Korea	Medium-High	57.90%	Indonesia	Low	0.46%
Vietnam	Low-Medium	5.43%	Kuwait	Extremely High	0.48%
Saudi Arabia	Extremely High	6.93%	Panama	Low-Medium	9.41%
Singapore	Low	4.48%	Peru	Low	0.35%
Algeria	High	1.38%	The Philippines	Medium-High	1.85%
Iraq	Medium-High	9.36%	Hong Kong	Low-Medium	1.98%

1) Water stress ratio for each level compared to baseline: Low (<10%), Low-Medium (10~20%), Medium High (20~40%), High (40~80%), Extremely High (>80%)  
\* Targets selected based on site revenues in 2023

### Efforts to Reduce Water Usage

Hyundai E&C is making multilateral efforts to reduce the amount of water used in various construction processes. In 2023, we prepared a water recycling manual to advance management of water usage at domestic and global project sites. As part of these efforts, we are using high-efficiency watering equipment such as sprinklers and temporary fence sprayers instead of water cannons to reduce fugitive dust and using leaked construction groundwater for watering or washing temporary toilets after being reported for recycling. In addition, we operate purification treatment facilities on-site where wastewater is generated and continuously conduct water quality inspections in order to thoroughly manage effluent quality standards.

### Minimizing Water Pollution at Sites

Hyundai E&C is making efforts to minimize water pollution at our project sites. We established standards for managing water quality and washing water for concrete pump cars and have distributed them across the company, along with measures to reduce possible water pollution factors at construction sites such as those related to wastewater treatment facilities, sewage treatment facilities, groundwater, and non-point pollutant sources. Costs for water pollution analysis testing have been standardized to measure the water quality of water discharged from personal sewage treatment facilities once a year, or at least once every half year, and have prepared detailed criteria regarding the measurement of discharged water from sites such as from annual cleaning of septic tanks to systematically manage water contamination at project sites.

## Strategy and Our Response

### Management of Waste and Eco-friendly Demolition

#### Integrated Waste Management System

Hyundai E&C operates a waste management system aligned with the Ministry of Environment's Albaro System and our IT system, H-PMS (Hyundai-Project Management System). In 2023, we refined our waste management system by reflecting the renewed national waste management system specifications to secure a data-based system to improve waste management. The system gathers information in real-time regarding the type, volume, and treatment methods of waste from each site, analyzing and managing total waste generated from our business each year. In addition, violations of relevant environmental laws and regulations are being prevented by managing waste based on real-time total volume and costs by business division and player, as well.

#### Increased Investments to Minimize Waste

To minimize waste, Hyundai E&C acquired Green Certification for our 'technology to reduce radioactive cesium-contaminated soil using grain classification and cation exchange washing' in 2022. It is an eco-friendly technology that sorts soil by grain size to minimize the amount of contaminated soil that requires purification and treats the waste washing water generated in the purification process for reuse to remarkably reduce secondary waste. This way, Hyundai E&C is taking the lead in actively pursuing innovations for waste minimization and will continue to engage in research and development to make further advancements in this area.

#### Waste Reduction and Recycling Efforts

Hyundai E&C establishes waste sorting criteria, waste management guidelines, and air quality management guidelines to minimize the environmental impact from the building dismantling and demolition phase and protect workers throughout the value chain. In 2023, by distributing the 'Waste Management Standard' to all construction site workers, we have reduced waste that is landfilled and incinerated by maximizing waste reuse and recycling, and we are implementing plans to reduce waste such as standardizing waste separation and storage signs, increasing the types of waste, and reinforcing notices on waste sites. Every year, waste management is reflected in the on-site evaluations of all suppliers to encourage suppliers to make improvements on reusing and recycling construction waste while extending incentives to outstanding suppliers. In addition, when purchasing raw material, purchasing recycled material and recycled aggregates first is recommended while recyclable waste is handled by designated waste collectors to increase the rate of resource utilization. As a result of these multifaceted waste reduction and recycling efforts, Hyundai E&C's total waste generation amounted to 1,289,671 tons in 2023, a decrease of 1.8% compared to 1,312,651 tons in 2022, and recycling rates reached 99.98% in 2023. Building on these achievements, we will continue to exert efforts for continuous improvement.

### Hyundai E&C, Making the Most out of Waste Resources and Recycling

Hyundai E&C has entered into a business agreement with Amorepacific for the development of construction materials by recycling of cosmetic containers. Approximately 280,000 cosmetic containers have been recycled and utilized to make landscape facilities in projects such as 'Hillstate Suji District Office Station Tea House,' 'Hillstate Prugio Suwon,' and 'Hillstate Pohang.' Furthermore, in collaboration with Hyundai Motor Company, Hyundai E&C has recycled collected plastic waste and utilized 3D printing technology to create seating wall sculptures for 'Illumi State' and 'Seoul Botanical Park.' The seating walls of Illumi State utilized around 200kg of recycled plastic, while approximately 600kg of recycled plastic was used for the 3D non-uniform benches at Seoul Botanical Park. In February 2023, we opened the Hillstate Dujeong Station show house using eco-friendly certified rockboards and plan to reuse or donate the signs and movable furniture that were used in the model homes. Hyundai E&C strives to recycle waste resources into artistic sculptures, contributing to the expansion of a circular economy.



3D Waving Bench at The H Xi Gaepo



H Wave Bench at Bucheon Illumistate



## Strategy and Our Response

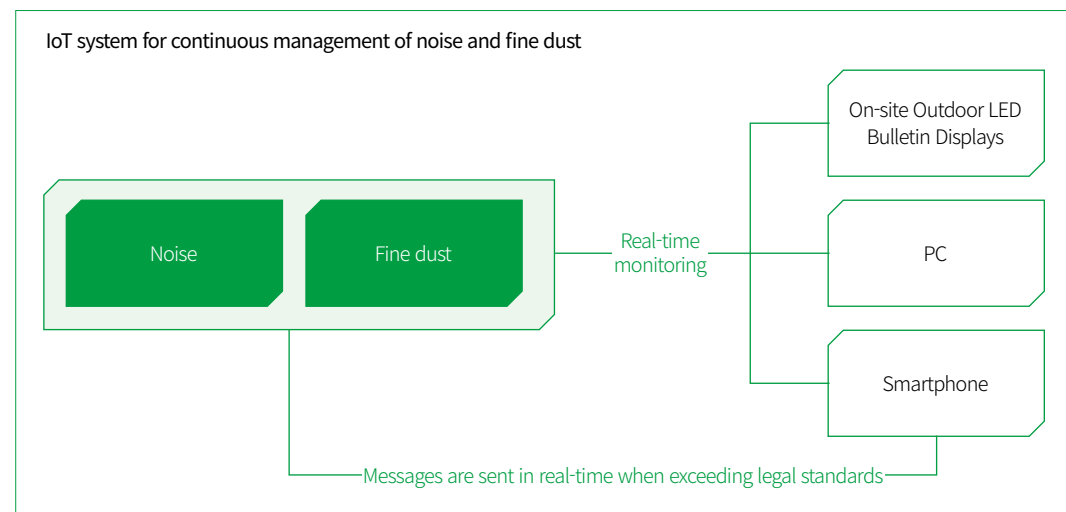
### Control of Hazardous Chemicals

Hyundai E&C classifies and systematically manages the Material Safety Data Sheets ledger and chemicals management ledger by work type and job category through a chemical management system within H-PMS. In order to prevent damage from harmful or hazardous chemicals, the use, transportation, and storage of chemicals are checked regularly, and information on all chemicals handled is created and managed in a database for efficient management. Furthermore, Hyundai E&C is in strict compliance with all legal obligations regarding the management of hazardous chemicals. Chemical safety accidents are prevented through on-site provision of Material Safety Data Sheets and training, and serious accidents and occupational diseases are prevented in advance through the establishment of company-wide heat source usage standards for rapid heat curing during the winter season. We are building a response system that complies with regulations such as the Occupational Safety and Health Act and the Serious Accidents Punishment Act.

### Atmospheric Environment Management

#### Systematic Management of Noise and Fine Dust Using IoT

Hyundai E&C operates a full-time IoT system for more systematic and precise management of noise and fine dust at project sites. In December 2023, an IoT sensor for site environments was linked to our smart system for temporary facilities management (HSTM) to support real-time monitoring of noise levels and fine dust concentration by displaying the data on LED billboards and enabling it to be viewed via PCs, and smartphones. In addition, when levels exceed legal thresholds, text messages are sent in real-time and relevant regulations are notified for more systematic management.



#### Monitoring and Notifications of Fine Dust Emergency Reduction Measures

Hyundai E&C has created detailed guidelines for each process that generates fugitive dust, such as licensing, storage, transfer, mining/collecting, transportation, outdoor cutting, loading and unloading, and outdoor polishing, and distributes a fine dust emergency reduction guide based on relevant laws and regulations in order to minimize fugitive dust into the air during construction at construction sites. This guide includes the standards and response plans for each type of emergency reduction measure, including for level 1 'interest,' and levels 2 and 3 'caution-warning-severe' stages, as well as information related to the reporting system. When fine dust reduction measures are issued, target sites and areas and management methods are announced on the company website, and special inspections on fugitive dust are conducted by site. We have been continuously updating the fine dust emergency reduction guide since it was first distributed in March 2019 with the latest version handed out in November 2023. Hyundai E&C is fully committed to proactive environmental management including conducting on-site assessments and providing support for initial development sites based on administrative measures related to fugitive dust, as well as carrying out training on relevant case studies.



App to Monitor Fine Dust and Noise Levels



On-site Outdoor LED Bulletin Displays



## Strategy and Our Response

### Biodiversity Conservation

#### Identifying and Assessing Natural Capital Risks

Recognizing the importance of natural capital, a concept of viewing natural factors as a capital needed for sustainable growth, Hyundai E&C looked at the dependency and impact of natural capital across the construction industry and our entire value chain (own operations, upstream, downstream) at business sites and surrounding areas based on the World Wildlife Fund’s (WWF) Biodiversity Risk Filter (BRF) and the TNFD Framework. Dependency refers to how much business activities depend on natural factors while impact refers to the possibility of business activities triggering positive or negative change in nature. To focus on more first-hand relevance, we checked the dependency and impact of 24 metrics in 5 categories as shown in the table below. As a result, we found that in the construction business, dependency was high in availability of natural resources, landslides, extreme heat, and tropical cyclones that cause storms and floods while impact on biodiversity due to land change uses was significant. Identical analyses were carried out across 10 key regions (based on contract value) where we have operations and carried out additional studies using IBAT (Integrated Biodiversity Assessment Tool) to identify the number of species in the IUCN Red List within 50km of our project sites, protected areas, and number of regions contributing to biodiversity sustainability considering our influence on biodiversity. Based on such analysis, we identified natural capital risks (dependency) at each site and integrated them into our corporate risk management process. We are carrying out activities for avoidance, minimization, restoration, and offsets to better understand and reduce the negative impacts based on environmental management policies, biodiversity protection policies, and deforestation prevention policies. In addition, we will partner with stakeholders and specialized agencies and increase our efforts to steadily increase our net positive impact (NPI) in the long-term by 2050 while achieving no net loss (NNL) in the mid-term first.

Hyundai E&C ‘s Natural Capital Dependency and Impact<sup>1)</sup>

Category	Risk type	Metric	Description	Materiality to construction business (0-5 Scale) <sup>2)</sup>
Dependency	Provisioning services	Water scarcity	Access to provision of freshwater resources	3
		Wood resources	Access to provision of wood resources	4
		Wildlife availability	Availability of wildlife and its byproducts	2
		Availability of marine life	Access to marine life	0
	Environment status	Soil quality	Level of soil fertility	1
		Water quality	Level of fresh water and sea water quality	2
		Air quality	Level of air quality	3
		Ecosystem	Level of conservation of the natural environment	0
		Pollination	Environmental level for natural pollination	0
		Landslides	Potential risk from landslides	4
		Wildfire	Potential risk from wildfires	3
	Natural disasters	Plant/animal pests and diseases	Potential risk from plant/animal pests and diseases	0
		Herbicide resistance	Impact from weeds with herbicide resistance	1
		Extreme heat	Impact from extreme heat	4
		Tropical cyclones	Impact from tropical cyclones	4
Impact	Pressures on Biodiversity	Changes in land/fresh water/sea water use	Impact from change in land, fresh water, and sea water usage on the natural environment	5
		Tree Cover Loss	Impact on losses from mulching	5
		Invasives	Impact from invasion of alien species	2
		Pollution	Impact from pollution	5
	Environmental factors	Protection and conservation areas	Impact on major ecosystem protection and conservation areas	5
		Key Biodiversity Areas	Impact on key biodiversity areas (KBA)	4
		Other Important Delineated Areas	Impact on other ecosystem conservation areas	4
		Ecosystem Condition	Conservation of the natural environment	4
		Range Rarity	Impact on endangered species	3

Assessment of Impact on Biodiversity

Country	Region	Dependency			Impact		Biodiversity		
		Provisioning services	Environment status	Natural disasters	Pressures on Biodiversity	Environmental factor	IUCN <sup>1)</sup>	Protected Areas <sup>2)</sup>	KBA <sup>3)</sup>
Korea	Seoul	3.75	2.5	3.38	3.91	3.5	45	237	11
Korea	Incheon	3.75	3	3.75	3.72	3.5	45	170	12
Korea	Ulsan	3.25	2.5	3.88	4.03	4	48	127	1
Korea	Paju	3.75	2.5	4	3.34	3.5	45	172	10
Korea	Ansan	3.75	3	3.75	3.72	3.5	44	191	9
KSA	Jubail	3.75	3	2.88	3.25	3.88	30	4	4
Panama	Pacifico	3.1	3	3	3.84	4.5	65	21	14
Iraq	Basrah	3.85	3	3	4.03	4	29	7	4
Singapore	-	3.25	2.5	3	4.25	3.5	136	13	7
the Philippines	Manila	3.25	3	3.88	3.75	3.5	68	12	4

- 1) Number of endangered species in the IUCN Red List within 50km of project sites  
2) Number of areas designated as national conservation areas, Natura2000, Ramsar, etc. within 50km of project sites  
3) Number of KBA(Key Biodiversity Area) designated by IPA(Important Plant Areas) and AZE (Alliance for Zero Extinction) within 50km of project sites

1) Source: WWF Biodiversity Risk Filter  
2) Higher figures imply more material issues for the construction business

# Strategy and Our Response

## Biodiversity Conservation

### Biodiversity Risk Management

Hyundai E&C Biodiversity Conservation Policy [↗](#)

Hyundai E&C builds a biodiversity management plan and takes measures accordingly to minimize business impact on biodiversity. Based on the company’s biodiversity protection policy, efforts such as habitat conservation, establishment of migration measures, maintenance of the food chain, reduction of construction methods, and improvement in the construction environment are carried out across the entire value chain (own operations, upstream, and downstream) including business sites and neighboring areas. Through such measures, preservation of 16 species was carried out at 9 sites in 2023, while we have internally developed a system within H-PMS to register and manage plant species for reinforced protection. We expanded the scope of our internal management efforts to include key suppliers and plan to continue to review and improve biodiversity protection activities at our suppliers through supply chain sustainability assessments, etc. In addition, when a biodiversity protection policy or deforestation prevention policy is enacted or revised, it is presented as an agenda item to be reported to the Corporate Governance & Communication Committee to focus our capabilities at the corporate level.

Areas for Priority Consideration	No. of protected species	Key Management (Protection) Plan					Details
		Habitat protection	Migration measures	Maintaining the food chain	Method reduction	Improving the construction environment	
Innovative Nuclear Research Complex Construction	2		●				Installation of 15 artificial cages
Bomuncheongun District Urban Development Project	2			●	●	●	
Busan Eco-Delta City Construction Section 3-3	5	●			●	●	Measures to reduce sediment runoff such as diversion waterways, grit chamber, and slit protector installation
Namyangju Wangsuk Public Housing District Section 1	1		●				Planning for 2 narrow-mouth frog alternative habitats
Incheon New Port 1-2 Container Pier Lower Section Construction	4	●					Contamination prevention nets, oil pollution prevention measures
Geomdan~Gyeongmyeong-ro Road Construction	2	●			●		Grit chamber and slit protector installation
Gwangyang Port Dredged Soil Dump Site Formation	9	●					Paving filter mats, slit protector installation
Busan Jinhae Free Economic Zone Waseong District Development Project	1	●					Measures to reduce suspended sediment and prevent pollutant leakage
Shaheen Ethylene Facility Construction	3		●				Planning for additional installation of side gutter for wildlife crossing (exit route)

### No Deforestation

Hyundai E&C Deforesstation Prevention Policy [↗](#)

Hyundai E&C is making efforts to minimize deforestation and is focusing on afforestation and protection with the goal of achieving net zero deforestation by 2050. All of our domestic and overseas business sites actively carry out afforestation and reforestation and, if necessary, conduct professional forest protection activities by working together with our stakeholders. In addition we are actively engaged in forest carbon offset activities through the utilization of forest biomass for bioenergy. We strive to completely eliminate GHG emissions through these proactive forest carbon offsetting initiatives. We also aim to minimize the negative environmental impacts throughout the entire project cycle by expanding forest conservation in the supply chain and conducting continuous monitoring such as environmental impact assessments. Furthermore, when purchasing finished wooden products, such as wood finishing materials, we work with suppliers that have obtained FSC (Forest Stewardship Council) and HB (Healthy Building Material) certifications and purchase 100% FSC-certified paper.

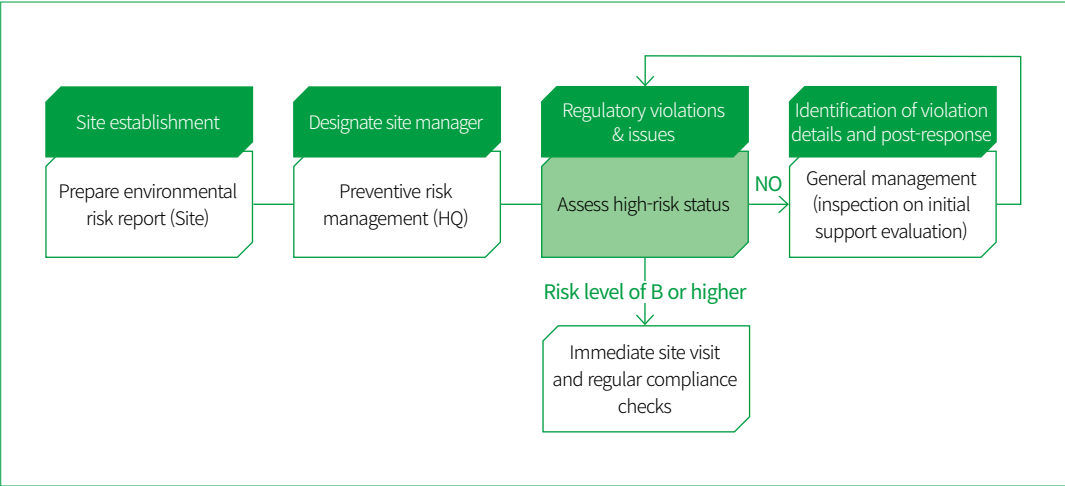
## Strategy and Our Response

### Management of Environmental Risks

#### Site-oriented Management System

Hyundai E&C adopts a systematic approach to managing environmental risks. Environmental risks and opportunities are assessed at each site at least once a year, and environment and energy checklists are filled out at least once a week to ensure thorough compliance with environmental laws and regulations such as the Clean Air Conservation Act, Noise and Vibration Control Act, and Wastes Control Act. A proactive risk management system is set up at headquarters for effective management and prevention of environmental risks at all of our sites, and under this system, all new sites are required to prepare an environmental risk report. If the environmental risk grade is B or higher, the site is classified as high-risk, and site visits are conducted immediately or prioritized initial support is provided. We are aiming to conduct risk assessments 100% at all new sites to strengthen our management of environmental risks.

#### Focused Pre-management System for Project Sites



#### Response Strategy to Environmental Laws and Regulations

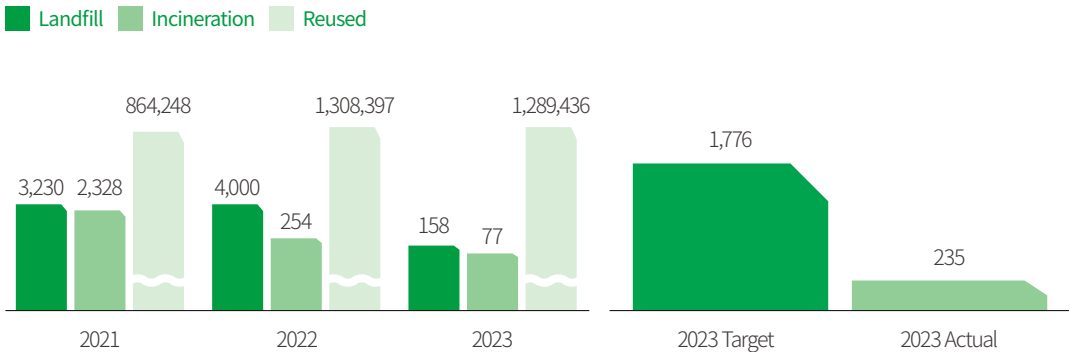
Environmental Legislation	Response Strategy
Chemical Substances Control Act	<ul style="list-style-type: none"> <li>Material Safety Data Sheets ledger and chemical management ledger are classified and managed by work type and job category through the chemical management system within H-PMS</li> <li>The use, transportation, and storage of chemicals are checked regularly, and chemical safety accidents are prevented through on-site provision of Material Safety Data Sheets and training</li> </ul>
Framework Act on Carbon Neutrality and Green Growth to Respond to Climate Change	<ul style="list-style-type: none"> <li>Construction industry: Included in the GHG energy target management system</li> <li>Efforts are being made to reduce not only mandatory Scope 1 and 2 emissions, but also Scope 3 emissions by voluntarily assessing domestic and global emissions to curb GHG emissions (12,687 tCO<sub>2</sub>e reduction vs. 2021)</li> <li>Established the 2045 Net-Zero roadmap based on SBTi</li> </ul>
Environmental regulations applicable to sites (related to noise and vibration, air quality, and water quality, etc.)	<ul style="list-style-type: none"> <li>Operation of a 24/7 IoT system to manage noise and fine dust levels at sites</li> <li>Production of detailed guidelines for each process generating fugitive dust and distribution of company-wide guidelines for responding to fine dust emergency reduction measures based on relevant laws and regulations</li> <li>Biodiversity risk assessment focusing on areas near our business sites and protected areas</li> </ul>
Waste Control Act and Asbestos Safe Management Act	<ul style="list-style-type: none"> <li>Building and operating a waste management system linked to H-PMS (Hyundai-Project Management System)</li> <li>Preventing violations of environmental laws and regulations, and managing total volume and costs regarding waste in real-time</li> <li>Survey hazardous substance content such as asbestos prior to carrying out demolitions to prevent workers from direct exposure</li> <li>Commissioning to professional waste management companies when exceeding legal thresholds</li> </ul>

## Targets & Metrics

### Eco-friendly Management Performance

#### Waste Discharge and Recycling

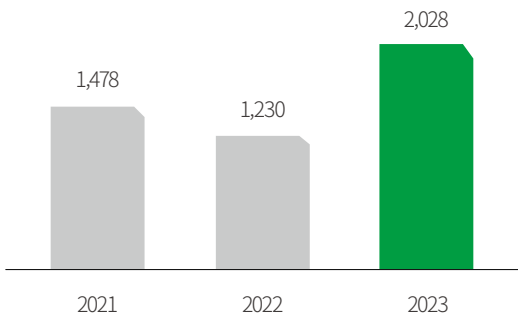
(Unit: Tons) Waste Discharge Targets and Actuals in 2023 (Unit: Tons)



Category	Unit	2021	2022	2023
Total Waste Generation	Tons	869,806	1,312,651	1,289,671
Landfill	Tons	3,230	4,000	158
Incineration	Tons	2,328	254	77
Recycled	Tons	864,248	1,308,397	1,289,436
Recycling rate	%	99.36	99.68	99.98

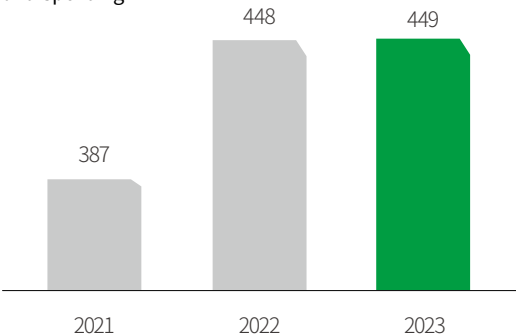
#### Water Withdrawal

(Unit: 1,000 tons)



#### Environmental Investments and Spending

(Unit: KRW 100 million)



### Mid-to-Long-Term Eco-friendly Management Aspirations

#### Minimize Environmental Impact by Achieving ‘ZERO Environmental Penalties’ by 2030

Hyundai E&C aims to minimize our environmental impact by achieving zero environmental penalties by 2030. To this end, we set quantitative targets each year with a strong determination to meet our goals. We will continue to increase investments in eco-friendly equipment and facilities to ease the environmental burden at construction sites and carry out regularly monitoring of environmental regulations to be prepared for new construction environment related laws and regulations to faithfully perform our legal responsibilities. We will raise awareness as energy conservation and recycling are actively practiced at our headquarter offices and proactive training is offered to all employees with those showcasing outstanding performance in environment-friendly activities being rewarded with incentives. Through such efforts and strategies, Hyundai E&C is committed to achieving zero environmental penalties by 2030 and setting an example for businesses moving toward a sustainable future.

#### Waste Management and Recycling Targets for Each Project

Hyundai E&C is working hard in waste management for our construction sites by signing the Voluntary Agreement for Environmentally Friendly Treatment and Recycling Expansion of Construction Waste with the Ministry of Environment in November 2022 and attending the Ministry’s training session on guidelines for sorting and storing construction waste and measures for utilizing recycled aggregates the following month through participation from our headquarter and project site environmental officers. Through an improved process for construction waste permits, we define 8 types of waste properties from construction sites and handle them through professional waste recycling partners. We have waste management plans applied to all of our sites in compliance with the company’s environmental management policies and waste management polices with a shared annual recycling goal (99.88% in 2023) to continue to move towards increasing waste reduction and waste recycling rates.

#### Management System based on Association Activities

Hyundai E&C built a climate action strategy to uphold the Paris Agreement on Climate Change and achieve the goal to reach net-zero by 2050. When efforts are in line with public policies to achieve carbon neutrality, association dues are executed to support implementation of the Paris Climate Agreement. Hyundai E&C’s management has established a responsible governance system to ensure dues are not executed contrary to the public goal of achieving carbon neutrality. We review and monitor the activities of associations where dues are paid to check compliance with the Paris Agreement on Climate Change, and will challenge them if they fail to meet its principles.

#### Hyundai E&C, Building Sustainable Offices

Hyundai E&C is leading the sustainable future by building an eco-friendly office for our business, especially focusing on improving energy efficiency of our internal facilities. Since 2022, 2,441 fluorescent lamps at our main office have been replaced with LED light bulbs, lowering power consumption by 40% than before. We continued our energy efficiency efforts in 2023, applying anti-heat blinds to our entire offices and lowering indoor temperatures by 2 degrees, installing health-promoting stairs to reduce power usage for elevator operations, and replacing outdated windows for energy conservation in heating and cooling.





# PEOPLE

## Sustainable Growth Accompanied by Hyundai E&C

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Hillstate Sinyong The River



PEOPLE

Talent Management

Hyundai E&C pursues an organization culture that places people at the center of what we do, breaking away from rigid and bureaucratic practices to create a more liberal and horizontal corporate culture. Moreover, we embrace the opinions of others, valuing openness and diversity. When recruiting, we seek talent who can create new value with challenging minds, creativity, communication, collaboration, and global capabilities and provide a fair and systematic talent management system with top-notch welfare benefits for our employees to support their quality of life.



Strategy and Our Response

Talent Recruitment and Cultivation

Hiring the Right People

Given the characteristics of the construction industry, which relies heavily on human resources, recruiting excellent talent is imperative. Hyundai E&C aims to recruit the right people who have both job suitability and a willingness to contribute to the organization. To this end, we have established clear standards for job competency, diversified our recruiting format, secured various recruitment channels, established strategies to recruit new employees as needed, and created a virtuous cycle of human resources management that is composed of job-specific recruitment, screening, assignment, and performance management. In addition, we are improving our recruitment strategies continuously and helping employees adapt themselves to the organization early by showing ongoing interest and support.

Hiring the Right People



Cultivating Innovative Challengers

Hyundai E&C is striving to foster ‘Innovative Challengers’ who have a creative outlook on the future, strong determination to shape tomorrow, and a strong drive to realize their aspirations, as well as embody the ‘Hyundai Spirit,’ which means not being afraid of change. We provide tailored training for individuals to improve their work skills and operate a job rotation system while also offering English and foreign language courses to strengthen global capabilities. We offer a talent cultivation system that helps build various capabilities through specialized external education and opportunities to abroad and learn from advanced players and research institutions. Other programs include mentoring, support for participating in external training, online skill training and training for certifications and licenses, as well as special lectures to help employees obtain insight on changes in the global environment. In addition, we support employees to continuously strengthen their capabilities by identifying their performance and needs for improvement, and provide opportunities for early promotion to high performers by selecting candidates for promotion based on performance and competency, without considering seniority. We provide the highest level of compensation befitting a global advanced company.

Operating Smart Learning Systems

Hyundai E&C recommends customized training content by function, job, and staff level through the smart learning system, Growing Together, that employees can access easily anytime, anywhere, regardless of the work environment. We offer a self-directed learning environment where employees can select training contents and log on to learn as they choose. Upon completion, satisfaction surveys are conducted for participants to rate the program and give feedback based on which the effectiveness of the training program is measured. In addition, various capability-building activities such as viewing educational videos in the smart learning system, participating in internal and external training, and improved language test scores are quantified and measured as Growing Points that are reflected in the evaluation of leaders to encourage leaders to take more interest in coaching the growth of their employees.

# Strategy and Our Response

## Talent Recruitment and Cultivation

### Diversification of Employee Training

Hyundai E&C has established a leadership pipeline to nurture the world’s top innovative talent and fosters core talent through leadership, experience, and competency training according to the characteristics of each stage. We support the development of customized job competencies by introducing essential job training programs for each position and job group and entered into a cooperation agreement and consignment contract with the Institute of Construction Technology Education, a dedicated educational institution, for the design construction and quality control training that is mandatory for construction engineers. In 2023, the company carried out employee ESG mindset training to raise awareness on ESG matters as ESG improvement tasks are managed in conjunction to KPIs. Hyundai E&C operated a total 413 courses in 2023 and will continue to do our utmost in strengthening employee training.

#### Training Courses in 2023

Classification	Training Category	Curriculum (cases)
Common core values	Corporate culture	4
	Statutory training	7
	New joiner training	3
	New growth/4th industrial revolution	13
	Ethics/Legal compliance	12
	General culture	49
Global	Global culture	2
	English	116
	Second foreign language	9
Leadership	Management program	1
	Leadership by hierarchy	13
	Executive leadership	1
Job	Construction qualifications	26
	Construction types/technical training	29
	Basic job qualifications	52
	Job training	54
	Quality/safety	22
Total		413

### On-site R&D Job Training

Hyundai E&C is actively pursuing international joint research with global advanced institutions and clients to enhance our R&D capabilities and secure business competitiveness. We are also dispatching personnel to overseas advanced companies with core technologies to strengthen our employees' R&D expertise. In particular, through a partnership with Holtec International, our affiliate company specializing in small modular reactors (SMR) and nuclear decommissioning, we have dispatched five personnel to SMR and nuclear decommissioning sites. Hyundai E&C employees are involved in the entire process of nuclear decommissioning, including reactor cutting, spent fuel handling, and dismantling process management, expanding comprehensive cooperation in the field of the entire nuclear power lifecycle. Hyundai E&C provides our R&D personnel with the latest trends in construction technology and various job development opportunities to improve quality, reduce costs, and shorten construction periods. Additionally, our participation in the development of technologies such as standardized design for offshore wind power, assigning KPIs to each section of mechanized tunneling using Tunnel Boring Machines (TBM), and developing BIM based technologies has resulted in providing a total of 138 instances of technical support to domestic and international sites in 2023, as well as supporting 25 instances during the bidding stage, thus enhancing our competitive edge in securing projects based on our technical expertise. These efforts have also led to patent registrations for innovations such as tunnel dew prevention and ventilation fans. The number of registered patents increased 4.1% in 2023 with Hyundai E&C achieving 14 new technology breakthroughs exclusive to the company in 2023.

### Technical Education Institute

Hyundai E&C operates the Technical Education Institute to train global construction engineers accustomed to the field to meet demands of the rapidly changing global construction environment. We operate optimal curriculum that combines practice and theory with 10 programs for BIM (Building Information Modeling), construction management, construction process management, electrical engineering construction, safety and health management, and smart cities being offered with support from the Ministry of Employment and Labor and Ministry of Land, Infrastructure and Transport. Trainees who complete 80% or more of the Technical Education Institute’s program are supported in seeking jobs at Hyundai E&C, Hyundai Engineering, and other peers and suppliers in the industry. Trainees who completed the program from July 2022 to June 2023 recorded employment rates of 93.8%.

Number of Graduates Completing the Technical Education Institute Curriculum in 2023					(Unit: Person)
Classification	2020	2021	2022	2023	
Graduates of the Technical Education Institute	512	417	423	461	

### Job Experience Opportunities

Hyundai E&C provides various job experience opportunities to discover talented persons with high job suitability. Job experience opportunities are available through internship programs for new recruits and for prospective university graduates during summer and winter with all interns given exemption from document screening during the recruitment of college graduates. In addition, we are operating a corporate job practice program through industrial-academic cooperation based on IPP (Industry Professional Practice long-term internships) with universities.

## Strategy and Our Response

### Performance Evaluation and Compensation

#### Performance-based Compensation System

Hyundai E&C provides compensation (performance pay) based on performance and capability assessments. In 2023, performance assessments were carried out twice (1H/2H) for officers, shortening the performance management cycle and strengthening feedback for more accurate evaluations and compensations. In addition, tiered compensation is given based on performance to increase recipients of performance pay. In relation to performance, other than financial assessment factors, such as orders and sales, KPIs for each division are set and reflected, which include ESG assessment items such as the environment, safety, quality, CSR, and information protection. Furthermore, in order to stabilize the livelihood of employees, basic salary is paid in consideration of living wages according to our fair-compensation policy. We aim to improve labor productivity by guaranteeing the wages of workers to ensure their livelihood stability and to improve the quality of the workforce.

#### Enhancing Fairness in Evaluations and Promotions

Hyundai E&C conducts a more accurate appraisal and provides fair compensation by breaking down the performance management system into goal setting, interim checks, assessment/grade determination, and calibration sessions based on the MBO (Management by Objective) personnel system. For fair assessments, we provide performance management training to key managers and conduct individual and team-based performance evaluations. During the appraisal process, interviews and coaching are encouraged to strengthen the feedback function, and employee acceptance and understanding are improved by providing information on appraisal reviews and each stage of the promotion screening process to employees.

From 2023 onwards, managers will establish annual performance goals for their teams at the beginning of the year through discussions with organization members, conduct agile communication and ongoing feedback, and have the ability to revise the goals set at the beginning of the year if necessary in the latter half of the year. In 2023, 1,152 people (with job positions) were subject to evaluations and 6,408 in the 2H with all regular and contract employees being evaluated 100% with the exception of new joiners. In addition, in response to the demand for multi-faceted assessments, leadership diagnosis, and peer reviews are conducted to reflect the results of 360-degree feedback. Beginning in 2023, contribution levels are voted through peer reviews with the top performers or bottom performers undergoing re-evaluation. Based on 2023 evaluations, 100% of managing officers responsible for 4 or more members received leadership diagnoses while 100% of non-managing officers aside from those who joined after May received peer reviews. As for promotions, aside from Year 1 employees, peer recommendations were newly introduced in 2023 to conduct multi-faceted recommendation-based promotions to discover outstanding talent early on. Those among the top 10% in the multi-faceted recommendation-based promotion system were promoted without additional examination. Introducing the peer recommendation system has strengthened our ability to early promotions based on recommendations.

#### Long-term Incentives

Based on 3~5 years of performance assessments at each construction site, Hyundai E&C provides long-term cash-based incentives to employees working at outstanding construction completion sites. All employees including executives are subject to the incentive, assessing how much the site achieved for each of its targets up to project completion (legal compliance, energy savings, green environmental system adoption), as well as its performance in process management, quality management, safety management (accident rates, safety due diligence, etc.), and financial improvements. Overall evaluations for each site are broken down into S-grade (90 points or higher), A-grade (80 points or higher), and B-grade (60 points or higher) while sites with an overall excellence rating (B-grade or higher) are given incentives considering the reduction in site income, etc. In 2023, incentives were given to 146 employees at 6 sites.

### Support for Retirees

#### Support for Post-retirement Planning

Hyundai E&C operates a program to support post-retirement planning for retirees aged 50 or older who wish to consult on changing job, excluding those who have worked for the company less than one year. We provide personalized consulting services such as self-diagnosis, career goal-setting, information on job openings, and start-up support for employment, entrepreneurship, and life planning. In particular, we operate a separate job change support center that provides offices, computers, and counseling rooms to prepare for employment or a start-up, ensuring more convenient participation. In 2023, systematic and comprehensive training and consulting programs were provided to a total of 27 people, including 18 in the employment sector, 2 in the start-up sector, and 7 in life planning.

#### Retirement Pension Plan

Hyundai E&C operates retirement pension plans for all employees to support those who reach retirement age to prepare for their later years. In addition, education on products is provided to subscribers to help them establish a stable foundation after retirement.



## Diversity in HDEC

### Hyundai E&C's Diversity and Inclusion (D&I) Policy

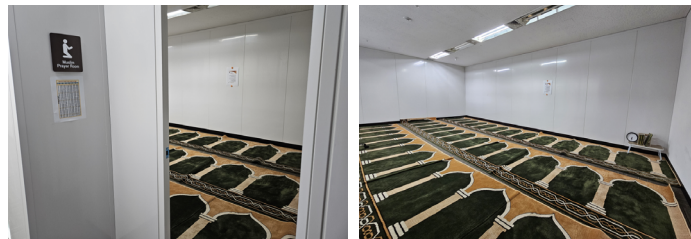
Hyundai E&C D&I Policy [➤](#)

Hyundai E&C does not discriminate employees on the basis of gender, race, ethnicity, nationality, cultural background, disabilities, age, sexual orientation, political and religious beliefs, or social status, and creates a working environment where employees can practice the values of diversity and inclusion.

We established a D&I (Diversity and Inclusion) policy in August 2022 to contribute to the transition to an inclusive society and applies it to all employees at our headquarters, as well as all employees of Hyundai E&C, our domestic and international project sites, subsidiaries, granddaugther companies, joint ventures, and customers. To implement the policy more actively, we have established an internal system, conducted regular monitoring of the current state of diversity and inclusion and disclosed the results of monitoring to stakeholders to make sure that the values of diversity and inclusion are fully incorporated across our business.

### Respect for National and Cultural Diversity

Hyundai E&C actively recruits global employees and manages them systematically to secure a competitive edge in the global arena. In December 2023, we introduced Jingle & Mingle, a team-building program to assist foreign employees adjust to the company and are listening attentively to suggestions on how to make necessary improvements to the company's programs. In addition, we operate prayer rooms and Wudu facilities at our offices and project sites to create an environment where foreign employees can feel their cultural beliefs and customs are respected.



Hyundai E&C prayer rooms

### Hyundai E&C, Tearing Down Generation Barriers

Employees of various age groups work together at Hyundai E&C, and we hold talk sessions between the CEO and new joiners to form a bond and strengthen communication. At the talk session, questions that help different generations understand each other are openly asked and answered, contributing to enhanced understanding and embracing of each other. In addition, we carry out various activities to promote communication and teamwork such as workshops and training.

### SPECIAL INTERVIEW : Meet the Safety Manager Responsible for On-site Safety

Manager **Than Kyaw Tun** of the Safety System Operation Team

Hi! I'm Than Kyaw Tun from Myanmar and I work in the Safety System Operation Team, in charge of safety and health support for foreign workers at project sites.

My main responsibilities include safety and health training for workers from Myanmar including the planning and production of training contents for corporate-wide superintendent training and regular safety and health training while also going on site inspections, when needed.

**Q** Is there anything special that is considered when planning safety training programs for foreign workers with different language and cultural backgrounds?

**A** I try to provide training that meets the eye level of foreign workers by using visual aids or hands-on experiences in training and providing training in their mother tongue rather than a foreign language to make it easier for participants to take in. We aim to design training programs that take various cultural customs and perspectives into account to create an atmosphere based on mutual respect to promote communication and cooperation among everyone.

**Q** Were there any difficulties in adjusting to the organization as a foreigner?

**A** I started my first job in a foreign country, so I made many mistakes at first. I studied on my own to overcome the language barrier and am still learning with the help of the people around me.

As for the differences in thinking and culture, I can feel that the company is trying to embrace the diversity of employees through the Culture Design Lab to make changes to the corporate culture. I especially remember attending Jingle & Mingle at the end of 2023, building precious memories together with Korean and foreign colleagues. There are also opportunities to take part in special events such as H-Day hosted by Hyundai Motor Group where foreign workers and their families watch a sporting event together or can join cooking classes.

**Q** What do you think makes your job worthwhile?

**A** When I conduct training, I include content that workers can relate to, emphasizing the importance of safety and raising awareness about safety incidents. I feel very rewarded when workers practice safe habits as a result of the training.



## Diversity in HDEC

### Infrastructure Overseas Project Development Support Team Showcases Global Power

Hyundai E&C's Infrastructure Overseas Project Development Support Team is a global team where half of its members are of foreign nationality including from the UK, Panama, Kazakhstan, Nepal, and the Philippines. They are global specialists covering various areas from front-log (overseas projects that are expected to likely be developed) development to sales for project issuers and partner companies, bidding strategy, and technical proposals, etc.

To enable foreign employees to quickly adjust to the organization, all meetings and document work of the Infrastructure Overseas Project Development Support Team are carried out in English while support is extended for employees to experience Korean culture through campaign and hiking, etc. Under our culture of diversity and inclusiveness, we are striving to help foreign employees approach our systems and organizational culture with ease and fulfill their potentials at Hyundai E&C.



### Our Singapore Branch, a Reliable Partner that Offers Multifaceted Support to Project Sites

Opened in 1982, Hyundai E&C's Singapore Branch Office boasts seasoned and loyal employees along with its long history. Since first entering the market with the Pulau Tekong landfill project in 1981, Hyundai E&C has worked on 91 projects in Singapore. In order to blend in well with employees who have worked with us for years and are invaluable assets to our business, we are recruiting prominent employees from project sites to nurture them into managers and offer scholarships and internship opportunities to select employees through industry-academia partnerships. Thanks to these local employees equipped with deep understanding and expertise regarding Singapore's construction regulations and practices, we have been able to develop appropriate strategies for developing new markets and are carrying out support in various areas ranging from sales, finance, HR, procurement, post-management, and safety, etc.



### Growth Based on Respect for Different Cultures at Panama's Metro Line 3 Project Site

Panama's Metro Line 3 project is a large-scale project that involves as many as 4,000 people a day. Due to the large number of people working at the project site, the workforce operates based on respect and understanding of other cultures. In particular, due to strong demands regarding work customs in Panama, we set up suggestion boxes around the project site to listen to the difficulties workers face and ideas for solutions and hold monthly meetings with worker representatives to enhance our mutual understanding. In addition, we are continuously offering tailored training to newly assigned employees and foreign employees and workers to expand their understanding of different cultural backgrounds.



### Strengthening Communication and Unity during Talks with the CEO

Hyundai E&C holds talking sessions between the CEO and new joiners, once in the first half and another in the second half of the year, to narrow the generation gap and engage in candid discussions. In 2023, the session was held with 108 new employees at the main auditorium at Hyundai E&C headquarters in Gye-dong, Seoul. Instead of a lecture format, the session consisted of various programs based on interactive communication with top management that tore down hierarchies and created a sense of unity and belonging among all of the participants. Amid a comfortable atmosphere, discussions on a wide range of topics including team dinners, work-life balance, preferred performance compensations, turnover rates in the so-called generation MZ to gain a better understanding of each other.



## Diversity in HDEC

### Work-Life Balance

#### Flexible Working Environment

Hyundai E&C operates a smart work system where workers can choose and adjust working hours and where to work to create a flexible working environment. We adopt flexible work hours and staggered hours, as well as operate two base offices in the metropolitan area (Technology Education Institute (Daerim), Technology Research Center (Mabuk)) along with working from home to create and operate a hybrid working environment.

#### Childcare Support System

Hyundai E&C operates an active childcare support system for each phase of the lifecycle so that employees can maintain a balance between work and parenting. We have a lactation room in the infirmary and support employees with young children by running the 'Hyundai Dasom Nursery' professionally managed by the Hansol Children's Foundation. In 2023, we introduced free parking benefits for pregnant employees working at headquarters to enhance convenience in commuting and take the lead in creating a friendly organizational culture. We also support celebration bonuses to congratulate employees on childbirth, Children's Day, and entering school, along with tuition support for employee children.

#### Healthcare Support System

Hyundai E&C supports annual health checkups for employees and their spouses. To provide a wider range of benefits, starting in 2022, spouse health checkups can be transferred to other family members, and a total of 7,690 people were provided with worth KRW 5.3 billion health checkups in 2023. In addition, by improving the group accident insurance system which is in operation for employees, their spouses, and their children, we expanded the amount of support and allowed individuals to select insurance products with a total 17,860 people benefiting from the program. Furthermore, we have minimized safety and health problems for our employees by supporting comprehensive overseas safety management services that cover overseas business trips and employees of not only Hyundai E&C, but also its suppliers, who work overseas. In 2023, we continued to carry out various activities including launching a new family-friendly service (childbirth, childcare services) and operating Mind & Body Therapy to enhance the health of employee minds (office meditating, mental care campaign) and bodies (walking challenge, stretching, etc.) to support stress management at the workplace. We also operate Dudrim Zones at our smart offices to form a creative and horizontal working environment for employees to relieve stress.

#### Employee Psychology Counseling Center

Since 2015, Hyundai E&C has been operating online and offline employee psychology counseling centers to resolve employees' grievances and strengthen their emotional capabilities. In 2023, the center established a flexible operating system for both face-to-face and untact counseling with 454 counseling sessions held, a 113% increase compared to the year before. Counseling was carried out on topics including family, children, personal emotions, and work while one-on-one interviews with professional counseling institutions is also offered to those who request it.

#### Multi-purpose, Multi-lounge 'Library DAM (담)' Opens

Hyundai E&C opened Library Dam, a new multi-purposed lounge, in 2023. The venue consists of a study zone for reading and self-development, a business meeting zone for meeting with customers and clients, and a separate conversation zone for employees. Carried out as a renewal project of the previous Culture Lounge, the new Library Dam opens at 7am before the official business day begins to support employees engage in self-improvement. Through the new lounge, Hyundai E&C is driving innovation in the corporate culture, offering a venue for employees to take part in both creative interactions and professional encounters with clients.

##### Library DAM (담)



#### Employee Leisure and Recreational Support

Hyundai E&C operates various welfare programs for employees to have time to rest and recharge. A key example is the support program for employee use of resorts and camping cars. The company operates 19 resorts nationwide which employees can use for up to 5 days a year with their welfare points. Employees who have worked less than 3 continuous years at the company and are not subject to welfare points can also enjoy the same benefits for up to 3 days a year at no charge. In addition, we operate fitness rooms in our buildings, offer discounts for athleisure wear, and installed health-boosting stairs to support employees to engage in physical activity at work to stay healthy. Furthermore, Hyundai E&C has a financing program that supports permanent and contracted workers when buying cars.



## Diversity in HDEC

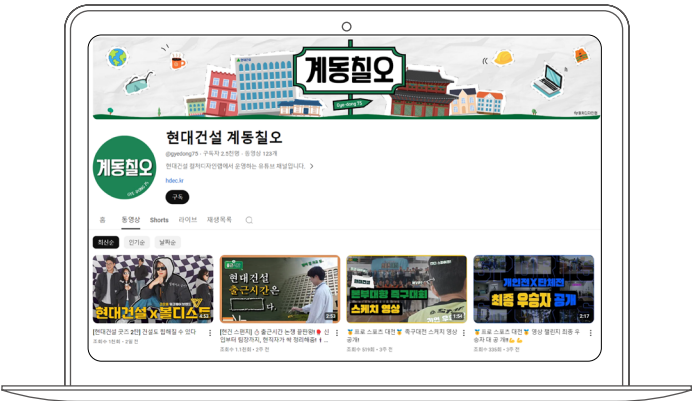
### Improvements in Organizational Culture

#### Labor-Management Council Channel

Hyundai E&C guarantees the freedom of workers to join and withdraw from the labor union in accordance with Articles 3 and 5 of the Collective Agreement Labor Union Act and has established rules prohibiting the company from hindering the joining of the union and forcing employees to withdraw to build trust and harmony between labor and management. As of December 2023, 100% of the total employees are protected by the collective bargaining agreement. In addition, it is a principle of the company to promptly notify the labor union in advance in the case of important business changes. Hyundai E&C convenes the Working Environment Improvement Committee every quarter, and through meetings of the Committee in 2023, we improved the treatment for employees of the company’s domestic and global sites by improving site accommodations and extending regular vacations for overseas site employees, as well as expanded financing support for purchases of electric vehicles.

#### Strengthening On-site Communication

Hyundai E&C has been devoted to strengthening communication between on-site employees and headquarters for enhanced work efficiency. In 2023, an on-site seminar titled ‘HDEC Pocha (street food stalls)’ was held along with communication reinforcement and team building programs where designated employees from headquarters visited project sites to form bonds and help improve an efficient work process. In addition, we created a variety of YouTube contents on a wide range of topics to communicate with employees. The company started a new YouTube channel titled ‘Gyedong75’ in 2023 and uploads interviews with site employees to share their stories and listen to the pros and cons of working at overseas project sites which has contributed to better communication across the company. In 2024, we plan to add V-logs of employees overseas to engage them in the contents to build and strengthen closer relationships with employees.



Gyedong 75 (Hyundai E&C YouTube Channel)



On-site Communication Event

#### Employee Welfare Programs

Category		Details
Smart work system	Flexible working hours	Headquarters, branches/subsidiaries, and domestic sites operate flexible work hours every 2 weeks, and overseas sites operate it every 3 months
	Staggered hours	Headquarters operate 4 different hours at 7, 8, 9, and 10 am for employees to start their workday, and project sites operate time zones based on their situation
	Part-time working	5-hour, 6-hour, and 7-hour work systems
	Working-from-home	Working from home for those who apply
	Operation of base offices	Creating a hybrid working environment by operating base offices in the metropolitan area
	Shorter workdays during Family Month	Biweekly shorter workdays on Friday at headquarters and domestic sites
Childcare support system	Workplace Daycare Center	Providing quality childcare through the company daycare center
	Celebration bonus	Celebration bonus to congratulate employees on birth of child, child entering school, and Children’s Day, etc.
	Tuition support	Tuition support for employee children in high school and college/university
	Shorter work hours during pregnancy	Eligible for shorter workdays by as much as 2 hours during the first 12 weeks of pregnancy or after 36 weeks
	Shorter work hours during early childhood	Minimum of 15 and up to 35 hours per week for 1 year
	Parking support for expectant mothers	Designated parking zones and parking fee support for expectant mothers
Leaves and vacations	Maternity leave	Up to 90 days of paid maternity leave for female workers (statutory 90 days)
		Up to 10 days of paternity leave for male workers (statutory 10 days)
	Childcare leave	Up to 12 months of paid childcare leave for female workers (legal standard 52 weeks)
		Up to 12 months of paid childcare leave for male workers (legal standard 52 weeks)
	Infertility treatment leave	Up to 3 days of leave a year with paid-leave for the first initial day
	REFRESH vacation	Paid leave for up to 3 months for self-development or recharging purposes
	Family care vacation	Up to 10 days of annual vacation days
	Family care leave	Up to 90 days of annual leave
	Onboarding support leave	Paid leave for the first 2 years at the company, 1 day in the 1H and 1 day in the 2H of the year
	Leaves for employees working overseas	Leaves for overseas assignments, regular leaves, and when returning home
Health Support System	Support for using resorts and camping cars	Support for employees using company resorts and camping cars
	Health Checkup	Health Checkup for employees and their spouse
	Group accident insurance	Expand group accident insurance to include employees, spouses, and children
	Employee healing program	Support for professional counseling and coaching services for up to 6 times a year to improve employee mental health
	Office infirmary and lactation room	Operating an office infirmary with a professional nurse and a lactation room
	Overseas comprehensive safety management services	Safety management support such as medical, security, and counseling support for overseas business travel/work (including suppliers)

## Diversity in HDEC

### Improvement in Organizational Culture

#### Instilling Challenging Spirits with the Corporate Culture Slogan

Hyundai E&C chose its corporate slogan for 2023 through employee voting. Employees were given the task of finding Hyundai E&C's hidden values through a word puzzle to complete the slogan for each organization (headquarter teams, project sites). 418 organizations took part in trying to complete the sentence, "Shall we\_\_\_?" which helped draw out creative slogans for positive thinking, flexible communication, and a horizontal culture.

##### Shall we Connect Again?

To create synergy across the organization, Hyundai E&C hosted a 2-day team seminar program. Based on areas of improvement identified through the organizational culture diagnosis, teams were selected according to priority improvements, and teams wishing to participate were also invited to sign up after sending out a company-wide notice on the program. As a result, 28 teams participated in the seminar that focused on strengthening teamwork through activities such as 1) personality testing and conversational tips, 2) team-building, 3) a scavenger hunt for improved communication skills, and 4) setting team grounds and the program was successful in building motivation for participants.

##### Shall we 'Come Closer?'

Hyundai E&C hosts 'Jingle & Mingle,' a program that helps new seasoned joiners and foreign employees to adjust easily to the company and its policies. First year joiners with previous work experience and all foreign employees participate in this program that consists of various activities that improve emotional stability including a group interview session that offers employees the opportunity to raise their opinions on improvements needed in the company's corporate systems.

Hyundai E&C's Organizational Culture Activities



#### Activities to Improve Organizational Culture

##### Freeism, an Engagement-based Employee Bulletin Board

Hyundai E&C strives to maximize job engagement. In 2023, ideas for practical work improvement were actively collected and reflected through employee comments gathered on the 'Freeism' bulletin board. The platform was utilized to gain employee input on various topics from how to recruit new joiners to designing unique Hyundai E&C souvenirs, updating the IT system, improving reporting culture, and culturetech (the company's core values translated into simple terms to make it more approachable). Employees showed active involvement as they took part in over 5,800 rounds of surveys (2 sessions) on 7 topics, posting 550 comments (5 sessions).

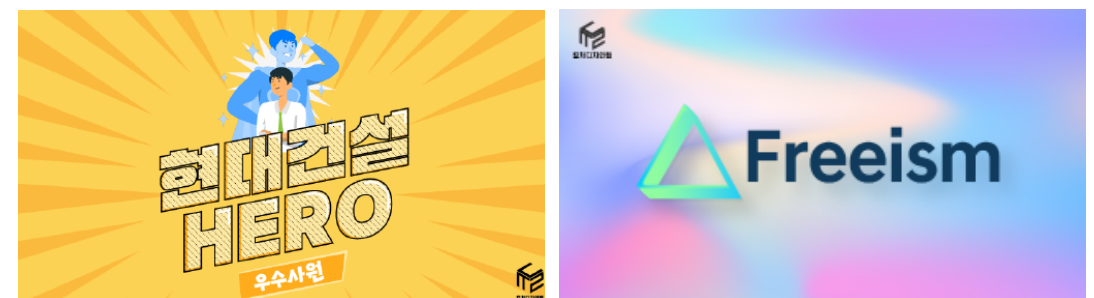
##### Year-round Award System

In addition, through the excellent employee reward system, a total of 69 awards were handed out in 2023 to employees who were exemplary in terms of cost improvement, technology innovation, and corporate culture. This is a 128% increase compared to the previous year as we improved flexibility and timeliness by giving the awards whenever needed. We strengthened awards in the Innovation Sector and Sales function to secure motivation for change and transformation and added a merit award for winning projects to offer awards in 5 categories while increasing the frequency of the corporate culture section to a bimonthly cycle.

##### Gyedong 75, YouTube Channel

Hyundai E&C started a new YouTube channel in 2023 that posts an interview series titled 'Drunken Truth' that shows candid conversations with employees. Over the course of 13 posts, stories on how new joiners view Hyundai E&C and self-development experiences such as preparing for technician certification exams were shared with viewers. In 2024, a new overseas vlog series '9seok9seok' was launched where employees at overseas sites share their daily routines, as well as traveling tips. We will continue to make attempts in expanding and promoting new communication channels.

Activities to Improve Hyundai E&C's Organizational Culture



## Targets & Metrics

### Performance of Talent Management

#### Employee Engagement Survey

Since 2017, Hyundai E&C has conducted an organizational culture diagnosis survey targeting all employees. In 2024, the survey was carried out on personal/organization, company, and satisfaction categories, looking at necessary elements to work smoothly together, such as job experience, motivation, consensus on the organizational direction and goals, happiness, and stress management. Based on the survey results, in-depth diagnosis through 1:1 interviews were held with poor performing organizations to listen to issues in the organization, confirm issues in systems and personnel management, and take measures. The average employee engagement score was 75.4 which is around 8 points higher than the year before.

#### Results of the 2023 Employee Engagement Survey

(Unit: %, Score)

Category		2021(%)	2022(%)	2023(Score)
Employee Engagement		72.5	74.5	82.7
Average		63.3	67.7	75.4
Level	Senior manager	71.8	74	78.4
	Junior manager	54	59.7	71.3
	Non-manager	54.5	61.6	73.6
Gender	Male	64.7	70.6	75.8
	Female	56.7	56.5	68.1
Age Group	55 or over	75.5	82.2	83.5
	45-54	71.6	78.3	79.8
	35-44	56.3	61.8	71.1
	34 or under	56.7	61.6	72.4

\*Positive response rate (%) until 2022, changed to average score from 2023.

#### Development of Specialists and Key Talents

Hyundai E&C has established a leadership pipeline to nurture the world's top innovative talent and fosters core talent through leadership, experience, and competency training according to the characteristics of each stage.

#### Training Performance in 2023<sup>1)</sup>

Category	Results
Total training hours	181,676Hours
Total number of training participants	8,117 People
Average training hours per person	22.4Hours
Training cost per person	KRW 250,935

1) Starting in 2023, data includes regular and contract employees

Category		Unit	2023
Human Rights Training Program (statutory)	Training Hours	Hours	44,307
	Number of Participants	Person	7,492
Human Rights Training Program (non-statutory)	Training Hours	Hours	688
	Number of Participants	Person	688
Training on prevention of workplace harassment	Training Hours	Hours	6,447
	Number of Participants	Person	6,392
Training on prevention of sexual harassment	Training Hours	Hours	14,208
	Number of Participants	Person	7,541
Training to improve awareness on persons with disabilities	Training Hours	Hours	13,604
	Number of Participants	Person	7,515
General Job Training	Training Hours	Hours	61,137
	Number of Participants	Person	6,485

#### Mitigation Measures for Non-Discrimination and Harassment Prevention

Hyundai E&C investigates cases on discrimination and harassment submitted through H-Dudrim and the Cyber Audit Office and carries out risk control through a management process. We conduct inspections and take measures to ensure all employees receive equal treatment without discrimination. In 2023, 8 discrimination and harassment cases were reported, and appropriate measures such as reprimands, reduction of salary, and suspensions were taken following quick and fair investigations by the HR Ethics Committee.



PEOPLE

Strengthening the Value Chain

Hyundai E&C is devoted to building a sustainable value chain through communication and cooperation to achieve the goal of ‘shared growth through win-win cooperation.’ We operate an advanced supply chain management process with annual Supply Chain ESG Assessments conducted each year to diagnose the ESG level of suppliers, on-site due diligences, and consulting services for each supplier. In addition, we hold discussions with suppliers every half year to promote active communication, carrying out multifaceted supplier management policies to pursue sustainable and shared growth along with our suppliers.



Strategy and Our Response

Sustainable Supply Chain Management Policies

Supply Chain Management Policy and Strategy

Supplier Code of Conduct [Hyundai E&C Supplier Code of Conduct](#)

Hyundai E&C is building a sustainable supply chain with the enactment of the ‘Hyundai E&C Supplier Code of Conduct,’ which is based on authoritative codes of conduct such as the 10 Principles of the UN Global Compact and the Building Responsibly Initiative. The code applies to all suppliers of Hyundai E&C and requires them to follow the best operating practices and comply with laws and regulations in the fields of ethics, the environment, labor & human rights, safety & health, and management systems.

In 2023, we aim to achieve a 100% signature rate for the code of conduct when signing contracts with suppliers. In 2023, to create a transparent and fair-trade culture by emphasizing the importance of corporate ethics and social responsibility to suppliers, we offered transparent ethics training to a total 773 companies and are receiving a ‘code of ethics for suppliers’ pledge upon completion of the training. In addition, when signing contracts with suppliers, we ask that they comply with the Hyundai E&C supplier code of conduct and manage suppliers in our supply chain to ensure they do not come into conflict with the ESG requirements.

Supply Chain Management System

Major agendas related to our corporate suppliers and supply chain ESG are reported to the Board of Directors’ Corporate Governance & Communication Committee. Through the Sustainability Steering Committee under the Corporate Governance & Communication Committee, employees in charge of supply chain ESG management within in-house procurement departments receive quarterly training and are assigned improvement tasks. In 2023, we are striving to enhance our expertise in managing suppliers by setting up and improving ESG encouragement policies for suppliers and developing a green purchasing system as improvement tasks.

Supply Chain ESG Assessment

Supply Chain ESG Assessment Process

Hyundai E&C has been operating our own supply chain ESG assessment process since 2020 to respond preemptively to risks inherent in the supply chain. The assessment consists of the four stages of screening, on-desk assessment, on-site due diligence, and implementation of measures to check if our suppliers are in compliance with the company’s Supplier Code of Conduct.



Supplier Status (As of 2023)

Classification	Number of Suppliers	Notes
Tier-1 suppliers	1,575	
Tier-1 Significant Suppliers	207	38% of Tier-1 supplier procurements
Non Tier-1significant Suppliers	0	

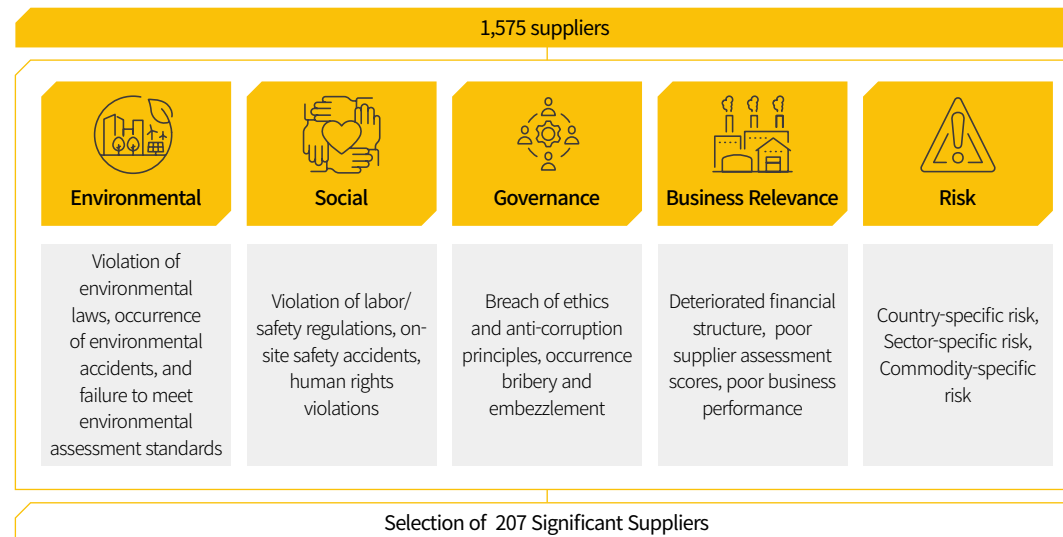
\*No Tier-2 suppliers identified with significant ESG impacts other than Tier 1 suppliers

## Strategy and Our Response

### Supply Chain ESG Assessment

#### Supplier Screening

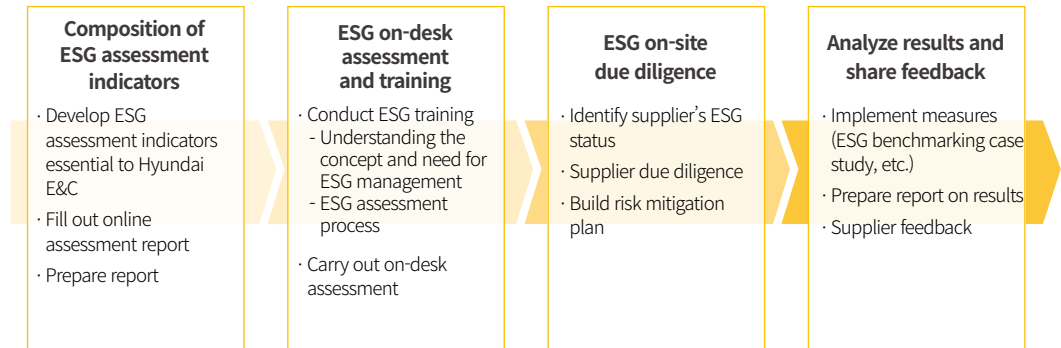
Hyundai E&C conducts supplier screening to identify suppliers for focused management before on-desk assessments and on-site due diligences. In the screening stage, suppliers are given a certain amount of time to gain understanding on supplier ESG requirements and make practical improvements, yet if they fail to meet the minimum ESG requirements, they are excluded during the contract signing stage and priority is given to a supplier with better ESG level. During screening, Hyundai E&C considers various aspects such as the environmental, social, governance, and business relevance of all suppliers, and looks thoroughly at external risk factors such as sector-specific risks, product or service-specific risk, and country-specific risks. In 2023, we selected a total of 207 significant suppliers through screening and consideration of their safety and quality scores, technical excellence, and construction specialty.



#### Supply Chain On-desk Assessment and On-site Due Diligence

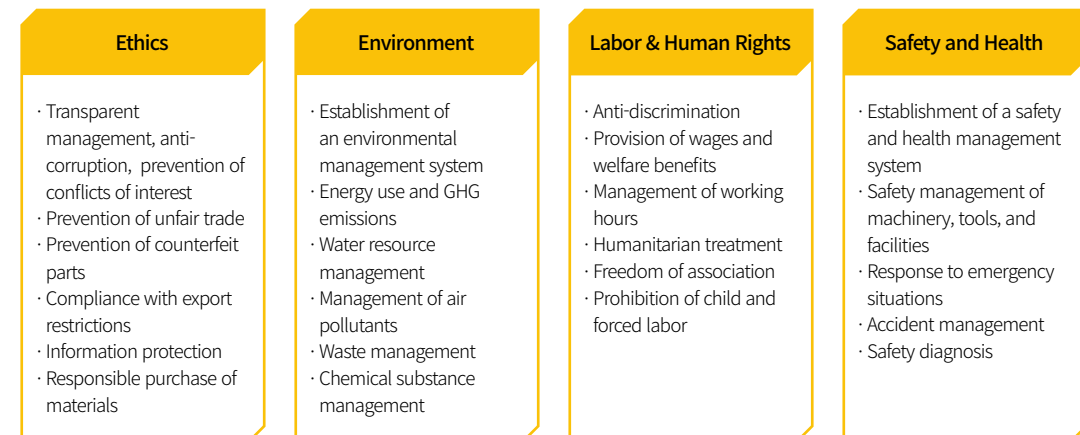
Through the supply chain ESG assessment, we classify suppliers into seven grades after evaluating the four areas of ethics, environment, labor & human rights, and safety & health. In particular, we plan to further expand and upgrade the Supply Chain ESG Assessment as the average scores of suppliers who have consistently conducted supply chain ESG assessments are higher than the scores of suppliers conducting the assessment for the first time, showing that the assessment is an effective way to reduce the risks of suppliers. The metrics for screening, on-desk assessments, and on-site due diligence are carried out in line with the due diligence process defined by the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct.

#### Supply Chain On-desk Assessment and On-site Due Diligence Process



#### Composition of Assessment Metrics

To identify latent risks or those that may occur in the scope and subject of the supply chain ESG assessment, we have composed an ESG assessment and due diligence checklist made up of 109 questions based on global standards and guidelines including the Hyundai E&C Supplier Code of Conduct, the UN Global Compact, ILO Convention Standards, the UN Declaration on Human Rights, the RBA (Responsible Business Alliance), BRI (Building Responsibly Initiative), ESG best practices of the Korea ESG Standards Institute, and domestic laws and institutional norms. In addition, we are continuously making improvements based on the types of grievances submitted by suppliers in the past, input from employees, and third-party reviews.



# Strategy and Our Response

## Supply Chain ESG Assessment

### Supply Chain ESG Risk Assessment and Due Diligence Outcome in 2023

Category		Number of Suppliers	Notes
ESG risk screening	Tier-1 suppliers	1,575	
	Significant Tier-1 suppliers	207	38% of Tier-1 purchases
Screening-based ESG On-desk assessment/On-site due diligence supplier	Tier-1 suppliers	451	On-site due diligence 50
	Significant Tier-1 suppliers	207	On-site due diligence 22
Improvement measures for high-risk suppliers	Suppliers where negative impact was identified	Tier-1 suppliers	215
		Significant Tier-1 suppliers	75
	Suppliers with agreed improvement plans	Tier-1 suppliers	215
		Significant Tier-1 suppliers	75
	Suppliers that have completed improvement plan	Tier-1 suppliers	215
		Significant Tier-1 suppliers	75
Suppliers where contracts are terminated		53	Significant Tier-1 suppliers 0
Suppliers subject to long-term/technical support to strengthen ESG		451	Significant Tier-1 suppliers 207

Target	On-desk assessments and on-site due diligence of 450 suppliers	Results	On-desk assessments and on-site due diligence of 451 suppliers
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#### On-desk Assessment

Hyundai E&C conducts supplier ESG management self-assessments through online surveys. Potential ESG risks in the supply chain identified through an on-desk assessment are additionally confirmed and verified through an on-site due diligence process, and a total of 451 companies including significant tier 1 suppliers completed the on-desk assessment in 2023.

#### On-site Due Diligence

To secure reliability of on-desk assessment results, Hyundai E&C selects business sites for on-site due diligence by considering characteristics such as location, transaction type, transaction size, and management standards. In particular, when potential ESG risks are found as a result of the on-desk assessment or business sites where negative impacts are expected are considered with priority when selecting targets for on-site due diligence. On- site due diligences are conducted jointly by Hyundai E&C and an independent third-party assessment agency by visiting the given sites. In 2023, 50 on-site due diligences were conducted. According to the results of the due diligence, improvements were required in social (compliance with employment legislations), governance (management stability and accounting transparency) showed reasonable results while the environment (improving awareness of environmental management and securing a management system, waste management), social (setup of a labor council and employment of persons with disabilities), and governance (measures to prepare for ESG management) areas called for improvement. Following the due diligence, consulting services are provided including individual supplier diagnosis reports to suggest improvement directions appropriate to the supplier's situation.

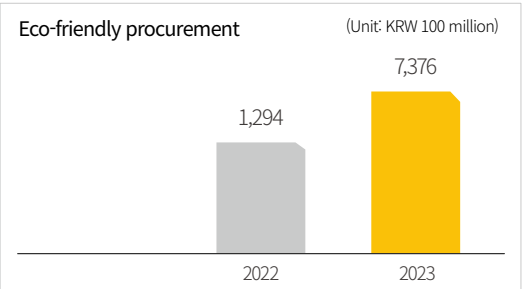
### Improvements to ESG Risks

Hyundai E&C derives improvement tasks through on-desk assessments and on-site due diligence, and each business site establishes an implementation plan for each improvement task to take relevant measures. For the risks identified during the on-site due diligence process, improvement tasks are being developed through discussions with business site managers on the timing, implementation method, and problems expected. Each business site checks current implementation according to the plan established for each improvement task and also whether the improvement task has been completed. In 2023, a total 215 suppliers were assessed for negative impacts and were selected for improvement measures which were all carried through based on implementation plans. Furthermore, we encourage each supplier to carry out ESG improvement activities independently by sharing best practices with other suppliers. In 2023, contracts with 53 suppliers with significant ESG risks that were deemed difficult to improve were terminated.

### Eco-friendly Procurement through Green Purchasing Policies

Hyundai E&C built green purchasing guidelines to minimize environmental impacts from construction sites to establish the HEGS (Hyundai Environmental Goods Standard) which are six eco-friendly procurement standards used to manage the performance of green purchasing. In 2022, we recorded 129.4 billion KRW in eco-friendly green purchases, and in 2023, we recorded 737.6 billion KRW in eco-friendly green purchases. In addition, when evaluating suppliers in the supply chain, we strive to internalize green purchasing policies within the supply chain, including eco-friendly certification of products and services along with an eco-friendly management system. To respond to the growing interest in the environment, Hyundai E&C plans to advance our eco-friendly procurement management system in 2024 to strengthen green purchase certification management.

1	Eco-friendly building materials (HB certification)	4	Energy consumption efficiency (Korea Energy Agency)
2	Environmental label certification (Ministry of Environment)	5	High efficiency certification (Korea Energy Agency)
3	Environmental product declaration, low-carbon products (Ministry of Environment)	6	Others (Good Recycled, Foreign environmental marks, ect.)





## Strategy and Our Response

### Win-win Cooperation and Shared Growth

#### Shared Growth Strategy

Hyundai E&C is strengthening our value chain through communication and cooperation to boost the competitiveness of our suppliers to achieve the goal of 'mutual growth through win-win cooperation'. Through regular meetings, we directly listen to the voices of our suppliers and promote win-win growth through shared growth programs. Under the H-Together declaration, Hyundai E&C is carrying out a wide range of supplier support activities including in finance, education, recruitment, and welfare activities across the five sectors of safety, quality, transparency, win-win growth, and new technology. Furthermore, through activities such as the H-Leaders (H-Prime Leaders and H-Leaders) system and rewards for excellent suppliers, we are motivating our suppliers and emphasizing the importance of win-win cooperation. Hyundai E&C plans to enhance the procurement competitiveness of our suppliers by expanding strategic purchases and strengthening and improving the criteria for selecting excellent suppliers.

#### Shared Growth Implementation System

Hyundai E&C has operated an optimal collaboration system by forming a three-dimensional response organization, going beyond the operation of a dedicated organization for each field, in order to effectively spread fair trade and win-win cooperation.

Compliance Council	· Responsible for the company-wide dissemination of ethics and compliance, and implementation inspections
Policy Support Team	· Policy response and fair trade oversight department
Global Cooperation Team	· Dedicated department for applying fair trade and win-win cooperation to actual subcontracting
Win-win Management Committee	· Fair trade and mutual cooperation deliberation and decision-making body
Shared Growth Council	· Decision-making and the establishment of individual subcontracting dispute response strategies · Operation of the win-win growth program

#### Strengthening Communication with Suppliers

##### H-Prime Leaders & H-Leaders

Hyundai E&C held two meetings with suppliers in the first half and second half of 2023, and had opportunities to meet and communicate with our most outstanding suppliers, H-Leaders (H-Prime Leaders and H-Leaders), and outstanding partners, H-Members. In February 2023, the general meeting of H-Leaders and a management seminar were held to reward outstanding suppliers for their hard work, and there was a briefing session on procurement policies to deliver information that suppliers truly need. In October 2023, we hosted the 'Hyundai E&C Tech Expo 2023' to identify, develop, and share outstanding supplier products and recent construction trends, and technology prospects where over 4,300 people visited. While more than 220 suppliers applied, only a final 73 were selected to take part in the EXPO and display their products and services. In addition, the event provided chances for collaboration as new suppliers were registered, procurement counseling sessions were held, and joint R&D opportunities were discussed to improve technology and competitiveness across all areas of the construction industry. Hyundai E&C considers the value of communication to be important, and will continue to communicate with our partners in the future.

##### Operating Communication Channels

Hyundai E&C resolved the grievances of our partners regularly through H-Dudrim, an integrated internal and external complaint solution channel. In 2023, we took measures on a total 141 grievances received through H-Dudrim within an average of 1.65 days. We are also operating a safety reporting center (Sinmungo) where suppliers can report work suspensions and make safety and health suggestions. In 2023, a total 9,398 cases were submitted which were 100% settled as we continue to conduct activities for worker safety through various channels.



General meeting of H-Leaders and management seminar



Hyundai E&C Tech Expo

## Strategy and Our Response

### Win-win Cooperation and Shared Growth

#### Sustainable Shared Growth Policy for Suppliers

For sustainable supply chain management, Hyundai E&C has implements a diversified supplier management policy in five areas: win-win growth, safety, quality, transparency, and new technology. It includes practical support measures, such as the operation of a KRW 166 billion win-win growth fund, KRW 1 trillion for strategic procurement, safety consulting to enhance safety management capabilities of suppliers, and a safety wallet. As a result of operating a top-notch effective win-win growth program, Hyundai E&C obtained the highest grade for 5 consecutive years in the Win-Win Growth Index assessment in September 2023 and was selected as the ‘Best Honorary Company,’ an award given to the top company for 3 consecutive years.

H-Together	Program	Overview and Performance
Share Together	<ul style="list-style-type: none"> <li>Support for the Shared Growth Fund</li> <li>50% exemption in performance guarantees</li> <li>Job training for employees</li> <li>Chung-ang University Shared Growth in Construction Management Course</li> </ul>	<ul style="list-style-type: none"> <li>By operating a win-win growth fund worth KRW 166 billion in 2023, we supported loan interest so that suppliers could receive loans at a lower interest rate than base rates from financial institutions</li> <li>For excellent partners, 50% of the performance guarantee is reduced to relieve their financial burden</li> <li>Providing various practical training programs, such as for management, safety, quality, and ethics training, for employees of partners</li> <li>Operating the ‘Shared Growth in Construction Management Course’ in connection with the Chung-Ang University Graduate School of Construction to provide educational opportunities to top management and create a venue for exchanges</li> </ul>
Safe Together	<ul style="list-style-type: none"> <li>Strategic procurement from suppliers with outstanding safety (negotiated contracts)</li> <li>Wage support for safety guides</li> <li>H-Safety Wallet</li> <li>Support for safety consulting</li> <li>Increase share of safety in evaluations</li> <li>Safety Culture Experience Center</li> </ul>	<ul style="list-style-type: none"> <li>Providing support for suppliers with excellent safety, quality, and performance to secure stable supplies through strategic purchases worth KRW 1 trillion annually, as of 2023</li> <li>For construction projects with a contract amount of less than KRW 10 billion where there is no legal obligation to appoint a safety staff, the worker’s wages are sponsored if the supplier hires a safety manager</li> <li>Encouraging autonomous safety management by providing points proportional to the number of accident-free working days to workers who comply with safety rules</li> <li>Supporting the establishment of a safety and health management system and reinforcing safety management capabilities through diagnosis and consulting by professional organizations for underperforming companies in safety assessments</li> <li>Securing a safe working environment by increasing the weight of safety assessments when evaluating suppliers</li> <li>Offering experiential training to suppliers through the Safety Culture Experience Center that has been updated with AR and VR technology for safety culture training</li> </ul>
Quality Together	<ul style="list-style-type: none"> <li>Q-Pocket</li> <li>Q-Consulting</li> </ul>	<ul style="list-style-type: none"> <li>Conducting real-time on-site inspections through the mobile-based smart integrated inspection system Q-Pocket since 2021 and periodic utilization of functions such as automatic notification of scheduled tasks by cycle</li> <li>Continuously improving quality support through Q-Consulting while improving quality competitiveness by continuously providing quality improvement training materials</li> </ul>
Clean Together	<ul style="list-style-type: none"> <li>Support for supply chain ESG assessment and training</li> <li>H-Dudrim</li> </ul>	<ul style="list-style-type: none"> <li>Implementing ESG training and assessment/consulting related to environmental management, social responsibilities, and governance through a professional third-party organizations to promote the sustainable management of suppliers <ul style="list-style-type: none"> <li>Conducting training on improving awareness on environmental management and its management system, waste management, areas of focus when managing human rights and labor affairs, and transparent ethics</li> </ul> </li> <li>Operating the H-Dudrim bulletin board, an integrated complaint window, to provide a regular communication channel for suppliers through which complaints and suggestions can be gathered</li> </ul>
Smarter Together	<ul style="list-style-type: none"> <li>Technology contest</li> <li>Tech EXPO</li> </ul>	<ul style="list-style-type: none"> <li>Providing all R&amp;D expenses for small and medium sized enterprises with excellent technologies and offering construction sites required to verify technology while also offering opportunities for commercialization for technologies that have passed verification for effectiveness</li> <li>Driving growth in the technology and competitiveness of the entire construction industry by sharing outstanding products and technologies of suppliers</li> </ul>

# Targets & Metrics

## Performance in Strengthening the Value Chain

### Supplier ESG Management Targets and KPI

#### Corrective Actions for ESG Risks

Hyundai E&C plans to strengthen the selection criteria for H-Leaders (H-Prime Leaders and H-Leaders), our excellent suppliers, and strive to achieve sustainable supply chain management with the goal of enhancing procurement competitiveness. We are providing around KRW 1 trillion in strategic procurement incentives to strengthen the competitiveness of our elite H-Prime Leaders who are selected for their excellent capabilities in safety, quality, and processes. In addition, to ensure transparent and practical assessments, we are focusing on supply chain risk management by increasing the safety and quality assessment ratio to 50% and adjusting the registration group if the standard is not met. We analyze the ESG status of our suppliers and provide feedback through annual supply chain ESG diagnosis assessments targeting key suppliers and SMEs (Small and Medium-sized Enterprises) with insufficient ESG levels. Furthermore, we are promoting the establishment of separate communication channels to improve communication with our suppliers, aiming to meet 100% of suppliers also sign the Supplier Code of Conduct in 2024 when signing contracts. We are continuing to improve the incentive policy for suppliers with outstanding ESG by offering additional points in evaluations. Incentives are provided every half-term to suppliers with outstanding performance in the safety management area of ESG metrics with 111 suppliers receiving awards and bonuses. Moreover, we are operating a supplier incentive system based on supply chain ESG assessments.

#### On-site Due Diligence Results in 2023

Environmental

Need to improve awareness and secure a management system for environmental management, and establish waste management plans

Social

Compliance with employment-related regulations is good, but there is a need to strengthen social responsibility activities such as the formation of labor-management councils and the employment of disabled persons.

Governance

Management stability and accounting transparency are good, but preparations for ESG management are insufficient, indicating a need to enhance awareness of ESG management.

\*Average weight per sector: Environmental (33.3%) / Social (33.3%) / Governance (33.3%)

#### H-Dudrim (supplier) Complaints Submitted in 2023

Classification by type	Number of cases	Average number of days for handling
Complaints and grievances	29	2.14
Supplier and technology promotions	36	0.42
Others	31	1.65
Total	141	1.65

## Target for Strengthening the Value Chain

### Increase Supplier Sustainability Assessment and Correction Ratio to 100% by 2030

Hyundai E&C built a Supply Chain ESG Assessment process in 2020 and has been carrying out evaluations on suppliers since to manage supply chain sustainability through various types of ESG support. In 2023, assessment was conducted on 451 of the total 1,575 tier 1 suppliers, and improvement measures were taken on all 215 suppliers where negative risks were identified. Currently, sustainability risk assessments are being carried out on 207 significant tier 1 suppliers, and we plan to expand this to all tier 1 suppliers by 2030.

Metrics	Unit	2021	2022	2023	2024 (target)
New contracts for shared entry to overseas markets with suppliers	KRW 100 million	800	2,751	1,443	1,521
Total supplier procurement costs and service fees	KRW 100 million	85,966	116,906	124,473	99,693
Benefits from the win-win growth fund	KRW 100 million	1,600	1,600	1,660	1,660
Supplier ESG due diligence	Companies	30	44	50	44

## PEOPLE

# Creating Value for Local Communities

Since being the first construction company in Korea to launch a social volunteer corps in 2009, Hyundai E&C has been carrying out strategic social contribution activities under our corporate vision and philosophy of ‘We Build Tomorrow’ with focus on the areas of environment & safety, education & technology, and the community, taking into account the characteristics of the construction business.

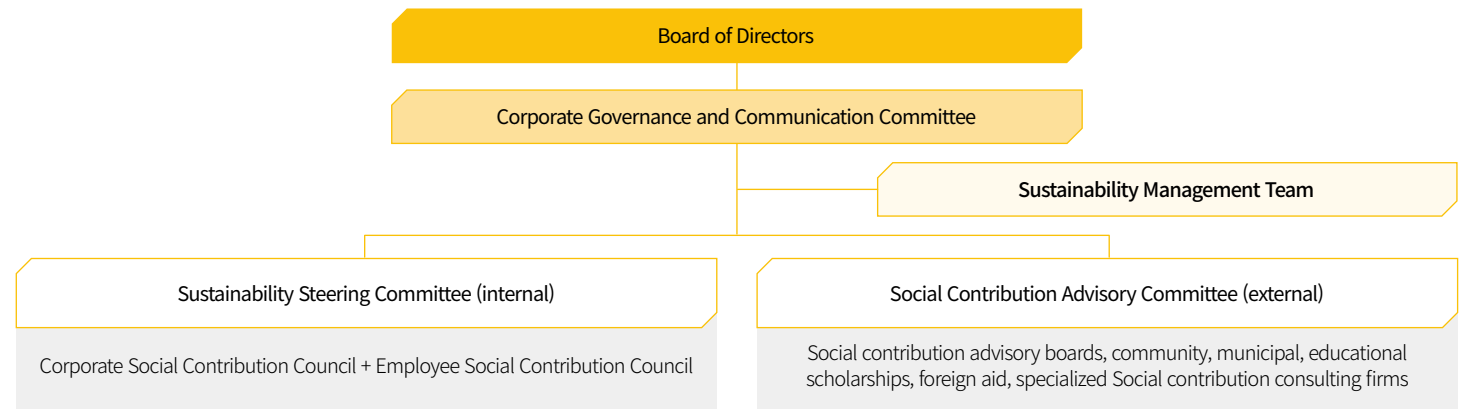


## Social Contribution Governance

### Social Contribution Organization

Hyundai E&C operates a Social Contribution Council, an Executive-employee Council, and an external Social Contribution Advisory Committee to collect opinions from internal and external stakeholders. When executing donations, possible risks in the local community are screened by the Board of Directors’ Corporate Governance and Communication Committee to execute funds based on standards of the donation review process. The Social Contribution Council and Executive-employee Council were built to implement a system where employees can voluntarily participate in addressing issues in the community by discussing the direction for social contribution, reviewing budgets, and evaluating the adequacy of donations while the external Social Contribution Advisory Committee measures the social impact of major social contribution projects. We will continue to strengthen a system that can realize social value while tackling issues in our communities to contribute to local community development.

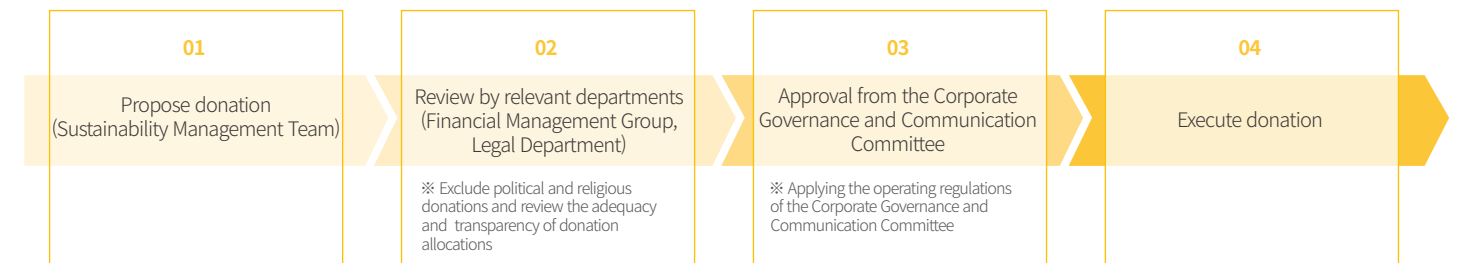
### Social Contribution Governance System



※ Article 3-3 of the Corporate Governance and Communication Committee’s key policy standards for ethics management and social contributions

1. Individual donations that equal to or exceed 0.1% of previous year’s operating profits (non-consolidated)
2. Cumulative donations for the current year exceeding 0.5% of the previous year’s operating profits (non-consolidated)
3. Repeated donations to the same charitable organization, or any other matters deemed significant by the committee

### Donation Process



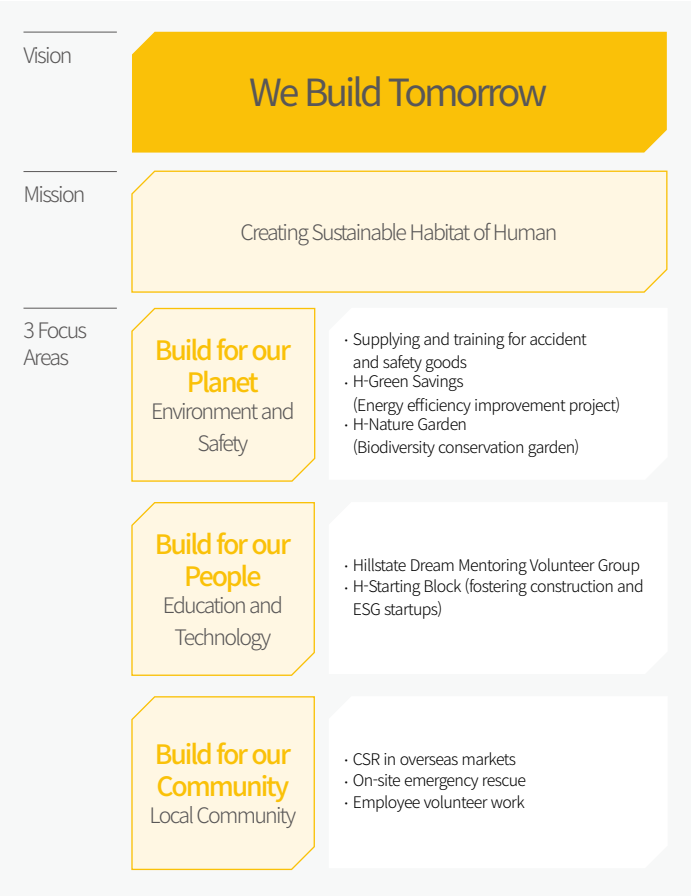


Strategy and Our Response

Social Contribution Strategy

Based on Hyundai Motor Group’s sustainability message, The Right Move for the Right Future, Hyundai E&C builds our own vision and system for social contributions with strategic CSR activities being carried out with focus on the Planet (environment and safety), People (education and technology), and the Community (communiy outreach) considering the characteristics of the construction business. We are creating social value through a social contribution strategy that is aligned with our business expertise and construction industry and actively participating in tackling social issues by communicating with various stakeholders.

Social Contribution Implementation System



Social Contribution Mid-to-Long-term Roadmap

	2023	2024	2025	2026
	Renew social contribution strategy based on the business	Introduce Social Contribution impact management system	Strengthen Social Contribution impact	Lead Social Contribution impact
Planet (Environment and Safety)	<ul style="list-style-type: none"> <li>Supply accident and safety goods and provide training</li> <li>H-Green Savings</li> <li>H-Nature Garden</li> </ul>	<ul style="list-style-type: none"> <li>Renewal of safety helmets</li> <li>Increase beneficiaries of H-Green Savings</li> <li>Create H-Nature Garden public garden</li> </ul>	<ul style="list-style-type: none"> <li>Increase area coverage of safety helmets</li> <li>Monitor H-Green Savings</li> <li>Expand H-Nature Gardens</li> </ul>	<ul style="list-style-type: none"> <li>Monitor accidents and safety training</li> <li>H-Green Savings carbon credit donations</li> <li>Monitor H-Nature Garden</li> </ul>
People (Education and Technology)	<ul style="list-style-type: none"> <li>Dream Mentoring Volunteer Group term 9, 10</li> </ul>	<ul style="list-style-type: none"> <li>10<sup>th</sup> anniversary Home-coming day of the Dream Mentoring Volunteer Group and issuing a performance report</li> </ul>	<ul style="list-style-type: none"> <li>Renewal of the Dream Mentoring Volunteer Group</li> <li>Launch season 2 of the Dream Mentoring Volunteer Group</li> </ul>	<ul style="list-style-type: none"> <li>Dream Mentoring Volunteer Group season 2</li> </ul>
Community (Local Community)	<ul style="list-style-type: none"> <li>Pursue overseas CSR</li> <li>Increase employee and family engagement activities</li> </ul>	<ul style="list-style-type: none"> <li>Pursue overseas CSR</li> <li>Regular activities that reflect employee input</li> </ul>	<ul style="list-style-type: none"> <li>Expand overseas CSR</li> <li>Regular activities that reflect employee input</li> </ul>	<ul style="list-style-type: none"> <li>Expand overseas CSR</li> <li>Implement volunteer groups planned by employees</li> </ul>

## Strategy and Our Response

### # PLANET

#### H-Green Savings

H-Green Savings is a project that supports energy-vulnerable classes and social welfare facilities by installing solar panels and replacing existing lights with high-efficiency LEDs so that they can reduce GHG emissions and electric charges (enhanced energy efficiency). The greenhouse gas reductions obtained through the assessment of greenhouse gas reductions by the Korea Energy Agency are recognized as carbon credits, and the revenues secured thereby are re-donated to the Seoul Energy Welfare Citizens Fund and will be used for energy education projects for youth. In the first year of H-Green Savings in 2021 (2021~2022), we installed 1,009 LED lightings at 8 social welfare facilities and 6 vulnerable households to reduce 19 tCO<sub>2</sub>/year worth of GHG emissions. In the second year (2022~2023), 568 LED light bulbs and 32kW solar panels were installed at 9 social welfare facilities to reduce 28 tCO<sub>2</sub>/year in GHG emissions. In the third year (2023~2024), solar panels are scheduled to be installed at 2 social welfare facilities.

#### Biodiversity Conservation Activities

Hyundai E&C employees and families volunteered at the Yeouido Saetgang Ecology Park to enhance biodiversity in the urban ecology park.

Employees and families came together to build and repair wooden fences to protect the habitat for otters classified as Grade 1 endangered wildlife. We will continue to carry out family volunteer work in 2024 for ecological preservation.



Volunteering to improve the atmosphere at the Saetgang Ecology Park



Delivery of H- Green Savings Donations

#### Distribution of Safety Supplies and Training

Hyundai E&C has been carrying out social contribution projects to provide accident prevention and safety training to children, the first of its kind in Korea, since 2019 along with a project to provide safety supplies to improve our response against natural disasters and accidents. In 2023, over 5,500 individual safety backpacks and disaster evacuation packages for classrooms were distributed to 15 elementary schools in Gyeongju, Busan, and Pohang. In addition, safety education programs were carried out to student bodies, teaching how to use safety supplies and take part in evacuation drills using rescue handkerchiefs to improve training effectiveness. In 2024, we will continue our efforts to provide various training programs and safety supplies to enhance safety prevention for children.



Accident Prevention and Safety Training



#### H-Nature Garden

Hyundai E&C is contributing to the restoration of ecosystems through the H-Nature Garden project that forms special gardens within Hillstate apartment complexes or in public spaces to protect biodiversity. In 2023, we completed the H-Nature Garden in Hillstate's Yongin Dunjeon Station complex filled with white forsythia, irises, and surprise lilies and will continue to monitor the plants while offering resident engagement programs such as education on endangered species and understanding the habitats of native and endemic species.



H-Nature Garden (Biodiversity conservation garden)



H-Nature Garden MOU Ceremony

## Strategy and Our Response

### # PEOPLE

#### Hillstate Dream Mentoring Volunteer Group

Hyundai E&C's Hillstate Dream Mentoring Volunteer Group is a social contribution project that works with Hyundai E&C and the social welfare corporation to strengthen self-reliance in youth. Academic guidance and career counseling are provided to youth mentees from low-income families. College students mentor youth providing assistance on specialized knowledge and particular subjects, but these mentors become mentees to Hyundai E&C employees who share their social experience, know-how and employment counseling. In 2023, a total of 48 people created practical changes by building friendships as well as achieving academic success through about 10 months of activities. The social value of the 2023 9th Dream Mentoring Volunteer Group is estimated at around KRW 169 million (SROI\* 146%) when converting the social value created into monetary value. We greatly contributed to reduce youth private education costs and help the career exploration of college students through 1,280 hours of learning mentoring (cumulative 12,560 hours) and 666 hours of career mentoring (cumulative 5,156 hours).

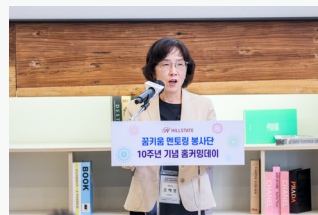
\*SROI (Social Return on Investment): Framework that measures the social outcome of corporate projects

#### H-Starting Block

Hyundai E&C is carrying out a social contribution project to support nurturing entrepreneurs and early startups in the areas of ESG and construction to discover outstanding startups with innovative ideas and technologies. H-Starting Block, an open innovation program, selects startups in the 4 areas including innovative construction technology and ESG solutions and provides the selected companies with Accelerator programs for mentoring, consulting, and networking opportunities tailored to their growth stage. Hyundai E&C will continue to sponsor beginning startups with innovative construction technologies and ESG solutions to create a virtuous cycle that links resolving social issues with businesses.



Completion Ceremony for the 9th Dream Mentoring Volunteer Group



10th Anniversary of Dream Mentoring (Cho Hye-Kyung, Outside Director of HDEC)



H-Starting Block Final Performance Sharing Session

### # COMMUNITY

#### Global Social Contribution Activities

As Hyundai E&C actively works in the overseas construction market, we are carrying out a wide range of social contribution activities to perform CSR in areas where our overseas business operations are located. In fact, Hyundai E&C has made it mandatory to promote overseas CSR activities when entering business sites in developing countries. From 2011 to the present, we have carried out 54 projects in 22 countries (Indonesia, Vietnam, the Philippines, Bangladesh, etc.) in various fields such as health and sanitation support, self-sufficiency support for the vulnerable, education, livelihood, and renovation of public facilities. In 2023, more than 140 employees took part in support disaster relief for the earthquake in Türkiye and donated 1,506 items while providing school supplies and daily necessities to 1,600 vulnerable households in Apalit, Calumpit, and Santa Rosa in the Philippines. In 2024, we plan to build a residential childcare facility in the Southern Philippine region of Santa Rosa and create a childcare infrastructure for local disadvantaged children in the community.

#### Employee Engagement in Community Outreach Activities

Hyundai E&C continues to operate participatory social contribution activities for executives and employees to develop and build trust in areas near domestic and overseas construction sites. Since 2011, we have been carrying out social contribution activities to share value with our community through an agreement with Jong-ro District in Seoul. In 2023, we sponsored food ingredients and healthy meals to a total 1,374 low-income households with over 30 Hyundai E&C employees volunteering in distributing meals and gifts to vulnerable elderly living alone during the Lunar New Year holiday. In addition, more than 100 employees took part in drawing murals of traditional Korean homes on the walls of Jedong Elementary School in Bukchon Village after removing old paint and structures to improve aesthetics and bring vitality to the local community. Also, a total 603 employees participated in the quarterly blood drive and donation campaign, donating around 4,532 items to the Beautiful Store for resales. 1,510 employees voluntarily gathered funds and donated approximately KRW 240 million Share Love Funds to disadvantaged households near project sites in Korea and abroad.



Employee Council Donating the Share Love Funds



Volunteer Activity for Mural Beautification Improvement at Jaedong Elementary School



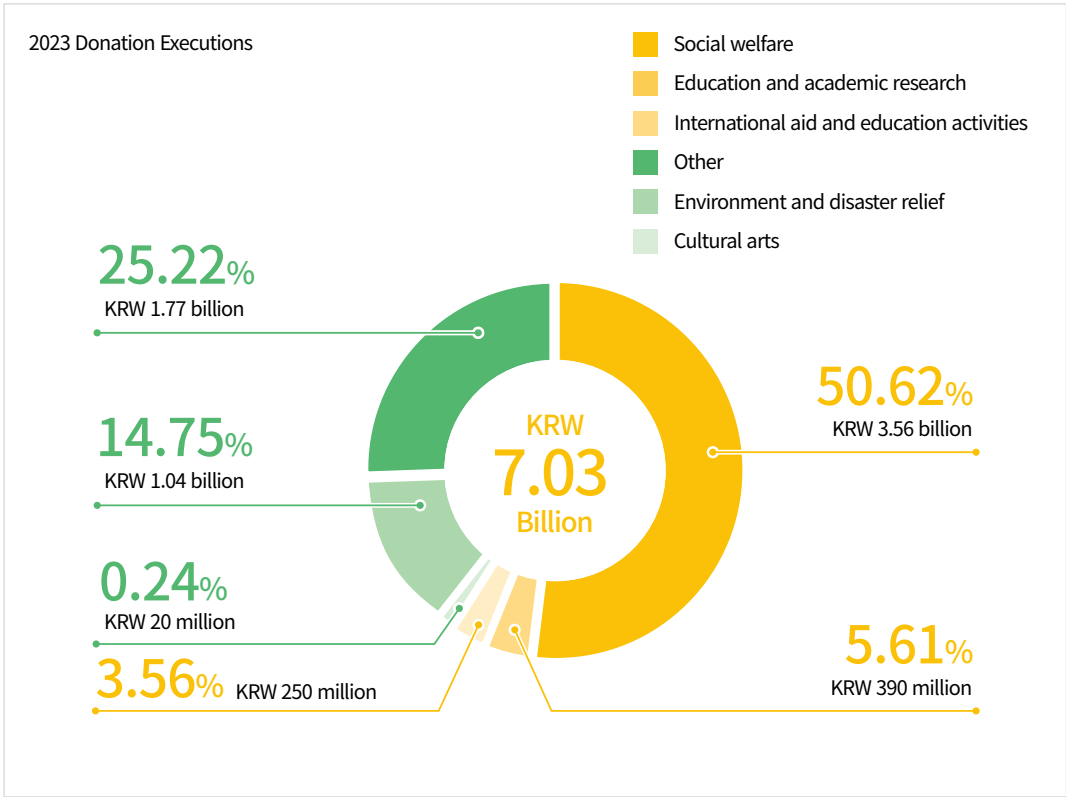
Gift Sharing in Northern Philippines

## Targets & Metrics

### CSR Performance

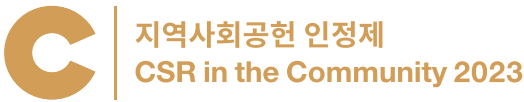
#### Social Contribution Performance Management System

Hyundai E&C is operating a social contribution mileage program since 2010, reflecting activities in the KPI for each division. In 2023, 3,519 employees participated, adding a total of 13,512 hours and earning a company-wide average of 3.9 miles. We are encouraging employee participation by expanding the scope of our social contribution rewards from individuals to teams to offer rewards and prizes for outstanding performance. In 2024, we plan to achieve an annual five miles per person by changing the performance management system and organizational culture to promote CSR activities, gradually raising the target to reach 7 miles in 2025.



#### Recognized for CSR Activities

Recognized for our contributions to tackling issues in local communities, Hyundai E&C was given Level 5, the highest level, at CSR in the Community 2023, a program co-hosted by the Ministry of Health and Welfare and the Korea National Council on Social Welfare. The CSR in Community is a program that identifies and acknowledges companies that carry out continuous CSR activities with non-profit organizations. Hyundai E&C was selected for our work in taking the lead in extending welfare support and resolving issues in local communities through employee engagement, and we will continue to expand our efforts in various CSR activities in our communities.



#### Targets and Metrics for Creating Social Value

Hyundai E&C is committed to creating value in the community by setting business targets and KPIs with the goal of increasing social return on investment (SROI 120%).

##### Targets for Creating Social Value

Target	Unit	2023 (Actual)	2024	2025	2026
CSR Mileage	Mile	3.9	5	7	7
Employee volunteer hours	Hours	13,512	14,500	15,500	16,000
Number of program beneficiaries	Person	10,199	11,000	12,500	13,000

##### Metrics for Creating Social Value

Focus Area	Planet	People	Community
Category	H-Green Savings	Distribution of Safety Supplies and Training	Dream Mentoring Volunteer Group
Business KPI	<ul style="list-style-type: none"> <li>Secure carbon credits by reducing GHG emissions</li> <li>Enhance corporate image</li> </ul>	<ul style="list-style-type: none"> <li>Contribute to safety and prevention with disaster safety supplies and training</li> <li>Enhance corporate image</li> </ul>	<ul style="list-style-type: none"> <li>Contribute to employee talent donations</li> <li>Enhance corporate image</li> </ul>
Social KPI	<ul style="list-style-type: none"> <li>Support 2 or more welfare facilities in Seoul and the Metropolitan area</li> </ul>	<ul style="list-style-type: none"> <li>Support 5 or more elementary schools located in high-risk areas or areas hit by disasters</li> <li>Improve disaster safety awareness</li> <li>Satisfaction level of 4.0 or higher</li> </ul>	<ul style="list-style-type: none"> <li>Improve learning environment for youth through tutoring</li> <li>Offer teens and college students the opportunity to explore career paths</li> <li>Satisfaction level of 4.0 or higher</li> </ul>
			Employee Volunteer Work
			<ul style="list-style-type: none"> <li>Participate in 4 hours of volunteer work per year (5 miles per person)</li> <li>Contribute to improving community issues</li> <li>Satisfaction level of 4.0 or higher</li> </ul>



Social Value Creation in HDEC

Significance of Measuring Social Value Created by Hyundai E&C

Under our vision of creating a sustainable habitat for humanity, Hyundai E&C carries out strategic social contribution activities with focus on the 3 areas of Planet (environment and safety), People (education and technology), and the Community (community outreach) to create social value. Quantified social value helps us measure and manage our performance in tackling issues in local communities through social contribution activities. This way, we prioritize needs for optimized allocation of resources to address local community issues within the limited resources available. By managing our output compared to input and impact on communities, we can upgrade the social value we create.

In addition, we will be able to carry out more effective communication on social value creation by delivering specific details on our CSR activities to various stakeholders including investors, rating agencies, customers, employees, local communities, and NGOs.

Category	Program Details	Hyundai E&C 's Key Achievements	2023 Performance
Planet (Environment and Safety)	<b>Project to deliver safety helmets and training on disaster and accident prevention</b>  Distributing safety supplies such as safety helmets to elementary schools vulnerable to earthquakes and located in high-risk locations and offering safety education	<ul style="list-style-type: none"> <li>· Savings in school purchases by providing accident prevention and safety supplies</li> <li>· Raising safety awareness in students and faculty benefiting rom the accident prevention and safety training</li> <li>· Development of the Nation's First Foldable Disaster Safety Helmet / Preventive Effects During Disasters Through Evacuation Training</li> </ul>	KRW 230 million
	<b>H-Green Savings</b>  Conducting energy welfare activities such as installing solar power generation facilities and replacing LED light bulbs for vulnerable energy groups to help address energy poverty issues	<ul style="list-style-type: none"> <li>· Cost reductions for vulnerable energy groups</li> <li>· Contributing to GHG reductions in the community by installing solar power facilities</li> <li>· Increasing profits by being selected as a social enterprise for installation work</li> <li>· Improvements in Safety and Satisfaction with Living Conditions in Social Welfare Facilities</li> </ul>	KRW 480 million
People (Education and Technology)	<b>Dream Mentoring Volunteer Group</b>  Providing tutoring and career counseling to low-income youth mentees while offering assistance to college student mentors on social experience, knowhow on academic and job expertise, and career consultation for seeking employment	<ul style="list-style-type: none"> <li>· Reducing private education costs for low-income youth through tutoring and career counseling</li> <li>· Increasing convenience and benefits for college student mentors through career counseling</li> <li>· Enhanced sense of belonging and skills of participating employees</li> <li>· Contributed to the improvement of Hyundai Construction's brand value</li> </ul>	KRW 170 million
Community (Local Community)	<b>Employee volunteer work</b>  Pursuing various CSR activities such as environmental protection, support for low-income households, and making donations through direct participation from employees	<ul style="list-style-type: none"> <li>· Improving health by delivering side dishes and healthy meals to disadvantaged households</li> <li>· Cleaning the environment for otter habitat preservation at the Yeouido Saetgang Ecology Park</li> <li>· Volunteering in drawing murals, donating items, and participating in blood drives, etc.</li> <li>· Achievements in addressing community issues through improving the appearance of aging murals, donating goods, and blood donation</li> </ul>	KRW 170 million



# PRINCIPLE

## Fair Value Implemented by Hyundai E&C

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PRINCIPLE

Sound Governance

A transparent corporate culture and sound governance are key elements in sustainable management. Hyundai E&C operates our Board of Directors based on checks and balances and under the principles of responsible management. We are strengthening the independence, expertise, and diversity of our Board of Directors and operating transparent performance evaluations and compensation systems to establish sound governance. In addition, we are taking the lead in protecting the rights of our shareholders through shareholder return policies and guaranteeing the decision-making rights of our shareholders.



Governance Principles

Hyundai E&C has established a transparent corporate governance system based on a professional management structure and the Board of Directors that follows the recommendations of the Corporate Governance Code of Best Practices in line with international standards. Through this system, we strive for value-driven management, global future management, and sustainable management, aiming to achieve a well-rounded corporate governance framework that considers both shareholder value and the interests of internal and external stakeholders. Furthermore, we have implemented a Corporate Governance Charter that defines the independence of our Board of Directors and outlines the conditions for ensuring independence. Additionally, we publish an annual Corporate Governance Report to enhance transparency in governance and safeguard the rights of our shareholders.

Definition and Principles of Governance Independence			
Definition of Governance Independence	“Corporate governance of Hyundai E&C aims to set a sound governance structure that creates shareholder value and appreciates the interests of internal and external customers through professional management under the supervision of an independent Board of Directors.”  - Preface of Hyundai E&C’s Corporate Governance Charter -		
Governance Philosophy	Board Independence	Management Expertise	Enhancement of Shareholder Value
Governance Features	BOD centered around outside directors	Operation of BOD committees	Strengthening the expertise of BOD committees
Governance Independence Principles	1. Guarantee Board independence through independent lead director		2. Appointment of an Independent Lead Director
	3. Set target ratio of outside directors	4. Transparency in the outside director appointment process	5. Composition of committees led by outside directors

Board of Directors

Appointment of Directors

All directors of Hyundai E&C are appointed through a resolution at the general meeting of shareholders, and outside directors are appointed from candidates recommended by the Nominating Committee for Outside Directors. Candidates recommended by the Nominating Committee for Outside Directors are selected as final candidates after deliberation by the board of directors, and appointment of the given director is presented as an individual agenda at the general meeting of shareholders. Inside directors can hold up to four positions concurrently to faithfully perform their work duties. In the candidate recommendation and appointment process, expertise in the areas of finance, accounting, law, construction, engineering, and safety management are considered, as well as gender diversity. In particular, we consider conflicts of interest and independence-related disadvantages for outside director candidates.

Board Composition

Hyundai E&C’s board of directors has a total of seven members with three inside directors and four outside directors to guarantee management transparency and efficient check on the board. We satisfy the requirement of Article 542(8)1 of the Commercial Act regarding the share of outside directors, as outside directors make up 57.1% of the board of directors of Hyundai E&C to guarantee its independence. We also have one independent lead director. Due to the fast-paced nature of the construction industry, which requires prompt decision-making at both our domestic and international business sites, the CEO also serves as the chair of the Board of Directors to promote efficient decision-making and enhance corporate competitiveness. Furthermore, the chairs of each committee are all appointed among outside directors to ensure the independence of the Board of Directors.



Board of Directors

Members of the Board of Directors
(As of March 21, 2024, the appointment date of the General Shareholders' Meeting)

Position	Name	Gender	Date of Appointment	Career Experience	Sector	Job or Industry Relevance	Board Skills Matrix								
							Economy/ Management	Finance/ Accounting	Audit	Legal	Risk Management	Construction Technology	Sustainability	Independence	Global
CEO (Chairman)	Yoon Young-Joon	Male	Mar. 25, 2021 Mar. 21, 2024 (reappointed)	(Current) CEO of Hyundai E&C (Former) Executive Vice President of Hyundai E&C's Housing Works Division (Former) MA in Environmental Studies from Yonsei University	Business Management, Economy, Construction Engineering	<ul style="list-style-type: none"> <li>Theoretical capabilities to promote sustainable construction</li> <li>Experience in infrastructure and housing works of Hyundai E&amp;C's domestic and overseas project sites</li> </ul>	●				●	●	●		●
Inside Director	Kim Do-Hyung	Male	Mar. 21, 2024	(Current) CFO of Hyundai E&C (Former) Vice President of Hyundai E&C's Finance & Accounting Division (Former) BA in Economics from Seoul National University	Finance & Accounting	<ul style="list-style-type: none"> <li>High level of expertise in funds and finance</li> <li>Executive in charge of finance at Hyundai E&amp;C</li> </ul>	●	●			●		●		●
Inside Director	Hwang Joon-Ha	Male	Mar. 24, 2022	(Current) CSO of Hyundai E&C (Former) Head of Procurement at Hyundai E&C (Former) BA in Trade from the Hankuk University of Foreign Studies	Safety Management	<ul style="list-style-type: none"> <li>Capabilities in establishing strategies to respond to safety and health risks</li> <li>Head of the Safety Management division of Hyundai E&amp;C</li> </ul>	●				●	●	●		●
Independent Lead Director	Kim Jae-Jun	Male	Mar. 19, 2020 Mar. 23, 2023 (reappointed)	(Current) Professor of Architectural Engineering at Hanyang University (Former) President of the Korean Institute of BIM (Former) PhD in Construction Management from the University of Illinois	Construction & Engineering	<ul style="list-style-type: none"> <li>Advanced expertise in the construction industry</li> <li>President of the Korean Institute of BIM* in 2015 (*Building Information Modeling)</li> </ul>			●		●	●	●	●	●
Outside Director	Hong Dae-Sik	Male	Mar. 19, 2020 Mar. 23, 2023 (reappointed)	(Current) Professor of Law at Sogang University Law School (Current) Lotte Hi-Mart outside director (Former) Attorney at Yulchon L.L.C. (Former) PhD in Law from Seoul National University Law School	Law	<ul style="list-style-type: none"> <li>Non-standing member of the Personal Information Protection Committee</li> <li>Member of the Competition Policy Advisory Group of the Fair Trade Commission</li> <li>Chairman of the Korea Competition Law Association</li> </ul>	●		●	●	●		●	●	●
Outside Director	Cho Hye-Kyung	Female	Mar. 25, 2021 Mar. 21, 2024 (reappointed)	(Current) Professor of IT Convergence at Hansung University (Current) Samsung Electronics outside director (Former) Director of the Korea Institute for Robot Industry Advancement (Former) PhD in Advanced Control and Instrumentation from Seoul National University	Construction & Engineering (construction robots)	<ul style="list-style-type: none"> <li>Academic activities* and research experience in smart construction (*A study on the adjustment level of autonomy to improve the work performance of collaborative robots (2006))</li> </ul>	●		●		●	●	●	●	●
Outside Director	Chung Moon-Ki	Male	Mar. 24, 2022	(Current) Professor of Business Administration at Sungkyunkwan University (Former) POSCO outside director (Former) PhD in Business Administration from Sungkyunkwan University	Finance & Accounting	<ul style="list-style-type: none"> <li>Expertise in accounting and finance and auditing</li> <li>Experience as a PwC auditor in New Jersey, US</li> </ul>	●	●	●		●		●	●	●

\*Average tenure of board members is 3 years



## Board of Directors

### Independence, Diversity, and Expertise of the Board

#### Independence of the Board

Hyundai E&C has strict standards for the independence of outside directors that meet legal requirements under the Commercial Act of the Republic of Korea. We secure and strengthen the independence of the board of directors by appointing an independent lead director who carries out roles such as monitoring the management activities of senior executives mediating between inside and outside directors, and collecting opinions from outside directors. We have established guidelines for the operations of the Nominating Committee for Outside Directors, and as per these guidelines, we ensure that all outside directors comply with the independence standards outlined in the Corporate Governance Charter. Furthermore, we form committees led by outside directors and have strengthened the function of the Audit Committee as part of our effort to establish transparent and fair governance.

#### Standards for Independence of Outside Directors

Outside directors shall have deep knowledge or rich experience in the industrial, financial, academic, legal, accounting, and public sector, and must have no material interests with the Company in the last five (5) years as stated below.

- 1 No record of being employed by the Company for the past 5 years (aside from as outside director)
- 2 No record of the director's immediate family being employed by the Company or its affiliates for the past 3 years
- 3 No record of the director or an immediate family members receiving compensations that exceed USD 60,000 yearly from the company or its affiliates, except for those circumstances allowed by SEC Rule 4200 Definitions
- 4 The director is not employed by the company's external auditor
- 5 The director is not an executive or employee of a corporation that provides advisory services or has a technical alliance with the Company
- 6 No record of the director being hired by the Company or the Company's management as an advisor or consultant
- 7 No record of the director being an executive or employee of a corporation where the sum of business with the Company for the past 3 business years is 10% or more of the Company's total assets or operating profits
- 8 No record of the director being an executive or employee of a corporation that has a single transaction with the Company during the latest business year that is 10% or more of the Company's revenues
- 9 No records of the director having interests with other matters decided by the Board of Directors

Basis. 'Qualifications and Independence of Directors' in the Corporate Governance Charter 2.4

#### Diversity of the Board

HDEC Corporate Governance Charter

Hyundai E&C is ensuring diversity in the composition of the board of directors to analyze the company's material decisions from a complex perspective. There are no restrictions on the composition of the board of directors in terms of gender, nationality, or age, and this no-restriction rule is specified in the Corporate Governance Charter. Through such diversity, we strive to identify opportunities and risk factors related to business and respond in advance to improve our corporate competitiveness.

In 2021, Hyundai E&C enhanced the diversity of our board of directors by appointing Cho Hye-Kyung, an accomplished female independent director with expertise in construction and engineering (construction robots).

#### Expertise of the Board

The expertise of individual directors is the basis for Hyundai E&C in coming up with various measures to deal with issues that may arise while conducting business. Our board of directors include experts in law, finance and accounting, construction and engineering, and safety management, and they are in charge of decision-making and management supervision functions to enhance corporate competitiveness.

As of March 2024, Hyundai E&C's board of directors consists of seven directors, including an inside director with safety management experience in the construction industry and an outside director with expertise in construction and engineering. In particular, chairman Yoon Young-Joon, inside director Hwang Jun-Ha, outside director Kim Jae-Jun, and outside director Cho Hye-Kyung have abundant experience in the same industry based on GICS classification and deep understanding of smart construction.



The award for outstanding departments in the Sustainable Management Council presented by Outside Director Hong Dae-Sik



The inauguration ceremony for the 10th class of the Dream Mentoring Program by Outside Director Cho Hye-Kyung

#### Training for the Board

Hyundai E&C conducts training in various fields based on an annual training plan to strengthen the expertise and risk-related knowledge of our outside directors. In 2023, we provided training to improve understanding of business and project sites, minority shareholders, role of the audit committee, and recent trends and issues in ESG.

In particular, outside directors visited overseas sites to learn about potential risks that can occur. In addition, we are making diversified efforts such as arranging regular visits to business sites (project sites) by outside directors and conducting training seminars to improve the understanding of board members by sharing detailed information on the state of the company.

#### Training for Outside Directors in 2023

Date	Training Provider	No. of Attendees	Details
Jan 5, 2023	Hyundai E&C BOD	3	Outside directors' visit to overseas sites to enhance understanding of the business
May 25, 2023	Samil PwC	1	Minority shareholders seen by the court and by the National Assembly
Jul 3, 2023	KPMG	1	Role of Audit Committee to external auditors
Jul 13, 2023	Hyundai E&C BOD	4	Enhance understanding of the construction business through construction site safety training
Jul 21, 2023	Samil PwC	4	Knowledge and issues in accounting, auditing, and finance, and details on Audit Committee operations
Oct 25, 2023	Korea Productivity Center	4	ESG recent trends and key issues



Visit to Overseas Project Sites by Outside Directors



Board of Directors

Operations of the Board of Directors and Committees

Operations of the Board of Directors

In principle, regular board meetings shall be held four times a year in accordance with Article 6 of the Board of Directors Regulations and can be held as necessary in the case of an urgent agenda. Board meetings are convocated by the Chair, and a director of the board may request the Chair to convene a board meeting, when necessary. In 2023, a total of 8 board meetings were held and notice on the convening of a board meeting is provided at least seven days before the meeting in accordance with the articles of incorporation. Decisions are made with a vote in favor of the agenda by a majority of attendees, and the decision on the agenda, attendees, agenda, opinions in favor of or against the agenda, and those who presented the opinions, etc. are disclosed transparently through the meeting minutes.

ESG Agenda Deliberated by the Board of Directors in 2023

Date	Details
Jan 19, 2023	Approval of the operation and plan on the safety and health management system
Feb 17, 2023	Approval of ESG advance plan for 2023
	Report on the operation and plan of CP
	Report on the operation and plan of ISO 37001 (anti-bribery management system)
Mar 23, 2023	Composition of committees within the board of directors and appointment of members
Jul 21, 2023	Change of compliance program manager
	Change of compliance officer
	Report on the quality management system
	Report on the operation and plan of CP
Oct 20, 2023	Approval of establishment of dividend policy

Average Board Attendance Rate in 2023



Committees under the Board of Directors

Hyundai E&C operates an Audit Committee, Nominating Committee for Outside Directors, Compensation Committee, and Corporate Governance & Communication Committee under our board of directors. Each committee maintains its independence by including experts for each specific area and meeting the proportion of outside directors according to the Commercial Act and the regulations of the Board of Directors. The attendance rate of each committee member and the approval for agendas are disclosed in the company’s business reports.

Audit Committee

Composition

The Audit Committee was established for the purpose of securing independence in the audit process. All four members, including the chair of the Audit Committee, are outside directors including one member who is an expert in accounting or finance.

Role

The role of the Audit Committee is to audit the legal compliance of directors and management in executing their duties to increase the enterprise value of the company. As a committee under the Board of Directors, the Committee is operated independent of management and specific shareholders. The Committee may demand reports on the business to perform its duties or examine the company’s work and properties, and may also call relevant employees or external parties to meetings to listen to their opinions.

Composition of the Audit Committee (As of March 21, 2024, the appointment date of the General Shareholders’ Meeting)

Name	Chung Moon-ki	Kim Jae-Jun	Hong Dae-Sik	Cho Hye-Kyung
Director Classification	Outside Director	Outside Director	Outside Director	Outside Director
Position	Chairperson	Member	Member	Member

Audit Committee Operations in 2023

Date	Details	Approval Status	Attendance Rate	Approval Rate
Jan 19, 2023	Approval of the 73rd financial statement	Approved	100%	100%
	Approval of the 73rd business report	Approved	100%	100%
	Report on for Internal control over financial reporting for 2022	Report	100%	-
	Report on settlement of accounts for 2022	Report	100%	-
Feb 16, 2023	Report on evaluation for Internal control over financial reporting for 2022	Approved	100%	100%
Feb 17, 2023	Approval of 2022 internal audit and 2023 plan	Approved	100%	100%
	Report on audit fulfillment for the 73rd financial statement and communication	Approved	100%	100%
Mar10, 2023	Evaluation opinion of the audit committee on the internal monitoring system in 2022	Approved	100%	100%
Apr 21, 2023	Report on settlement of accounts for 1Q 2023	Report	100%	-
	Audit Committee communication for 1Q 2023	Report	100%	-
Jul 21, 2023	Revision of appointment regulations of external auditor	Approved	100%	100%
	Report on compliance check regarding the appointment of external auditor in 2022	Report	100%	-
	Report on settlement of accounts for 2Q 2023	Report	100%	-
	Audit committee communication for 2Q 2023	Report	100%	-
Oct 20, 2023	Report on settlement of accounts for 3Q 2023	Report	100%	-
	Audit Committee communication for 3Q 2023			

## Board of Directors

### Operations of the Board of Directors and Committees

#### Nominating Committee for Outside Directors

##### Composition

Hyundai E&C has established and operates the Nominating Committee for Outside Directors to recommend candidates for the company’s outside directors based on relevant laws and the regulations of the Board of the Directors. The Committee is composed of three members of which two are outside directors and one is an inside director for outside directors to compose a majority of the total number of members as stipulated in relevant laws.

##### Role

The Nominating Committee for Outside Directors is at the forefront of ensuring fairness and transparency in the process of recommending outside director candidates. The capabilities, qualifications, and backgrounds of candidates are reviewed and examined thoroughly according to the standards for operating the Committee to recommend fitting candidates to Hyundai E&C.

##### Composition of the Nominating Committee for Outside Directors

(As of March 21, 2024, the appointment date of the General Shareholders’ Meeting)

Name	Cho Hye-Kyung	Yoon Young-Joon	Chung Moon-Ki
Director Classification	Outside Director	Inside Director	Outside Director
Position	Chairperson	Member	Member

##### Nominating Committee for Outside Directors Operations in 2023

Date	Details	Approval Status	Attendance Rate	Approval Rate
Feb 17, 2023	Recommendation of outside director candidates	Approved	100%	100%

#### Compensation Committee

##### Composition

For the independent and responsible operation of the Board of Directors, Hyundai E&C has established and operates a Compensation Committee, based on relevant laws and the regulations of the Board of Directors, to design a transparent and reasonable compensation policy and improve shareholder value. The Committee is composed of three members of which two are outside directors and one is an inside director for outside directors to compose a majority of the total number of members as stipulated in relevant laws.

##### Role

The Compensation Committee deliberates and decides on the remuneration limit for registered directors and the remuneration system for inside directors. When deemed necessary, the Committee may call relevant employees to the meeting or seek advice from external experts at the expense of the Company.

##### Composition of the Compensation Committee

(As of March 21, 2024, the appointment date of the General Shareholders’ Meeting)

Name	Kim Jae-Jun	Kim Do-Hyung	Hong Dae-Sik
Director Classification	Outside Director	Inside Director	Outside Director
Position	Chairperson	Member	Member

##### Compensation Committee Operations in 2023

Date	Details	Approval Status	Attendance Rate	Approval Rate
2023.02.17	Approval of the 74th remuneration limit for directors	Approved	100%	100%
2023.03.23	Appointment of chair of compensation committee	Approved	100%	100%
	Approval of compensation system for inside directors	Approved	100%	100%

#### Corporate Governance and Communication Committee

##### Composition

Hyundai E&C has established and operates the Corporate Governance & Communication Committee to ensure transparency in intracompany trade, promote ethical management, and protect shareholder rights and interests. The Committee policies stipulate that the Committee shall consist of three or more directors of which at least two-thirds shall be outside directors. To enhance independence and transparency, Hyundai E&C exceeded the basic requirements and composed the Committee of four outside directors only and appointed one of the members to be in charge of protecting shareholder rights and interests.

##### Role

The Corporate Governance and Communication Committee ①reviews key management matters, transparency of intracompany trade, and ethical management, ②checks implementation of the fair trade compliance program (CP), ③prepares policies related to ethical management and social contribution, ④establishes, revises, and evaluates the Code of Ethics, ⑤selects sustainability visions and strategic tasks, ⑥protects shareholder rights and interests, ⑦reviews and approves ESG issues (consumer rights and interests, safety and health, climate change, human rights, supply chain, quality, local community, IT security, biodiversity, deforestation etc.) and other non-financial key management issues, and ⑧deliberates and resolves issues, such as performance evaluation of the Chief Safety Officer.

##### Composition of the Corporate Governance and Communication Committee

(As of March 21, 2024, the appointment date of the General Shareholders’ Meeting)

Name	Hong Dae-Sik	Kim Jae-Jun	Cho Hye-Kyung	Chung Moon-Ki
Director Classification	Outside Director	Outside Director	Outside Director	Outside Director
Position	Chairperson	Member	Member	Member

##### Corporate Governance and Communication Committee Operations in 2023

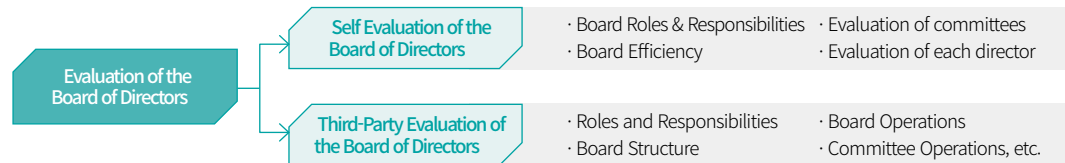
Date	Details	Approval Status	Attendance Rate	Approval Rate
Jan 19, 2023	Report on health and safety performance in the second half of 2022	Report	100%	
Feb 17, 2023	Approval of financial transaction with financial affiliates by contract	Approved	100%	100%
	Approval of self-dealing by directors	Approved	100%	100%
	Establishment of transaction limit with affiliates	Approved	100%	100%
	Approval of ESG advance plan for 2023 - 2023 ESG KPIs and materiality assessment	Approved	100%	100%
	Report on the operation and plan of CP	Report	100%	
	Report on the operation and plan of ISO 37001	Report	100%	
Mar 23, 2023	Appointment of chair of corporate governance & communication committee	Approved	100%	100%
Apr 21, 2023	Approval of financial transaction with financial affiliates by contract	Approved	100%	100%
Jul 21, 2023	Approval of financial transaction with financial affiliates by contract	Approved	100%	100%
	Change of compliance program manager	Approved	100%	100%
	Report on the operation and plan of CP	Report	100%	
	Report on key contents of the Sustainability Report	Report	100%	
	Report on health and safety performance in the first half of 2023	Report	100%	
Aug 26, 2023	Report on status of AKI membership	Report	100%	
Oct 20, 2023	Approval of financial transaction with financial affiliates by contract	Approved	100%	100%
Dec 15, 2023	Approval of transaction with affiliate (real estate lease transaction)	Approved	100%	100%
	Approval of transaction with affiliate (brand fee)	Approved	100%	100%
	Approval of donation for Annual Campaign	Approved	100%	100%
	Approval of donation for foundation for industrial safety partnerships	Approved	100%	100%

## Board of Directors

### Board Performance Evaluation and Compensation

#### Performance Evaluation of the Board of Directors

Hyundai E&C evaluates the activities of the board every year, and the results of the evaluation are reflected in the improvement of board operations for the following year. The evaluation of board activities consists of the roles and responsibilities of the board of directors, board efficiency, evaluations of the activities of the four committees (Corporate Governance and Communication Committee, Audit Committee, Compensation Committee, Nominating Committee for Outside Directors), and director self-evaluations. Each director is evaluated on a scale of 5 points. In the 2023 board diagnosis, they achieved a score of 4.89 out of 5, and the results of the annual board evaluation are used as the basis for the decision to reappoint directors. Furthermore, starting from 2023, to ensure the independence of the board evaluation and the objectivity of the evaluation results, a separate third-party evaluation of the board was conducted. Regular evaluations are planned to verify the credibility of board operations and identify improvements. The third-party evaluation consists of four elements: the role and responsibility of the board, the structure of the board, the operation of the board, and the operation of the committees. Such third-party evaluations are carried out across four categories – the Board's roles and responsibilities, structure, operations, and committees. In 2023, Hyundai E&C's Board of Directors recorded a 93.8% compliance rate in the evaluations.



#### Evaluation of Board Activities in 2023

(Unit: Based on a 5-point scale)

Category	Score	Score	Category	Score	Score
Board Roles & Responsibilities	Long-term vision and strategy	5	Audit Committee	Independence of committee activities	5
	Securing independence	5		Committee activity support	4.75
	Reviewing financial performance	5		Securing committee independence	5
Board Efficiency	Pursuing overall shareholder interests	5		Committee expertise	5
	Pursuing shareholder long-term profits	4.86	Compensation Committee	Appropriateness of committee composition	5
	Adequacy of board composition	4.86		Committee independence	4.67
Corporate Governance & Communication Committee	No. of meetings and board agenda	4.86		Advancement of committee operation	4.67
	Material and material review	4.86		Strengthening the role of the committee	5
	Adequacy of discussion methods	4.86	Nominating Committee for Outside Directors	Appropriateness of committee composition	5
	Adequacy of follow-up measures	4.86		Activity of the committee	5
	Scope of committee activities	5		Direction of the committee role	4.33
	Strengthening committee expertise	5		Communication with shareholders	4.67
	Authority to operate the committee	5	Self-evaluation of each director	Board/Committee attendance rate	5
	Strengthening the ESG function	5		Board preparations	5
				Board expertise and communication	4.71
				Protection of shareholder rights/interests	5
				Supervision of management activities and follow-up management	4.71

#### Remuneration of the Board of Directors

Hyundai E&C leverages the standards for executive salary to pay fair wages to inside and outside directors. This is based comprehensively on duties, positions, length of service, expertise, and contributions to the company, and performance-based incentives are also based on the incentive standards for executives. Various factors including financial performance (business performance such as sales and operating profit which are the basis for ROE, ROI, and ROA), industry metrics (stock price fluctuation rate compared to peers, share of overseas orders, etc.), and ESG KPIs are taken into consideration. Remuneration for inside and outside directors is set within a limit determined by resolution at the general meeting of shareholders based on contributions to the company while details are disclosed transparently in the business report. The total compensation limit approved by the Compensation Committee in 2023 was KRW 5 billion.

#### Payment of Board Remuneration

(As of 2023, Unit: KRW million)

Category		Total amount of remuneration	Average remuneration per person	Number
Top Management	Inside Director	3,753	1,251	3
Employees and outside directors	Outside Director	343	86	4
	Employee	751,812	105	7,204*

Ratio of CEO salary compared to average of total employee salaries (multiplier): 15.81

\* Refer to p.469-474 of the Business Report

#### Board of Directors Remuneration Standards and Payment Details (registered directors with remuneration of KRW 500 million or more)

(As of 2023, Unit: KRW million)

Position	Name	Category	Total
CEO	Yoon Young-Joon	Salary	1,012 <sup>1)</sup>
		Bonus	647 <sup>2)</sup>
		Other earned income	2 <sup>3)</sup>
		Subtotal	1,661
			470 <sup>1)</sup>
Inside Director	Kim Kwang-Pyung	Salary	470 <sup>1)</sup>
		Bonus	118 <sup>2)</sup>
		Other earned income	2 <sup>3)</sup>
		Retirement income	880 <sup>4)</sup>
		Subtotal	1,470
Inside Director	Hwang Joon-Ha	Salary	470 <sup>1)</sup>
		Bonus	141 <sup>2)</sup>
		Other earned income	12 <sup>3)</sup>
		Subtotal	623

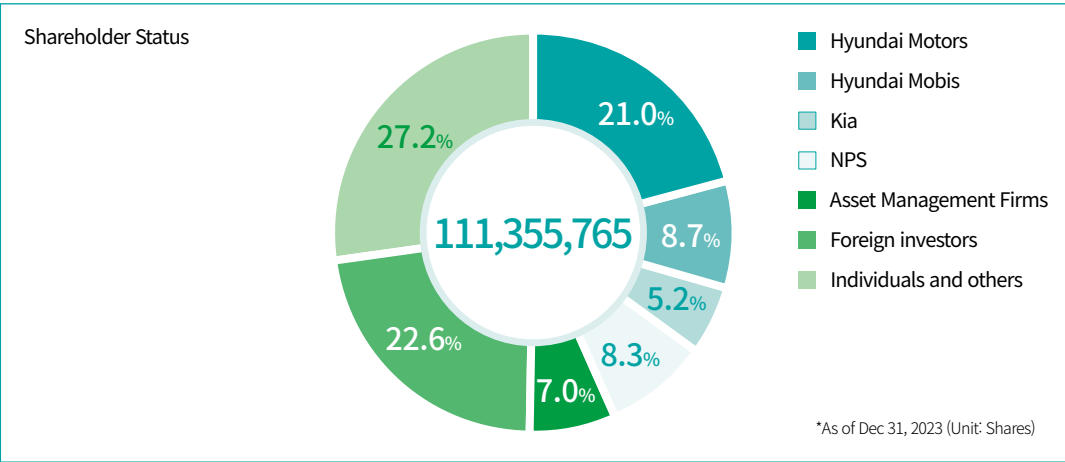
- 1) Paid in 12-month installments after determining compensation including salary and incentives based on Hyundai E&C's internal executive salary standards and reflecting duties, position, length of service, expertise, and contributions to the company
- 2) Paid based on executive performance-based incentive standards, considering business performance such as sales and operating profit, management performance, evaluation of contribution, and the internal and external environment in accordance to the results of the 2023 performance evaluation
- 3) Other welfare and benefits based on company policies
- 4) Paid based on Hyundai E&C internal executive salary standards and within the limit determined through resolution at the general meeting of shareholders, by multiplying the actual number of days in service and the payment multiplier based on staff position to the base retirement payment and excluding the amount that exceeds the executive retirement income limit in pursuant to Article 22-3 of the Income Tax Act



# Shareholders

## Protection of Shareholder Rights

Hyundai E&C stipulates the duty to protect the rights and interests of shareholders in our Corporate Governance Charter. We spare no effort in supporting shareholders to exercise their rights actively by keeping the minimum notice period for general meeting announcements and avoiding concentration days to guarantee the voting right of shareholders, recommending electronic voting and exercising voting rights by proxy, and making public announcements in English for foreign shareholders.



Category	Shareholder	No. of Shares	Equity Ratio
Major shareholder and affiliated parties	Hyundai Motors	23,327,400	21.0%
	Hyundai Mobis	9,719,750	8.7%
	Kia	5,831,850	5.2%
Domestic institutional shareholders	National Pension Service	9,285,303	8.3%
	Asset Management Firms, etc.	7,833,632	7.0%
Foreign investors		25,131,169	22.6%
Private investors and others		30,132,951	27.2%
Total		111,355,765	100%

\*There are no golden shares for government institutions

### Shareholding by Top Management in 2023

Category	Number of shares (shares)	Value of shares (KRW)*	Fixed annual salary contrast ratio (%)
Yoon Young-Joon Inside Director	5,039 (common stock: 5,000, preferred stock: 39)	176,508,500	17.4
Hong Dae-Sik Outside Director	100	3,490,000	4.1
Kim Jae-Jun Outside Director	1,000	34,900,000	41

\*Based on closing price of December 28, 2023 (common stock: KRW 34,900, preferred stock: KRW 51,500)

## Shareholder Return Policy

Hyundai E&C has consistently paid regular dividends to enhance shareholder value and sets the size of the dividend at an appropriate level considering both the company's growth and shareholder return. The current consolidated dividend payout ratio is around 15%, which is in line with the construction industry average, and dividends are paid out based on a policy of maintaining a stable cash dividend level over the long term. At the 73rd General Meeting of Shareholders in 2023, the articles of incorporation were amended to secure the grounds for improving the dividend process to enhance shareholder's ability to forecast dividends. Dividend-related matters are shared with shareholders through the electronic disclosure system and our website. This way, Hyundai E&C is carrying out various activities to improve the rights of our shareholders.

### Status of Dividends (non-consolidated)

Category		Unit	2021	2022	2023
Net income		KRW 100 million	2,855	3,466	3,721
Adjusted net income		KRW 100 million	1,321	3,024	2,665
Earnings per share		KRW	2,539	3,083	3,342
Total dividends		KRW 100 million	675	675	675
Dividend payout ratio	Payout ratio	%	23.6	19.5	18.1
	Adjusted payout ratio	%	51.1	22.3	25.3
Dividend yield ratio	Common	%	1.3	1.7	1.8
	Preferred	%	0.9	1.2	1.3
Dividends per share	Common	%	600	600	600
	Preferred	%	650	650	650

## Notice on the General Meeting of Shareholders (GMS)

Hyundai E&C provides shareholders with sufficient information needed to exercise their rights in a timely manner, four weeks before the general meeting of shareholders which is two weeks earlier than the minimum requirement of the Commercial Act. We also plan to continuously review measures to publicize information through disclosure channels such as our website for shareholders to exercise their voting rights after reviewing the agenda sufficiently.

Starting in 2024, we replaced dividend notices with online dividend inquiry services to minimize postal mail that is discarded every year. At the 74th General Meeting of Shareholders, the system reduced postal mail for approximately 190,000 people which is expected to have mitigated GHG emissions by around 15tCO<sub>2</sub>.

Category	71 <sup>st</sup> GMS	72 <sup>nd</sup> GMS	73 <sup>rd</sup> GMS
Date of Convocation Notice	Feb 24, 2021	Feb 22, 2022	Feb 17, 2023
Date of GMS	Mar 25, 2021	Mar 24, 2022	Mar 23, 2023
No. of days between convocation notice and convening of meeting	30 days before shareholder meeting	31 days before shareholder meeting	35 days before shareholder meeting
Notification method	Convocation notice, e-disclosure system, etc.	Convocation notice, e-disclosure system, etc.	Convocation notice, e-disclosure system, etc.

PRINCIPLE

# Ethics and Compliance Management

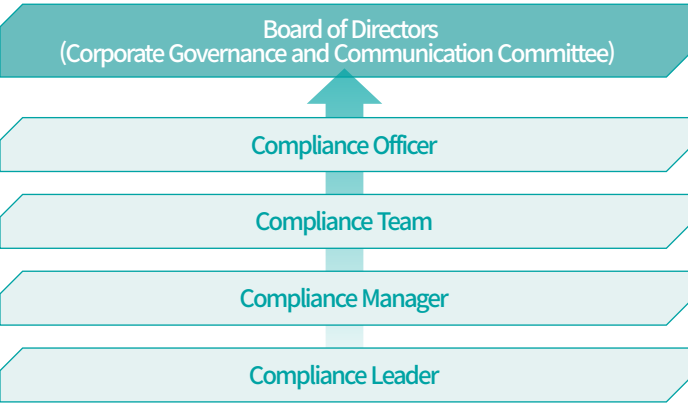
Strengthening ethical and compliance management is essential to sustainability. By operating an organization to drive compliance, Hyundai E&C strives to raise employee awareness on compliance and is working to respond to potential issues beforehand with various strategies including carrying out compliance due diligences of counterparties and operating a Cyber Audit Office, etc.



## Ethics and Compliance Organization

### Compliance Organization

Hyundai E&C has formed and operates a company-wide compliance organization to strengthen ethical management. Through the Corporate Governance & Communication Committee, the board of directors deliberates and resolves ethics and compliance-related policies and agendas and carries out integrated risk management by monitoring implementation and improvements of compliance programs such as regarding fair trade and anti-corruption. To reinforce the compliance system, we appoint a compliance officer who oversees related tasks, and set up a Compliance Team to assist the compliance officer to raise employee awareness on compliance. In 2023, we appointed an attorney at law (Korea) and former prosecutor as our compliance officer to strengthen the company's ethics and compliance programs. At the corporate level, we assigned compliance managers to internal business divisions and compliance leaders to each team (headquarters), project sites, and branches to rapidly cascade laws and policies regarding ethics and compliance and provide effective education on the requirements of the company's internal compliance policies and systems. At the start of 2023, we increased the number of compliance managers from 25 to 26 and the compliance leaders from 384 to 400, but due to completed construction sites and organization renewal during the year, the number of business divisions increased, and departments decreased which led to there being 28 compliance managers and 380 compliance leaders as of the end of December 2023. We hold compliance council meetings each month where compliance managers and compliance leaders participate to share important ethics and compliance matters of the company and strengthen our fundamentals.



## Strategy and Our Response

### Ethics and Compliance Management System

Hyundai E&C Ethics Charter and Code of Conduct ↗

Hyundai E&C has tried to build trust with stakeholders through compliance and ethical management to carry out a sustainable business. We have established detailed compliance regulations for each of the five principles based on the 'Ethics Charter and Code of Conduct,' the highest level of company norms, which was revised in 2020. In 2021, as part of strengthening the compliance system, we enacted and amended our compliance systems and policies through the board of directors including regulations on compliance with the Anti-corruption Act, compliance due diligence of counterparties, protection of whistleblowers, and competition law policies. Building on this, we established an anti-corruption management system and obtained ISO 37001 (anti-bribery management system) certification in November 2021 followed by improvements in the work process in 2022 and 2023 to support the implementation of regulations and systems.

#### Ethics Charter and Code of Conduct

Moral Pride in HDEC		
Hyundai E&C in which all of our customers, employees, and suppliers take pride		
Employee Ethics	We shall perform our duties based on clear and transparent standards and do our utmost to fulfill our responsibilities with integrity.	8 Issues
Fair Competition and Trade	We shall compete fairly in the market and conduct business ethically with parties that engage in contractual relationships with us.	7 Issues
Realization of Customer Value	We shall provide safe products, exceptional services and accurate information, and we rigorously protect personal information to increase customer value.	7 Issues
Respect for Employees	We shall respect our members as independent individuals, and to this end, we provide fair working conditions and safe working environments.	7 Issues
Commitment to Sustainability	We shall contribute to sustainable development by fulfilling our social & environmental responsibilities as a member of society so that diverse stakeholders can prosper together in harmony.	8 Issues

## Strategy and Our Response

### Ethical and Compliance Management Guidelines and System

#### Hyundai E&C Anti-corruption Compliance Policy

Hyundai E&C operates an anti-bribery management system based on the ISO 37001 certification. In 2023, various efforts were made company-wide to internalize the anti-bribery management system, such as reporting the ISO 37001 manual and management review report to the board of directors, establishing anti-corruption goals for each business unit and team/department, and requesting an integrity pact from the site managers of suppliers.

Furthermore, based on the anti-bribery management policy, we strictly prohibit direct or indirect political donations in any form and operate an internal Compliance Council for company-wide implementation and monitoring of ethics and compliance management along with a two-track response system by the Compliance Team and the Auditing Group, compliance counseling process, and whistleblowing process. In the case of a violation of the Ethics Charter, Code of Conduct, or Anti-corruption Compliance Policy, immediate action is taken according to company regulations based on a zero-tolerance principle, and it is managed in connection with the disciplinary and compensation system.

Hyundai E&C continues to operate an anti-bribery management system that meets international standards and receives inspection from a third-party certifier each year. In 2023, no inadequacies were identified in the third-party inspection, and we were given an 'adequate to maintain certification' assessment. In 2024, ISO 37001 renewal audit is scheduled, and we expect to renew certification based on improvements made over the past 3 years.

\*Third-party assurance was carried out by LRQA

#### Anti-Bribery Policy

- We will comply with applicable anti-bribery laws and regulations.
- We will identify bribery risks and implement proper control on a regular basis.
- We will set detailed goals and conduct an internal audit on a regular basis.
- We will provide an anti-bribery policy and proper training program.
- We will operate reporting channels and protect whistleblowers.
- We will apply zero-tolerance for corrupt practices.

### Counterparty Compliance Due Diligence

Hyundai E&C revised the Counterparty Due Diligence Regulations (Guidelines) in 2021 to identify and manage potential legal risks inherent in domestic and foreign counterparties and started implementation of the revised due diligence system in January 2022.

Each contracting officer can assess potential legal risks of the counterparty before entering into a contract based on the guidelines. As the first step in the compliance due diligence process, we send a due diligence questionnaire to the counterparty and then determine whether the counterparty is legally at risk based on the counterparty's answers and evidence. If the legal risk of the counterparty is evaluated as low, the contract can be concluded, and when the contract is concluded, standard compliance clauses must be included in the contract. The maintenance and preservation of due diligence records and due diligence monitoring are carried out by Hyundai E&C's Compliance Organization. In 2023, we conducted compliance due diligence on approximately 1,600 companies and in principle, prohibited entering into contracts with counterparties where risks were identified. Furthermore, our Compliance Team is conducting additional due diligence on high-risk counterparties and exploring potential risk mitigation measures.

### Operation of the Cyber Audit Office

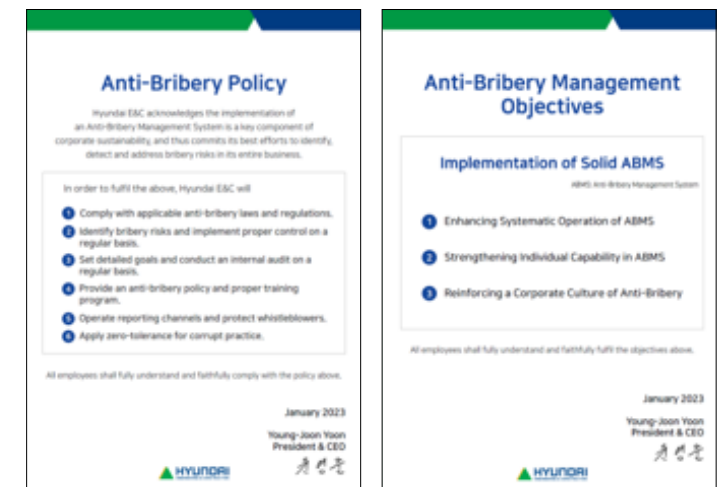
Hyundai E&C operates the Cyber Audit Office to evaluate the effectiveness of our whistleblower protection regulations. We also conduct online training on the Cyber Audit Office's operating policy and regulations related to whistleblower protection to promote the reporting channel. We receive real-time reports on the receipt of money and entertainment, violations of regulations, unfair trade practices, and requests for institutional improvement, and handle them transparently.

There is a Cyber Audit Office operated in English for reports from overseas business sites along with individual hotlines being run at each country. We encourage anonymous reporting to protect the identities of reporters. All reports are handled confidentially as we do our utmost to guarantee a safe environment for reporting. In 2023, a total of 178 reports were received and found 46 cases to be true following fact-checks, while 132 cases were found to be false accusations.

### Strengthening Anti-corruption Capabilities

Hyundai E&C is operating various systems and training programs to strengthen anti-corruption capabilities of our employees. Every year, all employees take the 'Pledge to Practice Ethical Management,' and in 2023, a total 6,635 employees signed the pledge. In addition, whether major ethical violations such as bribery, corruption, or insider trading have occurred are reflected in employee performance evaluations. We link evaluation results to the employee remuneration system and take measures, such as wage reductions, for those have who committed serious ethical violations. To spread an anti-corruption culture, we conduct annual company-wide common training for all employees (including contracted employees) on domestic and overseas anti-corruption laws and the company's anti-bribery management system and policies. In 2023, a total of 6,896 people completed the course including foreign workers. Furthermore, Hyundai E&C also provides customized training that reflects the field of work and position of employees.

In 2023, to strengthen awareness of local anti-corruption laws and corruption risks in overseas countries where major business sites are located, we set up a new training program for anti-corruption in major overseas countries for employees at headquarters, branches, and project sites. Starting with anti-corruption training in Saudi Arabia in 2022, training was expanded to Asia and Latin American countries in 2023. We plan to gradually increase the number of countries subject to training, beginning with training in Indonesia and Panama in 2024.



# Strategy and Our Response

## Ethics and Compliance Management Training

Hyundai E&C conducts the ‘Supplier Transparency and Ethics Training,’ a compliance management training program for suppliers, twice a year under the supervision of our procurement division to internalize compliance management awareness of not only our employees, but also suppliers. The training content includes recently revised laws and government directions, examples of ethics and transparency violations, and common ESG training for Group affiliates. Along with training, Hyundai E&C is striving to strengthen a transparent and fair trade culture by requesting a written pledge to comply with the Code of Ethics from suppliers. In 2023, we conducted transparency and ethics training for a total 773 companies.

On top of such efforts, Hyundai E&C is also requesting an integrity pact from the site managers of suppliers that contains a pledge to observe anti-corruption and compliance policies to be signed and submitted. This pact was first introduced in November 2022, and we received more than 10,000 integrity pacts in 2023 alone.

Moreover, we apply standard compliance terms to all standard contract agreements to strengthen compliance obligations across all parts of the construction process regarding projects carried out by Hyundai E&C, and we will continue to actively work toward spreading compliance mindsets across suppliers.

### Compliance Training in 2023

Training Program	Number of Trainees
Anti-corruption (ethics) training	6,896
Training on counterpart compliance due diligence	12
Internal auditor training	12
Introduction to ethics and compliance	1,467
Compliance training on construction-related laws <sup>1)</sup>	9,704
Transparency and ethics training	773
Anti-corruption training for key overseas markets	681
ISO 37001 training	13

1) Compliance training for construction legislations covers the Fair Trade Act, Subcontracting Act, and training on the prohibition and prevention of technology appropriation for the Global Cooperation Team and Policy Planning Team, and the number of trainees may be redundant

## Ethics and Compliance FOCUS ISSUE

Under the goal of achieving ‘Shared Growth through Win-win Cooperation,’ Hyundai E&C is dedicated to building a sustainable value chain that includes our suppliers. Due to the nature of the industry that has a high share of subcontracting, the relationship with suppliers have a significant impact on Hyundai E&C. Therefore, Hyundai E&C takes measures such as adopting standard compliance terms to subcontracting contracts to create a fair subcontracting culture and pursue shared growth with suppliers.

Hyundai E&C upholds the value of establishing market order based on fair competition. We consider negative connotations with the construction industry such as monopolies and bid rigging to be potential risks for Hyundai E&C and are taking various measures to strengthen fair competition.

We set an internal target of zero violations in fair trade and are requesting the entire organization to sign a pledge of fair trade practices to reinforce our commitment and obligations toward fair trade. We look forward to such efforts contributing to building a market environment for fair competition, spreading an anti-corruption culture, and building trust with customers and stakeholders.

### Subcontracting

In August 2023, the Fair Trade Act launched an examination on whether Hyundai E&C violated the Fair Transactions in Subcontracting Act regarding allegations of a port construction technology takeover. After around five months of examination, the case was closed in January 2024, ending in acquittal. Hyundai E&C puts in place policies and regulations for technology takeover prevention, and also prevents violations of the Subcontracting Act through periodic training and system improvement measures. This case demonstrates that the company’s system to prevent violations of the Subcontracting Act is being operated properly.

### Monopoly Regulation

In November 2023, the Fair Trade Commission launched an examination on whether Hyundai E&C violated the Monopoly Regulation and Fair Trade Act regarding allegations of bid rigging in the Bokjeong Station Development Project. After around four months of investigations, the case was closed, ending in acquittal. Hyundai E&C not only establishes relevant policies and regulations to prevent violation of the Fair Trade Act, but also continues to make improvements to the CP compliance program with regular training and system reinforcement measures. This case also demonstrates the company’s efforts in operating a system to prevent violations of the Fair Trade Act.





# Strategy and Our Response

## Fair Trade Compliance Program (CP)

Hyundai E&C has been operating the Fair Trade CP (Compliance Program) since 2011 to establish a trade order based on transparency and fairness and uses it as an internal control standard. In 2023, we appointed a new CP Officer to be in charge of CP operations, being delegated with all rights and responsibilities from the board of directors to strengthen the Fair Trade Compliance Program. In addition, we hold an internal compliance council is held every month to share internal and external fair trade issues and policies.

Hyundai E&C regularly reports the operation performance and plans of the Fair Trade Compliance Program to the board of directors and conducted the report once each in the first and second half of 2023. In particular, CP inspections are conducted frequently for integrated risk management covering the review of risks in new internal transactions, examining new sales sites for violations of the Labeling and Advertising Act, and operation of subcontract dispute mediation councils. In 2024, we will continue our efforts to internalize CP to achieve zero violations of fair trade laws and a 100% fair trade training completion rate.

### 8 Key Factors in the Compliance Program

1	Prepare and execute standards and procedures for CP	5	Execute compliance training for employees
2	Announce the will and support of CEO for CP	6	Establish internal monitoring system including monitoring and inspection of compliance
3	Appoint manager responsible for compliance	7	Impose restrictions on employees who violated the Fair Trade Act
4	Create and use compliance manual	8	Evaluate effectiveness and prepare improvement measures



## Risk Management System for Unfair Trade Practices

### Risk Assessment on Unfair Trade and Unfair Competition

To identify CP risks, Hyundai E&C builds an effective risk control system and carries out assessments on fair trade risks. Based on analysis of legislations related to fair trade and an understanding of impacts on the company and likelihood, we carry out risk assessments through analysis of inherent risks and implementation of control measures, along with evaluations on the effectiveness of the control measures. In 2023, two rounds of CP surveys were carried out on all employees to gain an objective evaluation on the effectiveness of CP operations. The first round found that improvement was needed in CP operations, self-inspections by departments, and the compliance handbook, and the second round found that perception on CP operations and self-inspections had improved. Areas that require continuous improvement as identified through the survey will be reflected in CP operations in 2024 to establish a systematic and effective risk control system.

## Fair Trade Training

In 2023, Hyundai E&C carried out CP training to employees to raise awareness on fair trade (total 5,080 people). In addition, departments subject to training in each major area related to fair trade were selected for customized fair trade training (total 363 people). As a result of providing tailored training to departments on unfair group actions, internal trade, and label advertisements, 100% of the trainees filled out evaluations on the training and showed a score of 76.78 in terms of overall understanding. Through such training evaluations, we identify the effectiveness of training and reflect it in specialized training for the future to make necessary improvements to enhance understanding of the training program.

### Fair Trade Training in 2023

Training Program	Details	Audience	No. of trainees
Cartel prevention training	Exchanging information, etc.	Infrastructure and Building Estimation Teams, Infrastructure and Building Sales Teams, etc.	210
Training on internal trade	Wrongful support, regulations on private profit-taking, etc.	Logistics Operation Team, IT Support Team, etc.	102
Training on labeling and advertisements	Case study of wrongful labeling and advertisements	Brand Marketing Team, Housing Sales Team, etc.	51
Training on combination of enterprises and consolidation, etc.	Suppression of economic power concentration, etc.	Private Sales Team, IR Team, Infrastructure Development Team	110
CP training - Executives		Executives	12
CP training - All employees	Fair trade regulations that the company is mandated to comply with	All employees at HQ and domestic sites	4,284
CP training - Relevant officers		HQ and domestic site managers, team leader-level employees	796
Subcontracting training	Mandated and prohibited items for prime contractor under the Subcontracting Act, cautions to take, etc.	Key officers, site project support team leader, project implementation team leader, etc.	353
Technology misappropriation training	Technical review requirements, etc.	Building/Housing Outsourcing Team, Building Domestic Sales Team, etc.	3,699
Training on the Price Adjustment System	Overview of delivery unit price linkage system and work process, etc. / General management/ execution of all business divisions/Budget/ estimate manager	Relevant departments and officers from each Order Team	26
New joiner training	Subcontracting Act, prohibition of unfair special agreements, and prohibition of wrongful internal trade and collusion, etc.	New employees and new seasoned hires	61

Targets & Metrics

Performance of Ethics and Compliance Management

Anti-corruption

As a global leader in construction, Hyundai E&C is leading the anti-corruption culture by operating an anti-bribery management system based on ISO37001 certification. In 2023, we made various efforts at the corporate level to internalize the anti-bribery management system such as reporting the results and plans regarding post-audit maintenance of ISO37001 certification and progress and plans for operating CP to the board of directors, the training and internal audit of internal auditors, and the improvement of the pre-approval standards for delegation of corruption risk control. In addition, we operate various systems and training programs to strengthen the anti-corruption capabilities of our employees and to cultivate awareness on ethics and compliance. Every year, we conduct specialized ethics and compliance training for each department, business unit, position, and country to educate employees on domestic and overseas anti-corruption laws and regulations, as well as our own anti-bribery management system and policies.

Ethical Advisory and Reporting Procedures

Pursuant to the Commercial Act, Hyundai E&C appoints a compliance officer to prevent comprehensive legal violation risks and prevent employees from engaging in all types of illegal conduct. The compliance officer regularly reviews compliance of compliance control standards and reports to the board of directors to perform legal advisory duties. Internally, compliance managers are assigned to each business division, and compliance leaders are appointed to each team, site, and branch office to ensure internal compliance policies and orders are cascaded quickly throughout the organization.

Reports to the Cyber Audit Office

Category	2021	2022	2023
No. of reports	87	151	178
No. of cases proven to be true	58	64	46
No. of cases proven to be false	29	87	132

Classification of cases proven to be true in 2023

Classification	Number of cases
Corruption or bribery	2
Discrimination or sexual harassment	1
User personal information	1
Conflicts of interest	0
Money laundering or internal trade	0
Safety and environment	1
Other	41

Compliance with Fair Trade Laws and Regulations

Hyundai E&C obtains pledges on fair trade practice from all employees and strictly complies with all laws and regulations related to fair trade. Accordingly, Hyundai E&C achieved zero antitrust fines in 2023 and aims to lead the establishment of a fair competitive order in the market based on laws and regulations with the aim of zero fair trade act violations including cases of warning/correction orders, fines, and disclosure violations in 2024.

Payment of Anti-trust Penalties

Category	2020	2021	2022	2023
Total penalties (KRW Million)	0	0	0	0
Ratio of revenues (%)	0	0	0	0

KPIs on Fair Trade


Hyundai E&C conducts annual fair trade KPI evaluations. Key evaluation items include the CEO's declaration of willingness for voluntary compliance to raise compliance awareness, revision and distribution of voluntary compliance guidelines, voluntary compliance training, prior review of private contracts for internal trade, reports to the board of directors on voluntary compliance plans and performance, and the Fair Trade Commission's disclosure inspection to strengthen the company-wide compliance management system. Furthermore, we do our best to mitigate fair trade risks by implementing sanctions and measures to prevent recurrence when illegal acts are discovered, and by conducting effectiveness evaluations after operating the internal control system.

Ethics and Compliance Management Objectives


Hyundai E&C set three management objectives to carry out anti-bribery practices that meet global standards. We recognize that building an anti-bribery management system is essential to sustainability and will strive to identify, detect, and prevent corruption risks across our entire business.

Anti-Bribery Management Objectives


01

Enhancing systematic operations of Anti Bribery Management System


02

Strengthening individual capabilities in anti-bribery


03

Reinforcing a corporate culture of anti-bribery


PRINCIPLE

Integrated Risk Management

Hyundai E&C is committed to securing business stability by responding in advance to possible risks through integrated management of financial and non-financial risks. By managing both financial and non-financial risks at the Board level, material matters that are directly linked to the company’s operations are supervised along with diversified risk analysis based on a meticulous system, IT technology, and experience.

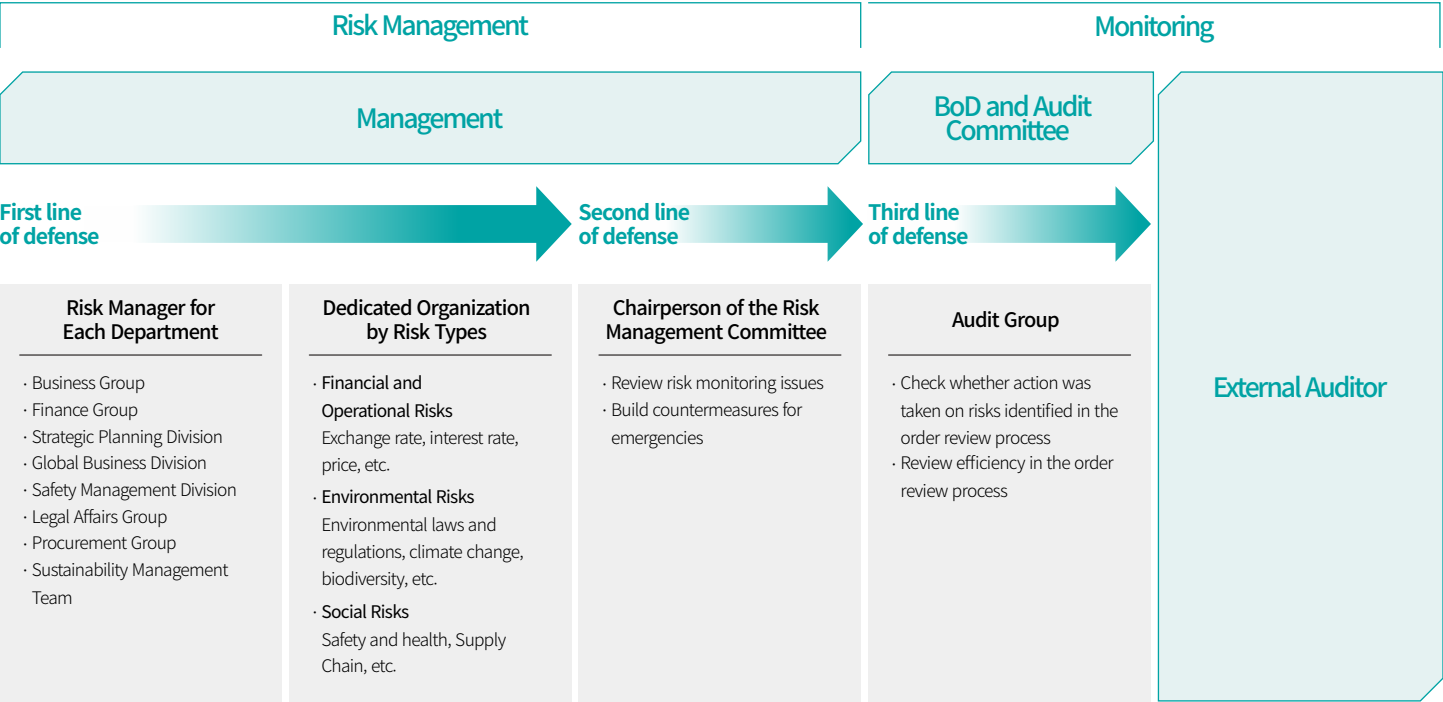


Risk Management Organization

Risk Management Organization

Hyundai E&C takes various measures to strengthen risk management. We operate an effective internal control policy by making the board of directors preview and resolve matters important to corporate management and financial matters such as borrowing, guarantees, and the acquisition and disposal of major assets beyond the scope of usual commercial transactions. Site risks are classified and managed by phase between pre-project phase and during project implementation while on-site risk management was strengthened by integrating process and budget tasks in December 2021.

Hyundai E&C set up a Risk Management Committee and the leading officer in the area as its chair. This Risk Management Committee reviews risk issues and establishes measures such as risk mitigation, periodic monitoring, and emergency responses. Management of non-financial risks is carried out by the Sustainability Steering Committee under the Corporate Governance & Communication Committee to report progress and plans regularly. Hong Dae-Sik, Chair of the Corporate Governance & Communication Committee, is an expert on the Fair Trade Act and is playing an active role in managing company-wide risks including legal, ethical, and compliance risks. Hyundai E&C has established a line of risk reporting from each working-level organization to the CEO and the board of directors, and an independent Audit Committee monitors the implementation of risk management measures in real time.



# Strategy and Our Response

## Risk Management Strategy

Hyundai E&C operates a company-wide integrated risk management system that covers risk management of both financial and non-financial areas to prevent various risks that threaten sustainable management. Risk management is largely divided into business, finance, safety and health, environment, supply chain, human rights, ethics and compliance management, information security, and quality categories and inspected regularly twice a year. We operate and apply a sophisticated process to respond to risks that exceed a certain degree. In particular, we are responding effectively to safety and environmental risk based on a company-wide HSE (Health, Safety & Environment) system. We have a quality management system to manage quality risk and a separate response system to handle country-specific risks.

Hyundai E&C also performs sensitivity tests and stress analyses to analyze various risk types other than market and price risks. This way, we are enhancing risk management across the entire organization and supporting sustainability.

## Risk Classification System

Hyundai E&C is making endeavors for comprehensive management of corporate risks that can affect the company’s business targets and strategic direction. To this end, we have established and implement a standard Risk Breakdown Structure (RBS) that classifies risks into four levels: Level 1 (6 sectors), Level 2 (23 sectors), Level 3 (82 sectors), and Level 4 (144 sectors). It allows for a quantitative evaluation of enterprise-wide risks by analyzing the likelihood of occurrence, degree of impact, and frequency of each risk to determine the final risk grade.

To enhance efficiency of our risk management process, we utilize H-PRMS (Hyundai-Project Risk Management), an IT-based risk management system that is integrated into our business operations. Additionally, we categorize key risks into financial risks, project risks, and emerging risks, enabling a systematic and step-by-step approach to efficient risk management.

Risk Management System

L: Low    ML: Medium Low    M: Medium    MH: Medium High    H: High

Category	Risk Type	Likelihood	Impact	Relevant Organization	Management Activity
Finance & Operations	Financial risk	M	M	Financial Management Group, IR Group, Finance & Accounting Team	Financial risk assessment, internal accounting management
	Business risk	M	M	Budget Management Group, Global Support Group	Review of orders, key business risk monitoring, establishment of guidelines on bidding for overseas projects, review of risks by country
Environment	Environmental risk	M	MH	Environmental Management Team, Sustainability Management Team	Compliance with environmental regulations, on-site environmental evaluation and inspection, climate change risk analysis, waste management, water stress analysis, biodiversity assessment
Social	Safety and health risk	M	H	Safety Management Division	Safety and health risk assessment, safety inspection by top management (CSO), supplier safety management
	Supply chain risk	M	MH	Procurement Support Division	Compliance with the Supplier Code of Conduct, supply chain sustainability assessment, counterparty due diligence, supplier ESG training and consulting
	Human rights risk	M	MH	Human Resources Operation Team	Compliance with the Human Rights Charter, human rights impact assessment, on-site human rights due diligence, operation of grievance handling system
Governance	Ethics and compliance risk	M	M	Legal Affairs Group	Compliance with the Ethics Charter and Code of Conduct, operation of a Compliance Council, operation of fair trade compliance program (CP), ISO37001
		M	M	Auditing Group	Internal audit, compliance with whistleblower protection regulations, operations of a Cyber Audit Office, deliberation by the Ethics Committee
	Information security risk	ML	ML	Security Operations Center	Establishment of an information security management system, activities on information asset protection and leakage prevention, inspection of information security vulnerabilities
Quality	Quality risk	M	H	Quality Strategy Group	Establishment of a quality management system, prevention of quality defects



# Strategy and Our Response

## Risk Management by Risk Type

### Project Risks

Hyundai E&C takes a systematic approach to identifying significant risks that can emerge in the process of attracting and executing projects by implementing and operating a consistent project risk management system across the entire project lifecycle. Prior to participating in projects, we examine orders to identify potential risks that may occur during construction and review countermeasures by cooperating with relevant departments. Specifically, we have established the 'Guidelines on Overseas Project Bidding' that analyzes political, social, cultural, environmental, and corruption risks by country. Also, we check the media reputation of business partners and screen PEPs (politically exposed persons) for effective control of corporate and market risks.

In 2023, we newly adopted a preliminary civil complaints assessment process to minimize risks of abandoning projects to respond to growing stakeholder issues in the construction industry, reviewing ESG issues, regulations and policies, and sustainable sales to determine whether or not to pursue projects. All Hyundai E&C projects are subject to evaluation as we participate after considering potential civil complaints and possibility of collective behavior.

In the project implementation stage, we apply a management system focusing on key milestones by project type while operating a system that enables timely responses to risk by sharing risk analysis results and cooperating organically with each business division. As a result, among the total 29 project risk assessments carried out in 2023, in-depth assessments on ESG and compliance were conducted for 8 projects.

### Risk Control

Hyundai E&C identifies key work processes to check for possible fraud in the workflow and assess the resulting risks. After identifying risks, we build a work control system to prevent fraud and monitor implementation of the control measures. Currently, a total 429 internal controls are in place for budget management, procurement management, fund management, and IT system operations, etc. of which 234 controls are monitored considering the significance of risks and impact on accounting. Internal Control over Financial Reporting (ICFR) imposes responsibilities on the company's management, governance bodies, and external auditor. Management must report on ICFR operations carried out by a dedicated organization to the Audit Committee and Board of Directors while the Audit Committee must also report to the Board of Directors on its evaluation of internal accounting. Meanwhile, the external auditor conducts audit on the company's ICFR for each business year, delivering its opinion to financial authorities while the company discloses the audit outcome each year. Hyundai E&C is controlling and managing overall risks through its internal accounting control system and received an unqualified opinion on ICFR by the external auditor in 2023.

### Financial Risks

#### Exchange Risk

Hyundai E&C is exposed mainly to USD (US dollar), KWD (Kuwait dinar), AED (UAE dirham), QAR (Qatar riyal), and SGD (Singapore dollar) due to our global business activities. Hyundai E&C applies sensitivity (impact on net assets by 10% change in exchange rate) of each currency's exchange rate to the company's net assets. This is the rate used by key management for internally reporting exchange risks and contributes to management conducting reasonable assessments on exchange rate fluctuation risks.

#### Interest Rate Risk

Hyundai E&C is exposed to interest rate risks due to financial products under variable interest conditions. In principle, we mostly borrow funds at a fixed rate to avoid the risk of future cash flow fluctuations and manage interest rate risks, but we borrow at variable interest rates in some circumstances. As of the end of 2023, the impact of a 1% change in interest for borrowings with variable interest rates on earnings before income tax was KRW 1,387 million.

#### Price Risk

Hyundai E&C is exposed to price risk due to market price fluctuations of marketable equity securities among financial assets at fair value. When the market price of marketable equity securities change by 1%, it did not have an impact on the 2022 profit and losses, but as of end 2023, the impact on capital was KRW 33 million (after deducting corporate tax effect).

FX Fluctuation Impact on Net Assets

(Based on the Business Report, Unit: KRW million)

Category	10% increase	10% decrease
USD	94,277	-94,277
KWD	278	-278
AED	150	-150
QAR	24	-24
SGD	-3,849	3,849
Other	-23,065	23,065

Impact of interest rate fluctuations on net earnings before income tax

(Based on the Business Report, Unit: KRW million)

Category	1% increase	1% decrease
Short-term borrowings	1,387	-1,387

Capital impact from fluctuating market price

(Based on the Business Report, Unit: KRW million)

Category	End of 2023	End of 2022
Financial assets at fair value	4,211	4,190

Strategy and Our Response

Risk Management Organization

Emerging Risks

Category		Description	Impact	Mitigation
<div> <div>Energy sourcing risk due to the outbreak of war</div> <div> Geographical  </div> </div>		<p>The increase in regional conflicts around the world in recent years is prolonging the crisis in global energy supply. The war between Russia and the Ukraine is especially having a substantial impact on energy prices as the region is major production site for oil and natural gas. As the war extends to the long-term, many countries are placing energy security at their priority policies which is accelerating the transition to renewable energy.</p>	<p>As the war between Russia and the Ukraine becomes long-term and the crisis in global energy supply grows more serious, it is triggering a hike in global energy prices. Oil and natural gas prices are surging in both the domestic and global markets, in turn also raising the prices of other raw material and products.</p> <p>Logistics costs are also rising as services are discontinued in some areas due to geopolitical conflicts, disrupting the overall value chain which is expected to lead to difficulty in timely delivery of raw material and products. Moreover, the decline or suspension of raw material production caused by regional disputes threatens the continuity of the supply chain and is considered a risk that can have a potential impact on Hyundai E&amp;C’s financial status.</p>	<p>Through the diversification of energy sources, Hyundai E&amp;C is focused on mitigating energy price risks. In 2023, we built a roadmap to procure renewable energy for power consumed at our construction sites and started operating a pilot program for installing solar panels and ESS (Energy Storage Systems) at sites. Hyundai E&amp;C will continue to prepare for potential and emerging risks related to energy by continuously increasing our use of renewable energy such as solar power and offshore wind power, etc.</p>
<div> <div>Environmental and human rights risks in the supply chain</div> <div> Economic  </div> </div>		<p>Sustainability in the construction industry is being emphasized as the Corporate Sustainability Due Diligence Directive was given final approval by the European Council in March 2024. Accordingly, regulations are increasing on environmental and human rights due diligence across the construction industry’s supply chain. Construction companies are faced with more management responsibilities and obligations than before due to increase in overseas business sites and procurement of construction material which is leading to growing demands from investors and stakeholders, as well. This is considered a potential risk that can have impact on the financial state of the construction industry.</p>	<p>The spread of supply chain issues in Europe (Corporate Sustainability Due Diligence Directive, CSDDD), the US (Uyghur Forced Labor Prevention Act, UFLPA), and Korea (Serious Accident Punishment Act), etc. may trigger business risks in the construction industry. Various responses are expected to be needed such as identifying the potential and actual negative impacts on the environment and human rights in the supply chain, preparing management procedures, developing steps for identifying risks to prevent Uyghur forced labor, and building a safety management system. When failing to take actions, there is high possibility of facing penalties and difficulty in doing business in the given jurisdictions, or shutdowns of construction sites which can lead to undermined competitiveness and profitability.</p>	<p>To build a sustainable supply chain, Hyundai E&amp;C demands optimal operation practices that go beyond legal compliance in the areas of ethics, environment, labor and human rights, safety and health, and management systems. To check compliance of suppliers, we built a Supply Chain ESG Assessment process that consists of the four stages of screening, on-desk assessment, on-site assessment, and actions. Hyundai E&amp;C draws out improvement tasks through the on-desk and on-site assessments while each business site develops and acts on implementation plans for the improvement tasks. We plan to expand our supply chain ESG evaluation to include overseas partners in addition to domestic sites as it enters the European and U.S. markets, and will prepare against supply chain risks through more systematic supplier management.</p>

## PRINCIPLE

# Human Rights Protection in the Value Chain

Protecting the human rights of not only Hyundai E&C employees, but also all stakeholders in the value chain is one of the key goals of Hyundai E&C. We are making various endeavors for human rights protection through the Human Rights Charter, a grievance handling process, and human rights management training. In information security, we are also carrying out a wide range of activities to sustain the information protection system and raise security awareness.



## Human Rights Management Organization

### Organization in Charge of Managing Human Rights Risks

Hyundai E&C is operating a systematic human rights risk inspection process based on close collaboration between departments. When incidents related to human rights risks are recognized at headquarters and branch offices, they are reported to management through the Human Resources Management Group. In the case of incidents related to human rights risks recognized on-site, they are reported to the business support team at the site and then afterwards, go through the same process at headquarters and branch offices. In addition, issues related to human rights risks are handled at the corporate level by the Sustainability Steering Committee and then reported to the Corporate Governance & Communication Committee within the board of directors. This reporting process extends from the working group to the board of directors for systematic management of human risks across the entire organization.

## Strategy and Our Response

### Human Rights Charter

[Hyundai E&C Human Rights Charter](#)

Hyundai E&C fully amended the Hyundai E&C Human Rights Charter, which contains the basic rights of stakeholders and the value of respect for human rights, in September 2023, and has made an effort to respect human rights across the company by supporting the prohibition of discrimination, prohibition of harassment, guarantee of labor rights, prohibition of forced labor and child labor, and compliance with living wages. In particular, the recent amendment includes responsible supply chain management and details on guaranteeing environmental rights to underscore our determination to extensively strengthen the human rights of our stakeholders. This charter applies to all employees of Hyundai E&C and employees of domestic and overseas corporations and branches, subsidiaries, and granddaughter companies, and compliance with the Human Rights Charter is recommended to all stakeholders in transactional relationships with the company. Additionally, Hyundai E&C is committed to ensuring that all workers within its value chain receive a living wage by 2030. The intention of the Hyundai E&C Human Rights Charter is incorporated into the Supplier Code of Conduct of Hyundai E&C as a way of expressing our willingness to implement human rights management throughout the entire value chain.

### Human Rights Charter

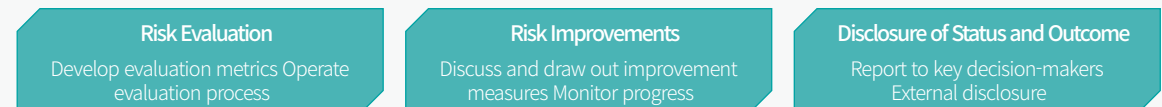
#### Basic Principles



#### System Implementation



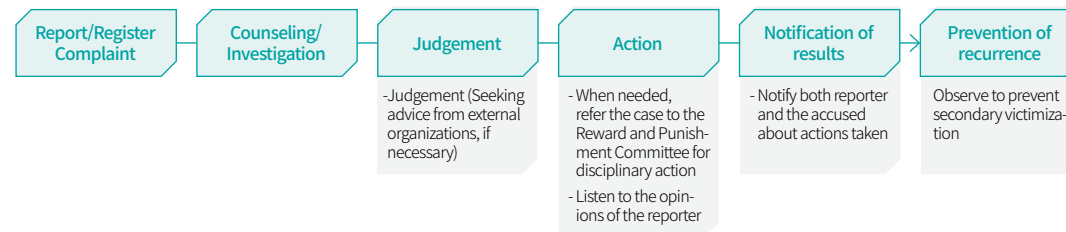
#### Risk Assessment



## Strategy and Our Response

### Grievance Handling Process

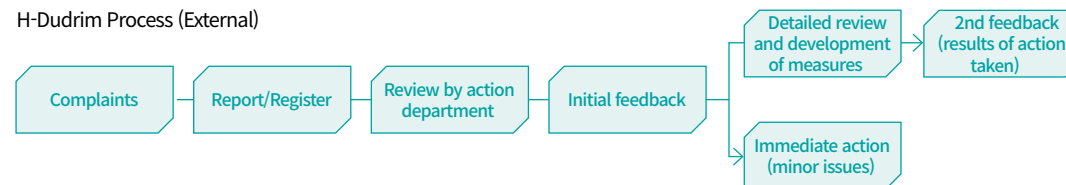
Hyundai E&C addresses the human rights grievances of employees according to the grievance handling procedure specified in the Human Rights Charter. We conduct professional and thorough investigations on reported cases based on court precedents, industry practices, and regulations of respective authorities. In addition, we guarantee the anonymity of reporters and maintain trust to establish a fair and transparent grievance handling process.



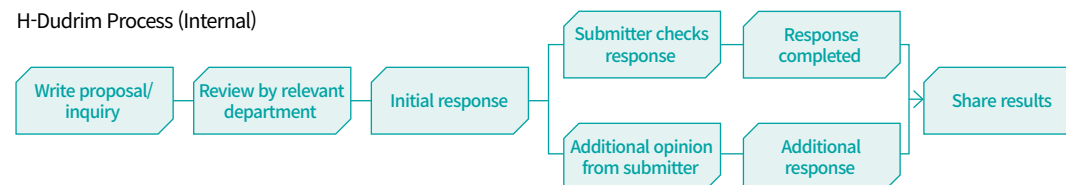
### Human Rights Grievance Reporting Channel

Hyundai E&C strives to address grievances related to human rights by receiving reports from employees, customers, and suppliers on human rights infringement and risks through 'H-Dudrim', an integrated grievance handling channel. In 2023, we received 262 complaints related to the HR system (evaluation system, flexible working system, etc.), office environment (office environment, IT system improvements, etc.), and on-site system (accommodations, etc.). For the complaints we received, measures have been completed for 153, and improvements are underway for 109 cases.

#### H-Dudrim Process (External)



#### H-Dudrim Process (Internal)



### Hotline and Grievance Handling Committee for Sexual Harassment in the Workplace

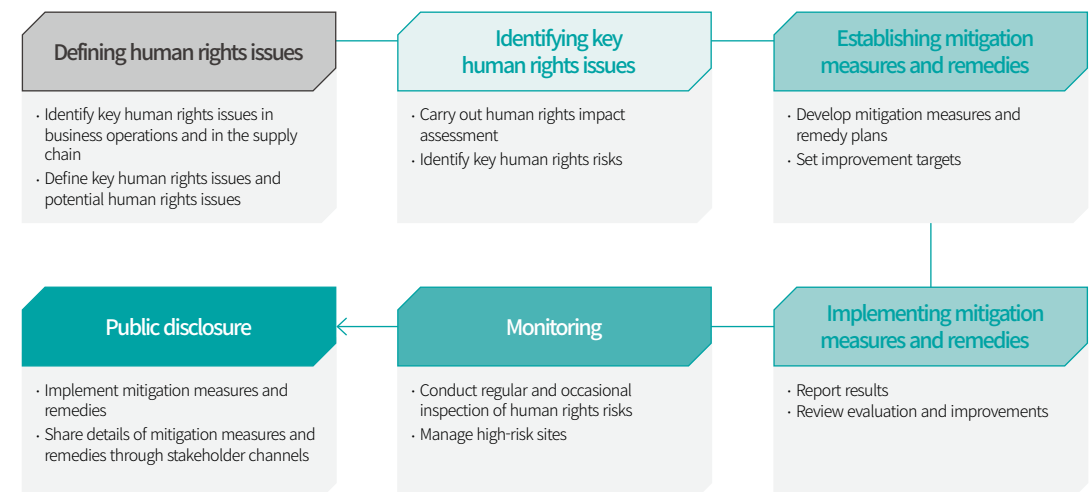
Hyundai E&C operates a separate hotline and Grievance Handling Committee to deal with sensitive issues such as sexual harassment in the workplace. The hotline and Grievance Handling Committee operates in principle based on anonymity and safely protects the identity of reporters. In addition, we support reporters by allowing them to request either a male or female manager to handle the matter to make the reporting process more safe and convenient.

### Managing Human Rights Risks

#### Identifying and Responding to Human Rights Risks

Hyundai E&C has established an internal system necessary for implementing human rights management according to the Human Rights Charter to respect the human rights of all employees and address human rights risks. We assess and handle human rights risks regularly and disclose and share the results with stakeholders. In addition, we have established a human rights risk management process throughout the value chain to conduct human rights monitoring at domestic and overseas business sites. We are leading the protection and improvement of human rights by identifying and managing major human rights issues and vulnerable groups. Hyundai E&C will strengthen its human rights management by establishing the goal of expanding the scope of human rights risk inspections to all domestic and overseas business sites.

#### Human Rights Risks Management Process





## Strategy and Our Response

### Managing Human Rights Risks

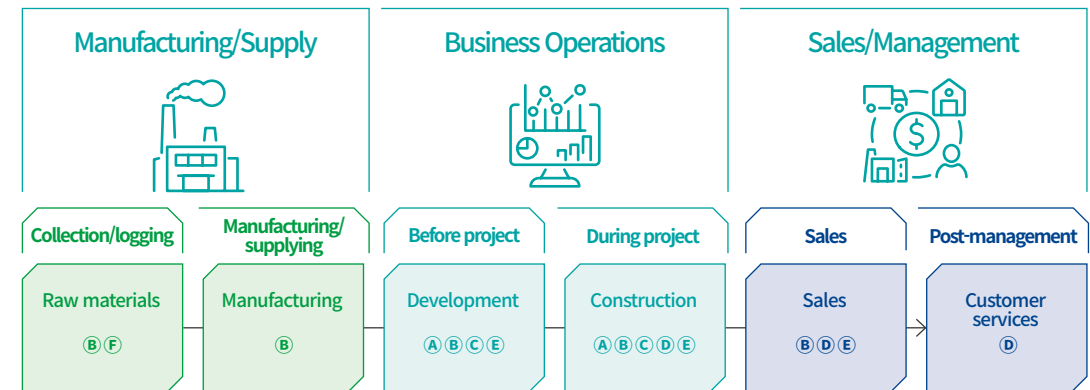
#### Pre-identification of Human Rights Risks

Hyundai E&C divided stakeholders into nine groups including Hyundai E&C employees, women, and children, etc. for the human rights risk diagnosis and considered eight human rights infringement risks. In addition, a human rights risk diagnosis is conducted for new businesses or new transactional relationships each year to consider potential human rights issues. Hyundai E&C will establish a systematic risk management process that includes the management of potential issues, the expansion of the scope of human rights risk assessments, and the sophistication of follow-up measures to make sure that human rights risks will continue not to occur among employees or throughout the value chain.

#### Potential Human Rights Issues by Parties Subject to Human Rights Risk Assessment (construction industry)

L : Low risk P : Potential risk

Human Rights Issues	Stakeholders subject to human rights risk assessment								
	Employee	Third-party employee	Migrant/contract workers	Supply Chain	Women	Children	Indigenous	Communities	Customers
Human trafficking	L	L	P	L	P	P	L	L	L
Forced labor	L	L	P	P	P	P	P	L	L
Child labor	L	L	L	L	L	L	P	L	L
Freedom of association	L	L	P	L	L	L	L	L	L
Collective bargaining rights	L	L	P	L	L	L	L	L	L
Non-discrimination	L	L	P	P	P	L	L	L	L
Equal remuneration for men and women	L	L	L	L	P	L	L	L	L
Occupational safety and health	L	L	L	L	L	L	L	L	L



Key Human Rights Issues	Definition of Issue	Vulnerable Group	Risk Level	Evaluation system	Scope	Issue identification	Measure	Reference page
A Business operations	Potential human rights violations that may be caused by new business and products & services	Employees, local community	Subject to due diligence	On-site human risks assessment	100%	29.6%	100%	p.128
B Human rights in the supply chain	Issues of infringement of basic human rights (non-discrimination, etc.), labor rights and the right to safety of employees of suppliers or companies with a new transaction relationship	Suppliers, employees, migrant/contract workers	Subject to due diligence	Supply Chain human rights risk evaluation	100%	13.7%	100%	p.128
C Indigenous people's rights	Direct infringement of indigenous rights regarding land and property, etc. due to the pursuit of construction activities within the scope of the construction contract	Indigenous people, local community	Subject to due diligence	Business human rights risk evaluation	100%	3.4%	100%	p.128
D Information security	Protection of the company's, employees' and customers' information	Employees, customers	Subject to due diligence	Inspection of information security vulnerabilities (mock hacking)	100%	6.6%	100%	p.132
E Employee human rights	Basic human rights issues (equal compensation, freedom of association, right to collective bargaining, safety and health, non-discrimination and anti-harassment) in the work environment for employees	Employees	Preliminary caution	-	-	-	-	-
F Illegal logging	Issues of child labor, forced labor and human trafficking in illegal logging	Indigenous people, children	Preliminary caution	-	-	-	-	-

## Strategy and Our Response

### Managing Human Rights Risks

#### Human Rights Risks Due Diligence and Follow-up Measures

Hyundai E&C regularly diagnoses possible human rights risks by taking into account not only the company's business sites, but the value chain and stakeholders of other business relationships (mergers, acquisitions, joint ventures, etc.) to conduct a human rights risk assessment. In 2023, Hyundai E&C monitored human rights through self-inspections based on human rights checklists at 159 domestic and global business sites. The inspection was carried out on four areas (basic human rights, protection of labor rights, guarantee of workplace safety, and welfare benefits) and found a 98.6% implementation rate of the checklist. Hyundai E&C defines violations of the Human Rights Charter as 'material human rights risks' and sets them for mandatory further management. As a result of the inspections, no material human rights risks were found either at domestic or global sites while the grievance handling system was found to be weak at 47 sites (46 domestic, 1 overseas). For all the weak sites, follow-up measures have been completed including installing a grievance handling box and writing the grievance process in foreign languages. Meanwhile, two of three sites where human rights risks were identified in 2022 were subject to assessment this year, but risks were not identified at both of the given sites this year, confirming the effectiveness of risk mitigation measures taken last year.

##### On-site Human Rights Risk Diagnosis Results in 2023

Category	Number of sites	Ratio (%)
Risk assessment	159 (118 domestic, 41 overseas)	100
Risk identification	47 (46 domestic, 1 overseas)	29.6
Risk measure	47 (46 domestic, 1 overseas)	100

##### Follow-up Measures for On-site Human Rights Risk Diagnosis in 2023 (redundant)

Category	Identified risk	Remedy	Mitigation	Expected effect
24 sites	Weak grievance handling systems	Install grievance handling box at site	Notice on grievance handling box	Improved work environment and grievances handling
32 sites	Lack of notice of grievance handling process in local language	Translate in key local languages such as English and Vietnamese, etc.	Indicate grievance process in the main native languages of site workers	Handling the grievances of foreign workers

##### On-site Human Rights Risks Evaluations in 2023

Category		Domestic site implementation rate (%)	Overseas site implementation rate (%)
Respect for basic human rights	Prohibition of discrimination and harassment	100	100
	Political and religious freedom	100	100
	Grievance handling	77.1	98.4
Protection of labor rights	No discrimination against temporary workers	100	-
	Prohibition of forced/child labor	100	100
	Payment of salary	100	100
	Compliance of working hours	100	100
	Freedom of association/collective bargaining	100	100

Guaranteeing workplace safety	Safety compliance	100	100
	Safety and health council	100	-
Welfare benefits	Enhanced healthcare	-	100
	Accommodations	100	-
	Cafeteria	-	100
	Convenience facilities/recreational	-	97.6

#### Human Rights Risks in the Supply Chain

Hyundai E&C evaluates economic, environmental, and social risks that may occur in the supply chain and incorporates them into its business operation. This diagnosis includes evaluation indicators on human rights risks related to the supply chain, labor, and safety. Based on the results, corrective action plans are established for suppliers in need of improvement and the suppliers are requested to make improvements in sustainability management outcomes.

##### Supply Chain Human Rights Risks Diagnosis in 2023

Category	Number of suppliers	Ratio(%)	Details
Risk assessment	1,575	100	100% procurement from tier 1 suppliers
Risk identification	215	13.7	Suppliers where negative impact was identified
Risk measure	215	100	Market correction measures were taken and improvements were encouraged, cancelling registration when improvements were not made

#### Business Risk Assessment

Hyundai E&C recognizes that potential human rights issues may occur due to complex factors such as differences in the economy, society, and culture when entering new markets or expanding the business through investments in joint venture companies. Such risks can also stem from the implementation of long-term construction projects which can have negative impacts on the company's business such as project delays or cancellations, complaints from the community, the cancellation of business rights or difficulties in obtaining business rights.

Hyundai E&C conducts key risk monitoring for the successful implementation of projects and operates a process for reviewing initial project feasibility, identifying key risks in the order review stage, and drawing out countermeasures.

##### Business Risk Assessment in 2023

Category	Number of suppliers	Ratio(%)	Details
Risk assessment	29	100	100% of projects
Risk identification	1	3.4	Projects in human rights high-risk countries
Risk measure	1	100	Seek measures to mitigate and avoid risks

Strategy and Our Response

Human Rights Protection Activities

Hyundai E&C carries out various activities to protect the human rights of our employees and stakeholders. In 2023, the company operated a maternity protection program to safeguard the human rights of pregnant workers by supporting shorter work hours for employees who are expecting. In addition, we are striving to create a culture of mutual respect for human rights by distributing notices on prohibition of workplace bullying across the company and operating inhouse counseling programs (including for human rights).

Human Rights Management Training

Hyundai E&C conducts training on human rights to all members to spread a culture of respect for human rights and prevent human rights risks in advance. We provide statutory training such as annual training on the prevention of sexual harassment in the workplace, prevention of workplace harassment, and improving awareness of people with disabilities, as well as a training programs on human rights and diversity, through which we aim to respect the human rights of employees and improve awareness of human rights infringement cases.

Human Rights Training in 2023

Category	Category	Training Details	Trainees
Statutory Training	Training on prevention of workplace harassment	Notice on process to spread a culture of mutual respect and to take follow-up measures when harassment incidents occur	All employees
	Training on prevention of sexual harassment	Gender equality and respect, prevention measures and training on response measures	
	Training on improved awareness of people with disabilities	How to address misconceptions and prejudices regarding people with disabilities, and how to interact with them, etc.	

Risks from Child and Forced Labor

Inspections of Hyundai E&C’s domestic and global business sites found that there are no business sites with high risks regarding child labor and forced labor. Hyundai E&C will continue to work hard to be in compliance with the prohibition of forced labor and child labor as stipulated in the Human Rights Charted through regular business site inspections and efforts to improve employee awareness.

Targets & Metrics

Human Rights Goals

Mid-to-long-term Goal for Human Rights

To advance as a company that respects human rights, Hyundai E&C has build a detailed mid-to-long-term roadmap that is made up of three phases. First, we plan to strengthen on-site due diligences and re-establish roles and responsibilities to implement a human rights management system by 2024. In the second phase leading up to 2025, we plan to strengthen inspections of new sites in countries that have human rights risks and carry out improvement measures to internalize human rights management. In the last phase from 2026, we plan to expand the inspection scope considering various stakeholders such as suppliers at domestic and global project sites, subsidiaries, and indigenous people to further advance human rights management.

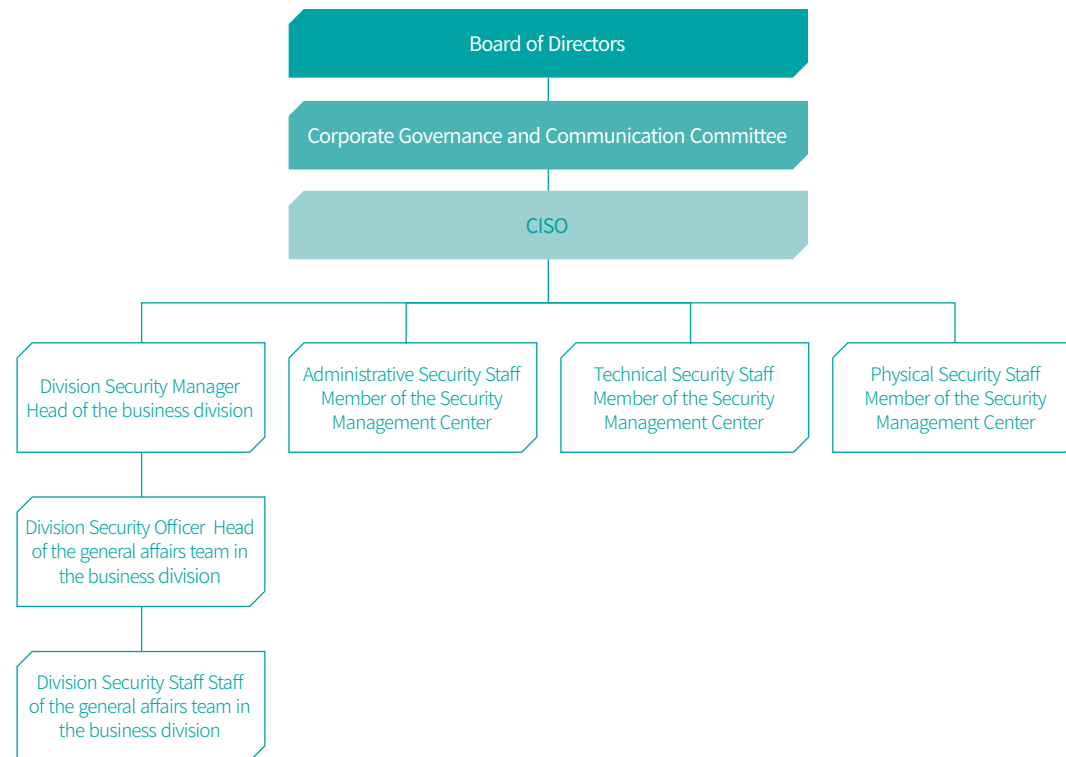
Roadmap for On-site Human Rights Due Diligence and Management System



## Information Security Organization

### Information Security Organization

Hyundai E&C appointed the head of the Security Management Center as the CISO (Chief Information Security Officer) to manage overall information protection matters. Under the CISO are the division security manager, administrative security staff, technical security staff, and physical security staff, and under the division security staff are the division security officer and division security staff. This way, we are effectively responding to the information protection system and policies and operation management. Key information protection agendas are reported to the Corporate Governance & Communication Committee under the board of directors through our company-wide response system that leads from the working-level group to the board of directors.



### Information Security Policies and Guidelines

Hyundai E&C has established and operates an internal information protection policy and management system following various domestic and overseas security laws and regulations, such as laws related to trade secret protection, industrial secret protection, and personal information protection. In addition, we revise relevant internal policies by continuously monitoring the latest information protection trends and support all employees to ensure compliance of the security policy.

This policy applies to all tangible and intangible assets owned or held by the company, as well as all stakeholders including business partners and external parties. Furthermore, we have established a personal information processing policy to protect the personal information of members and stakeholders and deal with grievances promptly and accurately.

### Information Security Management System

Hyundai E&C manages its information protection systems and processes more stably by constantly monitoring and updating internal information protection regulations and policies according to changes in the internal and external environment. In addition, we acquired ISO 27001, a global certification in the information protection field, demonstrating the excellence of our internal information protection system to major stakeholders, including our customers.



ISO 27001



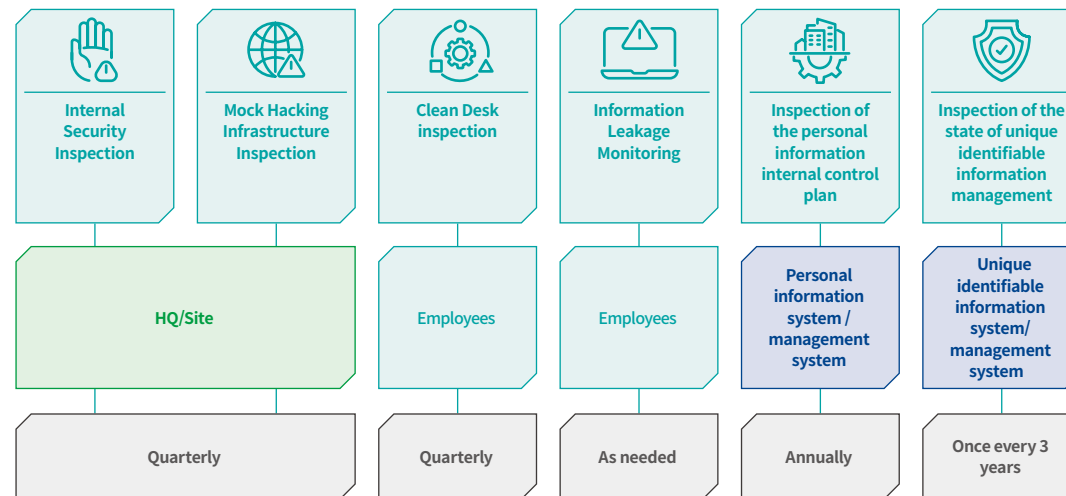
## Strategy and Our Response

### Information Security Inspection Activities

#### Strengthening Information Security Inspection

Hyundai E&C conducts security inspections to eliminate internal and external risks and fundamental vulnerabilities. We take various measures, such as establishing and revising the information protection policy, inspecting security source codes, developing and operating a security system, and preparing a manual for incident response, etc. These activities play an important role in protecting the confidentiality, integrity, and availability of information from security threats, protecting the company's information assets, and contributing to enhanced security levels.

#### Information Security Inspection Activities



#### Security Operations Center

Hyundai E&C is carrying out various activities to strengthen security and actively respond to cyber security threats that are becoming more intelligent and sophisticated. We are working hard to detect the invasion of malicious codes in real-time to respond to infringements and prevent it from spreading further.

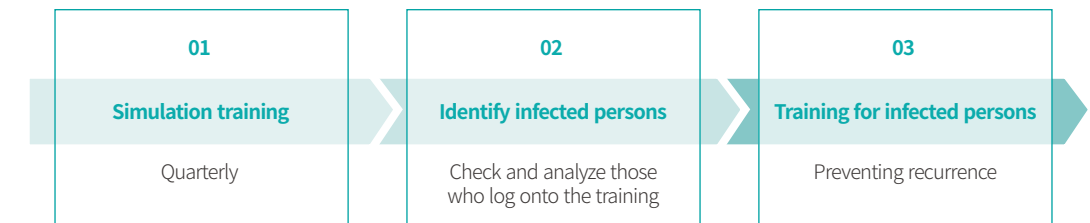
#### Inspection of Security Vulnerabilities

Hyundai E&C conducts mock hacking and infrastructure inspections on all systems regularly or when a system is newly established. In 2023, we conducted a regular vulnerability inspection through mock hacking on 38 items in 61 systems and identified and made improvements to 153 vulnerabilities, 6.6% of the total inspected items.

#### Malicious Mail Response and Security System

Hyundai E&C conducts simulation training on malicious email every quarter to prevent penetration and infection by malicious codes. We are also building an extensive security system, which covers blocking harmful websites and spam mail, network access control, document security protocols, and media control mechanisms to strengthen endpoint security. We check source codes to secure a safe environment starting from the development stage. This way, Hyundai E&C protects the confidentiality, integrity, and availability of the company's information assets from security threats and maintains stable operations.

#### Overview of Malicious Email Simulation Training



# Strategy and Our Response

## Raising Security Awareness

### Information Security Pledge and Security Day

Hyundai E&C conducts security inspections to eliminate internal and external risks and fundamental vulnerabilities. We take various measures, such as establishing and revising the information protection policy, inspecting security source codes, developing and operating a security system, and preparing a manual for incident response, etc. These activities play an important role in protecting the confidentiality, integrity, and availability of information from security threats, protecting the company's information assets, and contributing to enhanced security levels.

### Notice on Security Training and Security Rules

Hyundai E&C conducts additional security training and provides security guides to newly appointed project site managers, security managers, and new joiners. In addition, we are improving security awareness of employees in various ways such as informing them on the latest security threats and internalizing compliance in daily business through internal broadcasting on Clean Desks and other security rules.

#### Security Training in 2023

Category	Details	Audience	Trainees
New joiner security training	Training on the company's security regulations and information security	Interns, new employees	715
Privacy protection training	Statutory training on the personal information protection act	Personal information handlers	4,947
Security officer and staff training	Role of security manager, security violation cases, response to malicious codes, caution for social media usage, security principles for working from home, personal information protection act	HQ/Site security managers, HQ & site employees	7,016
Security training for promoted employees	Security awareness required of middle managers, security policies	Promoted employees	62
Security training for on-site vendors	Case study of security violations by employee or on-site vendor	On-site vendors	88
Security training for Security Day	Raising security awareness and preventing information leakage from the company	Employees	7,016

#### Guide by Position in 2023

Category	Training Details	Trainees
Newly appointed site managers (security officer)	Role of security officer, security policies, checklist, best/poor practices	32
Security managers (newly appointed)	Role of security manager, Security Day activities, document management, inspections	474
New joiners	Security importance, PC security, security rules, personal information protection, etc	436

### Inspection of Information Security Vulnerabilities

In the event of personal information gathered, handled, and stored by the company in doing business is leaked, it can directly lead to the infringement of human rights of stakeholders such as customers and employees. Hyundai E&C conducts work system mock training and inspections of infrastructure systems regularly based on the Group's security guide. Vulnerabilities identified this way are analyzed through simulation to draw out response measures, and work system safety is enhanced through preventive measures.

#### Inspection of Information Security Vulnerabilities in 2023

Category	Vulnerabilities (cases)	Ratio(%)	Details
Risk Assessment	2,318	100	Items to inspect in simulation training based on the Group's security guide
Risk Identification	153	6.6	Vulnerability in encryption algorithm, etc.
Risk measure	153	100	Applying stronger encryption algorithm, etc.

# Targets & Metrics

## Information Security Targets

Hyundai E&C is driving a future for sustainable business by establishing a culture of information security to lead technology innovations and carrying out fundamental security activities. We are maintaining zero personal information leakage cases through training of personal information handlers and inspection on personal information internal control plans. We will continue to maintain excellent performance of zero information leakage and infringement cases and strive to strengthen responses to create a safe information security environment.





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380kV Substation in Jubail, Saudi Arabia



## ESG DATA

### Economic

Financial Statement (consolidated)	Unit	2022	2023
<b>Business Performance</b>			
Sales	KRW Million	21,239,082	29,651,357
Cost of sales	KRW Million	19,726,334	27,948,549
Gross profit	KRW Million	1,512,748	1,702,808
Selling and administrative expenses	KRW Million	937,846	917,378
Operating income	KRW Million	574,902	785,430
Financial income	KRW Million	224,652	153,406
Other non-operating income	KRW Million	-33,066	5,989
Income before income tax expenses	KRW Million	753,815	939,545
Income tax expenses (income)	KRW Million	282,939	285,264
Net income	KRW Million	470,876	654,281
<b>Financial Position</b>			
Current assets	KRW Million	15,516,744	18,613,430
Non-current assets	KRW Million	5,394,964	5,101,065
Total assets	KRW Million	20,911,708	23,714,495
Current liabilities	KRW Million	8,757,397	10,356,647
Non-current liabilities	KRW Million	2,230,034	2,902,333
Total liabilities	KRW Million	10,987,431	13,258,980
Total shareholders' equity	KRW Million	9,924,277	10,455,515
<b>Cash flows</b>			
Cash flow from operating activities	KRW Million	-143,474	-714,716
Cash flow from investing activities	KRW Million	1,853,258	562,566
Cash flow from financing activities	KRW Million	-658,184	365,989
Cash and cash equivalents at beginning of year	KRW Million	2,926,856	3,973,897
Case and cash equivalents at end of year	KRW Million	3,973,897	4,205,665

Financial Statement (Separate basis)	Unit	2022	2023
<b>Business Performance</b>			
Sales	KRW Million	11,978,479	15,778,844
Cost of sales	KRW Million	11,086,837	14,927,998
Gross profit	KRW Million	891,642	850,846
Selling and administrative expenses	KRW Million	545,300	510,319
Operating income	KRW Million	346,342	340,527
Financial income	KRW Million	188,882	122,705
Other non-operating income	KRW Million	-31,530	18,464
Income before income tax expenses	KRW Million	503,694	481,696
Income tax expenses (income)	KRW Million	157,122	109,569
Net income	KRW Million	346,572	372,127
<b>Financial Position</b>			
Current assets	KRW Million	9,483,112	10,981,564
Non-current assets	KRW Million	4,255,304	3,967,001
Total assets	KRW Million	13,738,416	14,948,565
Current liabilities	KRW Million	5,568,627	5,858,555
Non-current liabilities	KRW Million	1,775,552	2,400,081
Total liabilities	KRW Million	7,344,179	8,258,636
Total shareholders' equity	KRW Million	6,394,237	6,689,929
<b>Cash Flows</b>			
Cash flow from operating activities	KRW Million	-325,273	-834,258
Cash flow from investing activities	KRW Million	1,311,509	331,898
Cash flow from financing activities	KRW Million	-372,692	317,675
Cash and cash equivalents at beginning of year	KRW Million	1,954,292	2,565,512
Case and cash equivalents at end of year	KRW Million	2,565,512	2,382,136



# ESG DATA (Hyundai E&C separate basis)

## Environmental

※ Disclosure scope: GHG emissions and energy consumption is based on domestic and overseas business sites while all other metrics are based on domestic business sites

### Greenhouse Gases

Category	Unit	2020	2021	2022	2023
Direct/Indirect GHG emissions (Scope 1&2)	tCO <sub>2</sub> e	307,740	296,841	384,836	363,374
Direct GHG emissions (Scope 1)	tCO <sub>2</sub> e	167,071	174,227	309,762	270,467
Domestic	tCO <sub>2</sub> e	10,986	13,102	22,411	18,905
Overseas	tCO <sub>2</sub> e	156,085	161,125	287,351 <sup>2)</sup>	251,562
Indirect GHG emissions (Scope 2)	tCO <sub>2</sub> e	140,669	122,614	75,074	92,907
Domestic	tCO <sub>2</sub> e	64,663	65,075	57,556	68,947
Overseas	tCO <sub>2</sub> e	76,006	57,539	17,518	23,960
GHG emission intensity (Scope 1&2) <sup>1)</sup>	tCO <sub>2</sub> e/KRW 100 million	3.30	2.90	3.21 <sup>3)</sup>	2.30
Scope 1 emission intensity <sup>1)</sup>	tCO <sub>2</sub> e/KRW 100 million	1.79	1.70	2.59	1.71
Scope 2 emission intensity <sup>1)</sup>	tCO <sub>2</sub> e/KRW 100 million	1.51	1.20	0.63	0.59

- 1) Scope 1,2 emissions/non-consolidated sales
- 2) Increase in direct emissions due to overseas site expansion during initial project phase
- 3) Compared to the previous year, individual domestic and overseas emission intensity decreased, but due to increase in share of overseas sales, overall emission intensity increased

### Scope3 Emissions

Category	Unit	2020	2021	2022	2023
Other indirect GHG emissions (Scope 3)	tCO <sub>2</sub> e	9,484,466	9,281,746	6,658,746	5,765,722
Upstream	tCO <sub>2</sub> e	4,082,960	3,903,321	4,156,255	2,880,398
Cat1. Goods and services purchased	tCO <sub>2</sub> e	3,033,013	3,060,083	2,736,622	2,720,684
Cat2. Capital goods	tCO <sub>2</sub> e	13	361	1,164	460
Cat3. Fuel and energy-related activities not included in Scope 1 and 2	tCO <sub>2</sub> e	3,834	4,541	13,110	75,605
Cat4. Upstream transportation and distribution	tCO <sub>2</sub> e	977,060	775,204	1,338,148	79,906
Cat5. Waste generated in operation processes	tCO <sub>2</sub> e	19,598	15,481	20,088	54
Cat6. Business travel	tCO <sub>2</sub> e	5,596	5,359	2,353	3,282
Cat7. Commuting of employees	tCO <sub>2</sub> e	43,846	42,292	44,770	407
Downstream	tCO <sub>2</sub> e	5,401,507	5,378,425	2,502,491	2,885,323
Cat11. Use of sold products	tCO <sub>2</sub> e	5,320,590	5,264,339	2,153,219	2,653,169
Cat12. Disposal of sold products	tCO <sub>2</sub> e	74,727	105,520	288,569	180,759
Cat15. Investments	tCO <sub>2</sub> e	6,189	8,566	60,703	51,395

\* Scope 3 emissions that are not disclosed are not relevant to Hyundai E&C Scope 3 emissions (Cat 8. Upstream Leased Assets, Cat 9. Downstream Transportation & Logistics, Cat. 10 Processed Products Sold, Cat. 13 Downstream Leased Assets, Cat. 14 Franchises)

\* Some data may be subject to change based on CDP verification

\* In 2023, the emission calculation methodologies for 'Cat4. Upstream Transportation and Logistics,' 'Cat5. Waste Generated in Operations,' and 'Cat7. Employee Commuting' were revised.

### Energy

Category	Unit	2020	2021	2022 <sup>2)</sup>	2023
Total energy consumption (A+B)	TJ	4,067.60	4,846.90	5,852.31	5,410.79
Total non-renewable energy consumption (A)	TJ	4,066.07	4,838.95	5,851.38	5,410.16
Direct energy consumption	TJ	2,390.22	2,516.63	4,365.64	3,583.07
Indirect energy consumption	TJ	1,675.85	2,322.32	1,485.74	1,827.09
Total renewable energy consumption (B)	TJ	1.53	7.95	0.93	0.63
Total energy cost	KRW Million	119,108	116,189	186,304	112,232
Energy intensity <sup>1)</sup>	TJ/KRW 100 Million	0.04	0.05	0.05	0.03

- 1) Total energy consumption/non-consolidated sales
- 2) Other cured fuels were added to the calculation which increased 2022 energy consumption

### Building Energy/GHG Intensity

Category		Unit	2020	2021	2022 <sup>1)</sup>	2023
Building energy intensity	Seoul Headquarters	kWh/m <sup>3</sup>	116.86	125.04	99.98	99.95
	Yeongnam Branch	kWh/m <sup>3</sup>	82.17	78.57	40.83	51.09
	Central Region Branch	kWh/m <sup>3</sup>	77.34	77.04	40.59	37.47
Building GHG emission intensity	Seoul Headquarters	tCO <sub>2</sub> e/m <sup>2</sup>	0.07	0.08	0.06	0.05
	Yeongnam Branch	tCO <sub>2</sub> e/m <sup>2</sup>	0.06	0.05	0.02	0.02
	Central Region Branch	tCO <sub>2</sub> e/m <sup>2</sup>	0.05	0.05	0.02	0.02

- 1) Data for Yeongnam Branch was re-delineated due to error in building energy intensity calculation for 2022, and data for Central Region Branch was re-delineated due to change in land area of lease contract

## ESG DATA (Hyundai E&C separate basis)

### Environmental

#### Water Resources

Category	Unit	2020	2021	2022	2023
Total water withdrawal	1,000 tons	1,277.80	1,478.01	1,229.82	2,027.66
Municipal water supplies	1,000 tons	472.06	400.58	669.70	988.95
Surface water	1,000 tons	505.34	809.96	363.82	449.12
Groundwater	1,000 tons	196.31	93.61	116.22	535.76 <sup>3)</sup>
Other	1,000 tons	104.29	173.86	80.08	53.82
Water reuse <sup>1)</sup>	1,000 tons	0	2.70	3.60	22.86
Ratio of water reuse <sup>1)</sup>	%	0	0.18	0.29	1.13
Total water discharged <sup>2)</sup>	1,000 tons	380.28	507.75	531.51	422.20

1) Revised information through updated reusing water data for 2021 and 2022

2) Including the treatment capacity of massive groundwater naturally generated during underground excavations and tunneling

3) Multiple instances of groundwater encountered during civil engineering work in 2023

#### Discharge of Water Pollutants

Category	Unit	2020	2021	2022 <sup>1)</sup>	2023
COD	ton	40.21	32.44	79.51	77.59
BOD	ton	22.44	24.38	61.35	85.35 <sup>2)</sup>
SS	ton	75.96	36.75	65.29	71.67
TOC	ton	22.43	18.29	43.37	42.35

1) Corrected disclosure due to missing data in 2022 and enhancement of data calculation.

2) Increase in 2023 BOD due to the application of revised BOD calculation criteria for septic tanks as per the Ministry of Environment notice.

#### Environmental System

Category		Unit	2020	2021	2022 <sup>1)</sup>	2023
Environmental Management System Certification	Number of business sites with EMS (environmental management system) certification	Sites	173	217	193	151
	Number of business sites implementing EMS	Sites	173	217	193	151
	Ratio of business sites with EMS certification	%	100	100	100	100

\*Based on domestic and overseas sites

1) Revised due to change in data calculation standards

#### Resource Consumption (Raw Material)

Category	Unit	2020	2021	2022	2023
Wood	m <sup>3</sup>	23,871	27,890	25,491	60,247
Steel (iron)	ton	432,000	501,000	559,096	705,901
Concrete (ready-mixed concrete)	m <sup>3</sup>	3,652,120	3,871,549	5,137,646 <sup>1)</sup>	6,850,906
Cement	ton	194,685	225,830	182,268	210,641
Sand	m <sup>3</sup>	37,810	34,386	34,849	64,365
Aggregate	m <sup>3</sup>	604,496	644,346	794,705	399,427
Asphalt concrete	ton	224,768	344,410	53,632	14,092
Middle-sized lump coal	Kg	267,880	126,540	56,450	- <sup>2)</sup>
Recycled aggregate (reused)	m <sup>3</sup>	22,237	9,072	35,060	17,000

1) Increase in concrete due to expansion of housing projects during the 2 years of 2022-2023

2) Middle-sized lump coal is not used starting in 2023

#### Waste

Category	Unit	2020	2021	2022	2023
Total waste generated	ton	883,382	869,806	1,312,651	1,289,671
Landfilled	ton	4,160	3,230	4,000	158
Incinerated (without energy recovery)	ton	2,779	2,328	254	77
Recycled	ton	876,443	864,248	1,308,397	1,289,436
Recycling rate	%	99.21	99.36	99.68	99.98
Construction waste generated	ton	856,470	762,594	1,184,155	1,263,722
Landfilled	ton	4,158	3,191	155	0
Incinerated (without energy recovery)	ton	2,595	2,124	147	41
Recycled	ton	849,717	757,279	1,183,853	1,263,682
Business site waste generated	ton	26,910	107,193	128,476	25,871
Landfilled	ton	0	39	3,845	153
Incinerated (without energy recovery)	ton	183	189	104	36
Recycled	ton	26,726	106,965	124,527	25,681
Designated waste generated	ton	3	19	20	78
Landfilled	ton	2	0	0	5
Incinerated (without energy recovery)	ton	1	15	4	0
Recycled	ton	0	4	16	73

## ESG DATA (Hyundai E&C separate basis)

### Environmental

#### Environmental Laws

Category		Unit	2020	2021	2022	2023
Number of environmental law violations	Number of penalties over USD 10,000	Cases	0	0	0	0
Monetary value of penalties of environmental violations	Penalties over USD 10,000	KRW	0	0	0	0
Number of non-monetary sanctions imposed for environmental violations		Cases	0	0	0	0

#### Environmental Investments and Expenses

Category	Unit	2020	2021	2022	2023
Environmental R&D expense	KRW Million	209	3,716	4,400	3,588
Environmental management expense	KRW Million	33,166	35,025	40,391	41,145
Air quality	KRW Million	8,091	8,479	8,240	8,191
Water quality	KRW Million	4,410	2,412	3,181	2,052
Noise, vibrations, and other	KRW Million	7,314	9,357	8,318	6,876
Waste, soil	KRW Million	13,352	14,776	20,652	24,026

#### Sustainable Product Sales (non-consolidated)

EU Taxonomy				Unit	2020	2021	2022	2023		
Category	Economic Activity	Code	Category	KRW Million	Sales	Sales	Sales	Sales	CapEx	OpEx
Manufacturing	Cement manufacturing	3.7	Transitional	KRW Million	-	-	-	-	-	22
	Hydrogen manufacturing	3.1	-	KRW Million	-	-	-	205	-	537
Energy	Wind power	4.3	-	KRW Million	-	-	-	95,234	40	145
	Hydro power	4.5	-	KRW Million	-	-	-	26,742	70	-
	Geothermal power	4.6	-	KRW Million	-	-	-	-	-	-
	Bioenergy	4.8	-	KRW Million	295,355	176,622	248,397	-	-	-
	Electricity transmission/distribution	4.9	Enabling	KRW Million	-	-	-	421,716	-	-
	New NPPs	4.27	Transitional	KRW Million	-	-	-	37,489	951	1,773
	Existing NPPs	4.28	Transitional	KRW Million	-	-	-	6,822	-	-
	Construction of water withdrawal facilities, etc.	5.1	-	KRW Million	-	-	-	-	-	2
Water/Waste	Construction of wastewater treatment facilities, etc.	5.3	-	KRW Million	13,971	66,472	143,352	64,462	10	11
	Improvements to wastewater treatment facilities, etc.	5.4	-	KRW Million	-	-	-	8,366	-	-
	Anaerobic digestion	5.7	-	KRW Million	-	-	-	21,545	1	646
	Transport of CO <sub>2</sub>	5.11	Enabling	KRW Million	-	8,740	15,897	-	-	44
	Permanent CO <sub>2</sub> sequestration	5.12	-	KRW Million	-	-	-	-	-	118
	Transportation	Infrastructure for rail transport	6.14	Enabling	KRW Million	271,409	274,114	623,795	763,754	11,885
Construction	Construction of new buildings	7.1	-	KRW Million	3,725,977	4,215,251	5,206,309	8,155,641	65,149	290
Total				KRW Million	4,306,712	4,741,199	6,240,283	9,601,975	78,105	3,588
Ratio				%	46	46	52	61	33	2

\*Applying the EU Taxonomy Economic Activity List Criteria (Eligible)

## ESG DATA (Hyundai E&C separate basis)

### Social

#### 2023 Status of Employees

Category		Unit	Total	Male	Female	Female Ratio	2030 Target	
Total employees <sup>1)</sup>		Person	7,115	6,289	826	11.61%	14.18%	
Employment type	Regular	Person	4,325	4,082	243	5.62%	-	
	Contract	Person	2,706	2,125	581	21.47%	-	
	Executive	Person	84	82	2	2.38%	-	
	Registered Executive <sup>2)</sup>	Sub-total	Person	2	2	0	0.00%	-
		Domestic	Person	2	2	0	0.00%	-
		Overseas	Person	0	0	0	0.00%	-
	Non-registered executive	Sub-total	Person	82	80	2	2.44%	-
		Domestic	Person	72	70	2	2.78%	-
		Overseas	Person	10	10	0	0.00%	-
	Level <sup>3)</sup>	Sub-total	Person	3,486	3,330	156	4.48%	5.59%
		Domestic	Person	2,691	2,544	147	5.46%	-
		Overseas	Person	795	786	9	1.13%	-
Management		Senior manager	Person	2,238	2,174	64	2.86%	3.68%
		Domestic	Person	1,706	1,644	62	3.63%	-
		Overseas	Person	532	530	2	0.38%	-
Junior manager		Domestic	Person	1,248	1,156	92	7.37%	8.75%
		Overseas	Person	985	900	85	8.63%	-
		Non-management	Sub-total	Person	263	256	7	2.66%
Non-management		Sub-total	Person	839	752	87	10.37%	16.46%
		Domestic	Person	737	656	81	10.99%	-
		Overseas	Person	102	96	6	5.88%	-
Type	Sales & marketing division	Person	4,598	4,217	381	8.29%	13.55%	
	Non-sales & marketing division	General	Person	909	690	219	24.09%	20.46%
		STEM-related	Person	1,608	1,382	226	14.05%	12.73%

Category		Unit	Total	Male	Female	Female Ratio	Ratio of total employees
Minorities	Persons with disabilities <sup>4)</sup>	Person	198	145	53	26.77%	2.78%
	National merits	Person	73	70	3	4.11%	1.03%
	Foreign nationality	Person	39	33	6	15.38%	0.55%
Age Group	Under 30	Person	933	698	235	25.19%	13.11%
	30-49	Person	4,572	4,040	532	11.64%	64.26%
	50 or over	Person	1,610	1,551	59	3.66%	22.63%
Nationality	Asia	Person	7,091	6,271	820	11.56%	99.66%
	Europe/CIS	Person	9	6	3	33.33%	0.13%
	Americas/Pacific	Person	10	8	2	20.00%	0.14%
	Africa	Person	2	1	1	50.00%	0.03%
	Other	Person	3	3	0	0%	0.04%

1) Total employees including contract employees but excluding technical posts at overseas sites

2) Limited to Inside Directors

3) Based on regular employees

4) Based on reports to the Korea Employment Agency for Persons with Disabilities

#### Recruitment

Category			Unit	2020	2021	2022	2023
Total recruitments			Person	1,153	1,217	2,122	1,467
Gender	Male	Number	Person	938	970	1,701	1,246
		Ratio	%	81.35	79.70	80.16	84.94
	Female	Number	Person	215	247	421	221
		Ratio	%	18.65	20.30	19.84	15.06
Age Group	Under 30	Number	Person	298	377	715	480
		Ratio	%	25.85	30.98	33.69	32.72
	30-49	Number	Person	722	681	1,220	824
		Ratio	%	62.62	55.96	57.49	56.17
	50 or over	Number	Person	133	159	187	163
		Ratio	%	11.54	13.06	8.81	11.11
Experience	New hires	Person	10	48	184	145	
	Experienced hires	Person	1,143	1,169	1,938	1,322	
Level <sup>(1)</sup>	Management	Senior manager	Person	31	44	78	21
		Junior manager	Person	37	30	86	42
	Non-management	Person	28	81	270	195	
Nationality	Asia	Person	1,152	1,213	2,119	1,460	
	Europe/CIS	Person	1	0	1	3	
	Americas/Pacific	Person	0	4	2	1	
	Africa	Person	0	0	0	0	
	Other	Person	0	0	0	3	
	Other indicators	Percentage filled with existing employees	%	81.50	80.80	80.82	81.21
	Average service duration of employees	Years	14	14	13	13	
	Average cost of employment	KRW	137,834	186,364	138,715	304,775	

1) Based on permanent employees



## ESG DATA (Hyundai E&C separate basis)

### Social

#### Turnover

Category		Unit	2020	2021	2022	2023	
Total employee turnover rate		%	5.85	4.33	5.24	3.88	
Voluntary employee turnover rate		%	1.19	1.77	4.06	2.71	
Gender	Male	%	5.60	4.38	5.10	3.92	
	Female	%	9.96	3.45	7.69	3.29	
Age Group	Under 30	%	1.89	5.15	2.44	5.84	
	30-49	%	3.19	3.52	3.28	3.45	
	50 or over	%	21.67	8.04	3.81	4.54	
Nationality	Asia	%	5.85	4.33	3.25	3.85	
	Europe/CIS	%	0	0	10.00	25.00	
	Americas/Pacific	%	0	0	9.09	14.29	
	Africa	%	0	0	0	0	
Level	Management	Senior manager	%	8.52	4.47	3.28	3.13
		Junior manager	%	2.66	3.54	6.71	4.49
	Non-management		%	5.85	5.25	8.07	5.01

\* Ratio of total regular employees by type

#### Parental Leaves

Category	Unit	2020	2021	2022	2023
Number of employees taking parental leave					
Total	Person	21	34	30	40
Male	Person	9	17	19	29
Female	Person	12	17	11	11
Number of employees returning from parental leave					
Total	Person	17	30	27	33
Male	Person	7	15	18	24
Female	Person	10	15	9	9
Return rate from paternal leave <sup>1)</sup>					
Total	%	81.00	88.20	90.00	94.29
Male	%	77.78	83.33	94.74	96.00
Female	%	83.33	93.75	81.82	90.00
Number of employees who worked for over 12 months after returning					
Total	Person	16	17	13	23
Male	Person	10	7	4	11
Female	Person	6	10	9	12

1) Standards for calculating return rate from paternal leaves were revised after 2023

#### Employee Compensation

Category	Unit	2020	2021	2022	2023
Employee salary (Annual average) <sup>1)</sup>					
Male	KRW	77,011,343	80,740,803	84,424,517	88,857,250
Female	KRW	63,186,634	70,946,306	72,340,891	75,183,262
Ratio of female salary to male salary <sup>2)</sup>	%	82.05	87.87	85.69	84.61
Executive level (Monthly average) <sup>4)</sup>					
Base salary					
Male	KRW	21,108,377	20,202,490	21,114,837	21,358,740
Female <sup>3)</sup>	KRW	-	15,000,000	16,666,667	16,666,667
Ratio of female remuneration to male remuneration <sup>4)</sup>	%	-	74.25	78.93	78.03
Base salary + Other allowance (Overtime allowance)					
Male	KRW	21,108,377	20,202,490	21,114,837	21,358,740
Female <sup>3)</sup>	KRW	-	15,000,000	16,666,667	16,666,667
Ratio of female remuneration to male remuneration <sup>4)</sup>	%	-	74.25	78.93	78.03
Management level (Monthly average)					
Base salary					
Male	KRW	4,739,337	4,917,269	5,234,091	5,542,210
Female	KRW	4,535,686	4,820,069	4,811,970	5,071,300
Ratio of female remuneration to male remuneration	%	95.70	98.02	91.94	91.50
Base salary + Other allowance (Overtime allowance)					
Male	KRW	6,484,678	6,751,868	7,181,970	7,606,717
Female	KRW	6,212,935	6,618,562	6,608,512	6,939,773
Ratio of female remuneration to male remuneration	%	95.81	98.03	92.02	91.23
Non-management level (Monthly average)					
Base salary					
Male	KRW	3,373,882	3,645,172	3,473,257	3,632,630
Female	KRW	3,082,127	3,467,831	3,218,434	3,523,372
Ratio of female remuneration to male remuneration	%	91.35	95.13	92.66	96.99
Base salary + Other allowance (Overtime allowance)					
Male	KRW	4,616,293	5,004,102	4,786,743	4,988,938
Female	KRW	4,167,652	4,760,874	4,883,007	4,816,709
Ratio of female remuneration to male remuneration	%	90.28	95.14	102.01	96.55

1) Re-stated information for 2020-2022 due to changes in the calculation methodology.

2) Difference due to ratio of female non-managers in total employees

3) Appointed female executives beginning in 2021

4) Salary gap due to continuous years in service resulting from new female executive appointment in 2021

5) Management remuneration of outside directors not included

## ESG DATA (Hyundai E&C separate basis)

### Social

#### Training

Category		Unit	2021	2022	2023 <sup>1)</sup>
Total trainees		Person	4,219	4,390	8,117
Gender	Male	Person	3,986	4,155	7,115
	Female	Person	233	235	1,002
Age group	Under 30	Person	238	320	1,142
	30-49	Person	3,191	3,119	5,307
	50 or over	Person	790	951	1,668
Level	Management	Senior manager	Person	2,135	2,385
		Junior manager	Person	1,290	1,238
	Non-management		Person	712	767
Region	Domestic		Person	3,241	3,427
	Overseas		Person	978	963
Nationality	Asia		Person	3,525	3,701
	Middle East		Person	574	570
	Europe/CIS		Person	3	0
	Americas/Pacific		Person	76	90
	Africa		Person	41	29
Total Training Hours		Hours	186,793	146,659	181,676
Gender	Male	Hours	176,477	140,080	158,525
	Female	Hours	10,316	6,579	23,151
Age group	Under 30	Hours	10,537	21,598	17,833
	30-49	Hours	141,279	98,600	126,278
	50 or over	Hours	34,977	26,461	37,565
Level	Management	Senior manager	Hours	94,525	69,926
		Junior manager	Hours	57,114	38,256
	Non-management		Hours	31,523	38,477
Region	Domestic		Hours	143,475	114,491
	Overseas		Hours	43,318	32,168
Nationality	Asia		Hours	156,067	136,438
	Middle East		Hours	25,413	8,049
	Europe/CIS		Hours	133	0
	Americas/Pacific		Hours	3,365	1,794
	Africa		Hours	1,815	378
Type <sup>2)</sup>	Mandatory		Hours	51,503	29,425
	Non-mandatory		Hours	135,290	117,234

Category		Unit	2021	2022	2023 <sup>1)</sup>
Total training investment		KRW Million	1,688	1,717	2,037
Gender	Male	KRW Million	1,595	1,625	1,785
	Female	KRW Million	93	92	251
Age group	Under 30	KRW Million	95	125	287
	30-49	KRW Million	1,277	1,220	1,332
	50 or over	KRW Million	316	372	419
Level	Management	Senior manager	KRW Million	854	933
		Junior manager	KRW Million	516	484
	Non-management		KRW Million	285	300
Region	Domestic		KRW Million	1,297	1,340
	Overseas		KRW Million	392	377
Nationality	Asia		KRW Million	1,411	1,448
	Middle East		KRW Million	230	223
	Europe/CIS		KRW Million	1	0
	Americas/Pacific		KRW Million	30	35
	Africa		KRW Million	16	11
Type <sup>2)</sup>	Mandatory		KRW Million	-	-
	Non-mandatory		KRW Million	-	-

1) Starting in 2023, data includes regular and contract-based employees

2) Starting in 2023, data was assessed based on training type

## ESG DATA (Hyundai E&C separate basis)

### Social

#### Safety

Category		Unit	2020	2021	2022 <sup>3)</sup>	2023
Investments in safety management		KRW 100 Million	1,099	1,349	1,658	2,399
Number of on-site safety inspections		Times	1,688	2,576	4,735	4,494
Total		Cases	163	286	344	454
Number of cases of lost time injuries (number of accidents)	Sub-total	Domestic	159	275	332	437
		Overseas	4	11	12	17
	Employees	Domestic	6	12	30	32
		Overseas	3	2	5	12
	Suppliers	Domestic	153	263	302	405
		Overseas	1	9	7	5
Lost time injury frequency rate (LTIFR) <sup>1)</sup>	Employees	Cases/1million working hours	0.105	0.140	0.327	0.389
	Suppliers	Cases/1million working hours	1.024	1.644	1.982	2.121
Occupational illness frequency rate (OFIR) <sup>2)</sup>		Cases/1million working hours	0.265	0.571	0.651	0.686
No. of fatalities	Employees	Person	0	0	0	0
	Suppliers	Person	4	5	3	3
No. of injuries	Employees	Person	9	14	35	44
	Suppliers	Person	150	267	309	407

\* The accident rate and number of incidents for 2023 are as of March 2023 and may be updated after final figures for industrial accident calculations are completed by the Ministry of Employment and Labor

1) Lost Time Injury Frequency Rate = (Number of accidents with lost time × 1,000,000(Hours)) / annual working hours

2) Occupational Illness Frequency Rate = (Number of occupational illnesses × 1,000,000(Hours)) / annual working hours

3) 2022 data was re-delineated to reflect finalized figures following the release of the 2023 Report

#### Social Contribution

Category		Unit	2020	2021	2022	2023
Employee Volun-teering	Total participants	Person	3,014	4,410	3,456	3,519
	Participation rate	%	48	71	51	49
	Total hours	Hours	5,656	12,117	12,231	13,512
	Hours per person	Hours/Person	2	3	4	4
Social Contribution Programs	Social contribution programs and expenses by type	In-kind donations	KRW 349,165,730	660,877,257	657,403,788	738,970,664
		Cash donations	KRW 6,372,839,990	13,786,655,467	8,446,417,111	7,311,238,975
		Indirect expenses	KRW 4,724,989,427	5,595,664,320	5,832,570,509	5,830,703,013
	Local community development programs and discussion channels	Local community investments	KRW 2,834,870,447	10,478,361,724	4,961,579,788	4,417,037,639
		Expense Ratio	% 25	52	33	32
		Charitable donations	KRW 3,925,849,000	3,758,171,000	3,899,241,111	3,351,772,000
		Expense Ratio	% 34	19	26	24
		Commercial initiatives	KRW 4,686,275,700	5,806,664,320	6,075,570,509	6,112,103,013
		Expense Ratio	% 41	29	41	44

#### Political Support Funding

Category		Unit	2020	2021	2022	2023
Contributions and other spending	Lobbying, interest representation or similar	KRW Million	0	0	0	0
	Local, regional, or national campaigns, organizations, or candidates	KRW Million	0	0	0	0
	Trade associations or tax-exempt groups	KRW Million	1,636	1,746	2,551	2,129
	Other (spending related to ballot measures or referendums, etc.)	KRW Million	0	0	0	0

\* As of 2023, there were no direct or indirect political contributions of any kind

\*\* Top 5 largest donations and contributions in 2023

- Foundation for Industrial Safety Partnerships (KRW 1,754 million): Public institution aiming to strengthen the safety of domestic industrial sites through support for safety management capabilities at SMEs and through win-win cooperation
- Construction Association of Korea (KRW 651.6 million): The leading construction association in Korea that conducts research on laws, systems, and policies related to the construction industry, statistical surveys, and management analysis
- International Contractors Association of Korea (KRW 416.8 million): Private association established to support overseas construction activities such as collecting, analyzing, and providing construction information to members and contribute to the development of the national economy
- Seoul Chamber of Commerce (KRW 268.2 million): Seoul branch of KCCI, one of the leading business federations in Korea that was founded to support local industries and development of the local community in Seoul
- Korea Federation of Construction Contractors (KRW 100 million): Private foundation set up to actively respond to the globalization and rapid advancement of the construction market and pursue growth of the construction industry to contribute to national development

## ESG DATA (Hyundai E&C separate basis)

### Social

#### Suppliers

Category		Unit	2020	2021	2022	2023
No. of suppliers <sup>1)</sup>	Total Tier 1 Suppliers	Companies	1,548	1,563	1,540	1,575
	Procured	Companies	1,087	1,121	1,128	1,157
	Outsourced	Companies	461	442	412	418
	No. of significant tier 1 suppliers	Companies	173	167	211	207
	Ratio of significant tier 1 suppliers	%	11.18	10.68	13.70	13.14
Financial support for supplier	Win-win growth fund	KRW 100 million	1,100	1,600	1,600	1,660
Technical support for suppliers	Technical funding support	KRW 100 million	9.4	11.2	9.3	6
	Direct support	KRW 100 million	-	27	25.6	3

1) Re-stated information for 2020-2022 by changing the calculation criteria for first-tier suppliers to those evaluated for purchasing and outsourcing registration.

#### Supply Chain Risk Assessment in 2023

Category	No. of suppliers	Notes
ESG risk screening	Tier 1 suppliers	1,575
	Significant tier 1 suppliers	207
Screening-based ESG On-desk assessment/ On-site due diligence supplier	Tier 1 suppliers	451
	Significant tier 1 suppliers	207
Improvement measures for high-risk suppliers	Suppliers where negative impact was identified	Tier 1 suppliers
	Significant tier 1 suppliers	215
	Suppliers with agreed improvement plans	Tier 1 suppliers
	Significant tier 1 suppliers	75
	Suppliers that have completed improvement plan	Tier 1 suppliers
	Significant tier 1 suppliers	215
Suppliers where contracts are terminated		53
Suppliers subject to long-term/technical support to strengthen ESG		451
		Significant Tier-1 suppliers 0
		Significant Tier-1 suppliers 207

#### Customer Satisfaction

Category	Unit	2020	2021	2022	2023
Customer satisfaction survey on quality	Points	85.7	84.4	80.6	81.3 <sup>1)</sup>
VOC management	No. of cases submitted	Cases	10,664	9,389	10,627
	No. of cases handled	Cases	10,664	9,389	10,627
	Handling rate	%	100	100	100

1) Revised criteria for the quality satisfaction assessment in 2023

#### Information Security

Category	Unit	2020	2021	2022	2023
Personal data leakage	No. of data leakage and infringement cases (including internal leaks, hacking, etc.)	Cases	0	0	0
	No. of personal identification information (PII) leakage	Cases	0	0	0
	Ratio of PII leakage (ratio of PII leaks in total data leakage)	%	0	0	0
	No. of users whose personal data was compromised due to data leakage	Person	0	0	0
Financial losses due to privacy related lawsuits	Financial losses due to privacy related lawsuits related to user privacy during the reporting period	KRW 1,000	0	0	0
Policy breaches	Information security breaches	Cases	0	0	0
Certified business sites	Ratio of business sites with information security certification (ISO 27001)	%	100	100	100
Information security training	Training hours	Hours	28,735	28,714	30,247
	No. of employees who completed information security training	Person	4,105	4,102	4,321
	Ratio of training completion	%	100	100	100
	Training hours	Hours	14,903	14,973	17,346
	No. of employees who completed information security training	Person	2,129	2,139	2,478
	Ratio of training completion	%	100	100	100



## ESG DATA (Hyundai E&C separate basis)

### Governance

#### Board of Directors

Category		Unit	2020	2021	2022	2023
Board Composition	Total number of board members	Person	6	7	7	7
	Inside Director	Person	2	3	3	3
	Outside Director	Person	4	4	4	4
	Outside Director Ratio	%	66.67	57.14	57.14	57.14
	Female ratio	%	0	14.29	14.29	14.29
	Board diversity	Gender Male	Person	6	6	6
		Female	Person	0	1	1
	Board independence	No. of outside directors or auditors recommended by shareholder proposal	Person	0	0	0
		No. of outside directors with conflicts of interest	Person	0	0	0
	No. of board meetings	Times	9	13	11	8
Board Operations	Average attendance rate of board meetings	%	96.80	91.80	97.40	100
	No. of agenda where objection or amendment was raised by an outside director	Cases	0	0	0	1
	Frequency of board reviews on ESG impacts, risks, and opportunities	Times	1	4	8	10
Board Remuneration	CEO remuneration (base salary + variable salary)	KRW Million	557	1,080	1,791	1,661
Average tenure of board member		Years	3	3	3	3
Total equity ratio of inside directors excluding largest shareholder an affiliated persons		%	0	0	0	0

#### Board Committees

Category		Unit	2020	2021	2022	2023
Audit Committee	Ratio of Audit Committee members meeting financial professional requirements	%	25	25	25	25
	Ratio of non-audit service remuneration to audit service remuneration paid to external auditors	%	0	55.9	0	11.5
	Outside Director Ratio	%	100	100	100	100
	Outside Director Attendance Rate	%	100	100	96	100
	Number of committee meetings	Times	6	7	6	7
Compensation Committee	Outside Director Ratio	%	67	67	67	67
	Outside Director Attendance Rate	%	100	100	100	100
Nominating Committee for Outside Directors	Number of committee meetings	Times	1	1	1	2
	Outside Director Ratio	%	100	100	80	67
	Outside Director Attendance Rate	%	100	100	75	100
Corporate Governance and Communication Committee	Number of committee meetings	Times	1	1	1	1
	Outside Director Ratio	%	100	100	100	100
	Outside Director Attendance Rate	%	100	100	94	100
Number of committee meetings		Times	10	9	9	8

#### Stock Holdings

Category		Unit	2020	2021	2022	2023
Shares held by CEO		Shares	2,000	3,339	4,339	5,039
Shares held by management aside from CEO		Shares	6,200	1,000	100	1,100
Value of CEO/ Executive shares to base salary	CEO	Share value/ Base salary	-	17.0	8.5	17.4
	Executive 1	Share value/ Base salary	-	-	4.4	4.1
	Executive 2	Share value/ Base salary	-	-	-	41.0
Total ratio of shares held by registered executives		%	0.007	0.006	0.004	0.006
Ratio of voting rights of government organizations		%	12.70	11.50	9.30	8.30
Ratio of total voting rights of owner family		%	21.00	21.00	21.00	21.00
Days of prior notice on venue and agenda of general meeting of shareholders		Days	28	29	30	34

\* Shares held at year-end

## ESG DATA (Hyundai E&C separate basis)

### Governance

#### Compliance

Category		Unit	2020	2021	2022	2023	
Ethics violations	Total number of violations	Cases	9	10	12	30	
	Corruption or bribery (acceptance of hospitality/entertainment)	Cases	2	4	4	22	
	Sub-total	Cases	5	2	5	8	
	Investigations underway	Cases	0	0	0	0	
Ethics violations by type	Discrimination or sexual harassment	Actions/mitigation plans underway	Cases	0	0	0	0
		Actions/mitigation plans completed	Cases	0	0	0	0
		Actions completed	Cases	5	2	5	8
	Customer privacy data leaks	Cases	0	0	0	0	
	Conflicts of interest	Cases	0	0	0	0	
	Anti-trust/anti-competition behavior (abuse of position in transactions, collusions, etc.)	Cases	2	4	1	0	
	Money laundering or internal trading	Cases	0	0	0	0	
	Safety and health and environmental	Cases	0	0	1	0	
	Other ethics violations	Cases	0	0	1	0	
	Disciplinary actions due to violations	Disciplinary dismissal	Cases	5	14	4	16
Recommended resignation		Cases	2	1	0	5	
Suspension		Cases	1	2	2	1	
Pay cut		Cases	0	3	5	5	
Reprimand		Cases	1	4	5	3	
Legal action taken due to ethics violation		Cases	0	0	0	0	
Legal action taken due to anti-competition behavior		Cases	0	0	0	0	
Payment of Anti-Monopoly Penalties	Total penalties	KRW Million	0	0	0	0	

#### Reports to the Cyber Audit Office

Category	Unit	2020	2021	2022	2023
Number of reports	Cases	52	87	151	178
Cases proven to be true	Cases	40	58	64	46
Cases proven to be false	Cases	12	29	87	132

#### Anti-corruption Risk

Anti-corruption risk assessment	Unit	2020	2021	2022	2023
Ratio of business sites conducting anti-corruption risk assessment	%	-	100	100	100

\*Anti-corruption risk assessments began in 2021, the year of obtaining ISO 37001 certification

ESG DATA(Hyundai E&C, consolidated basis)

· In line with growing importance of non-financial disclosures and demand from stakeholders, Hyundai E&C (hereinafter 'HDEC') is striving to expand the scope for non-financial reporting to the consolidated entity level for financial reporting required by ESRS and ISSB. Considering the quantitative importance (1% or more share of assets and sales) and the qualitative importance (priority on domestic entities) of key companies under the control of Hyundai E&C, this report discloses the non-financial information of 7 companies covering 98.80% of Hyundai E&C consolidated revenues, including Hyundai Engineering (hereinafter 'HEC'), Hyundai Engineering & Steel Industries (hereinafter 'HESI'), Hyundai City Corporation (hereinafter 'HDCITY'), Songdo Landmark City (hereinafter 'SLC'), Hyundai Ecoenergy (hereinafter 'HECO'), and Hyundai Farm Land & Development (hereinafter 'HDFND') with the figures for Hyundai Ecoenergy and Hyundai Farm Land & Development indicated as a sum.

· For some data where disclosing consolidated non-financial information is difficult, only Hyundai Engineering (in the 96.06% consolidated sales scope of Hyundai E&C) data is included, which issues a separate Sustainability Report, and this is denoted separately.

· For some cases where data is irrelevant to the controlled company, it has been indicated as 'N/A' andfor cases where data collection was difficult as of the day of publishing the report, it has been indicated by '-'. Hyundai E&C will continue to make efforts in securing accuracy and completeness of consolidated non-financial information.

Environmental

Greenhouse Gases

Category	Unit	2020	2021	2022	2023					
					Total	HDEC	HEC	HESI	HDCITY	SLC Other 2 companies
Direct/Indirect GHG emissions (Scope 1&2)	tCO <sub>2</sub> e	337,881	358,509	454,747	462,301	363,374	86,175	9,064	151	56 3,481
Direct GHG emissions (Scope 1)	tCO <sub>2</sub> e	170,697	193,064	335,298	313,272	270,467	41,252	807	54	1 691
Indirect GHG emissions (Scope 2)	tCO <sub>2</sub> e	167,184	165,445	119,449	149,029	92,907	44,923	8,257	97	55 2,790

\*Third-party assurance was not carried out on GHG emissions and energy usage of the 5 companies other than Hyundai E&C and Hyundai Engineering

Greenhouse Gases (Hyundai E&C + Hyundai Engineering)

Category	Unit	2020			2021			2022			2023		
		Total	HDEC	HEC	Total	HDEC	HEC	Total	HDEC	HEC	Total	HDEC	HEC
Direct/Indirect GHG emissions (Scope 1&2)	tCO <sub>2</sub> e	323,735	307,740	15,995	344,372	296,841	47,531	442,486	384,836	57,650	449,549	363,374	86,175
Direct GHG emissions (Scope 1)	tCO <sub>2</sub> e	168,928	167,071	1,857	191,228	174,227	17,001	333,823	309,762	24,061	311,719	270,467	41,252
Indirect GHG emissions (Scope 2)	tCO <sub>2</sub> e	154,807	140,669	14,138	153,144	122,614	30,530	108,663	75,074	33,589	137,830	92,907	44,923
GHG emission intensity (Scope 1&2) <sup>1)</sup>	tCO <sub>2</sub> e/KRW 100 Million	-	3.30	0.25	-	2.90	0.71	-	3.21	0.76	-	2.30	0.97

1) Scope 1, 2 Emissions/separate revenues of each company

Scope 3 Emissions by Category

Category	Unit	2022			2023		
		Total	HDEC	HEC	Total	HDEC	HEC
Other indirect GHG emissions (Scope 3)	tCO <sub>2</sub> e	8,320,921	6,658,746	1,662,175	7,230,784	5,765,722	1,465,062
Upstream	tCO <sub>2</sub> e	5,074,379	4,156,255	918,124	3,872,652	2,880,398	992,253
Cat1. Goods and services purchased	tCO <sub>2</sub> e	3,616,176	2,736,622	879,554	3,671,281	2,720,684	950,597
Cat2. Capital goods	tCO <sub>2</sub> e	1,209	1,164	45	480	460	20
Cat3. Fuel and energy-related activities not included in Scope 1 and 2	tCO <sub>2</sub> e	13,110	13,110	-	76,682	75,605	1,077
Cat4. Upstream transportation and distribution	tCO <sub>2</sub> e	1,349,779	1,338,148	11,631	95,720	79,906	15,814
Cat5. Waste generated in operation processes	tCO <sub>2</sub> e	39,359	20,088	19,271	16,921	54	16,867
Cat6. Business travel	tCO <sub>2</sub> e	9,741	2,353	7,388	10,786	3,282	7,504
Cat7. Commuting of employees	tCO <sub>2</sub> e	45,005	44,770	235	781	407	374
Downstream	tCO <sub>2</sub> e	3,246,542	2,502,491	744,051	3,358,132	2,885,323	472,809
Cat11. Use of sold products	tCO <sub>2</sub> e	2,826,891	2,153,219	673,672	3,015,973	2,653,169	362,804
Cat12. Disposal of sold products	tCO <sub>2</sub> e	358,948	288,569	70,379	290,764	180,759	110,005
Cat15. Investments	tCO <sub>2</sub> e	60,703	60,703	-	51,395	51,395	-

ESG DATA(Hyundai E&C, consolidated basis)

Environmental

Energy

Category	Unit	2020	2021	2022	2023						
					Total	HDEC	HEC	HESI	HDCITY	SLC	Other 2 companies
Total energy consumption (A+B)	TJ	4,670.25	5,594.66	6,691.85	6,559.86	5,410.79	892.80	184.05	2.83	1.15	68.24
Total non-renewable energy consumption (A)	TJ	4,668.72	5,586.71	6,690.92	6,559.23	5,410.16	892.80	184.05	2.83	1.15	68.24
Direct energy consumption	TJ	2,445.26	2,783.94	4,730.91	4,191.56	3,583.07	586.23	11.51	0.8	0.01	9.94
Indirect energy consumption	TJ	2,223.46	2,802.77	1,960.01	2,367.67	1,827.09	306.57	172.55	2.03	1.14	58.3
Total renewable energy consumption (B)	TJ	1.53	7.95	0.93	0.63	0.63	0	0	0	0	0

\*Third-party assurance was not carried out on GHG emissions and energy usage of the 5 companies other than Hyundai E&C and Hyundai Engineering

Energy (Hyundai E&C + Hyundai Engineering)

Category	Unit	2020			2021			2022			2023		
		Total	HDEC	HEC	Total	HDEC	HEC	Total	HDEC	HEC	Total	HDEC	HEC
Total energy consumption (A+B)	TJ	4,386.33	4,067.60	318.73	5,311.36	4,846.90	464.46	6,445.32	5,852.31	593.01	6,303.59	5,410.79	892.80
Total non-renewable energy consumption (A)	TJ	4,384.80	4,066.07	318.73	5,303.41	4,838.95	464.46	6,444.39	5,851.38	593.01	6,302.96	5,410.16	892.80
Total renewable energy consumption (B)	TJ	1.53	1.53	0	7.95	7.95	0	0.93	0.93	0	0.63	0.63	0
Energy intensity <sup>1)</sup>	TJ/KRW 100 Million	0	0.04	0.005	0	0.05	0.01	0	0.05	0.01	0	0.03	0.01

1) Energy consumption/separate revenues of each company

Water Resources

Category	Unit	2020	2021	2022	2023						
					Total	HDEC	HEC	HESI	HDCITY	SLC	Other 2 companies
Total water withdrawal	1,000 ton	2,288.79	2,655.56	2,032.03	2,600.65	2,027.66	506.00	65.00	0.58	-	1.41
Total water discharged	1,000 ton	1,098.80	959.31	566.05	569.19	422.20	80.00	-	0.58	-	-

Water Resources (Hyundai E&C + Hyundai Engineering)

Category	Unit	2020			2021			2022			2023		
		Total	HDEC	HEC	Total	HDEC	HEC	Total	HDEC	HEC	Total	HDEC	HEC
Total water withdrawal	1,000 ton	2,235.00	1,277.80	957	2,604.01	1,478.01	1,126	1,971.82	1,229.82	742	2,533.66	2,027.66	506
Municipal water supplies	1,000 ton	654.06	472.06	182	829.58	400.58	429	1,247.70	669.7	578	1,409.95	988.95	421
Surface water	1,000 ton	1,234.34	505.34	729	1,182.96	809.96	373	397.82	363.82	34	505.12	449.12	56
Groundwater	1,000 ton	242.31	196.31	46	417.61	93.61	324	246.22	116.22	130	564.76	535.76	29
Other	1,000 ton	104.29	104.29	0	173.86	173.86	0	80.08	80.08	0	53.82	53.82	0
Total water discharged	1,000 ton	1,098.28	380.28	718	958.75	507.75	451	565.51	531.51	34	502.20	422.20	80



ESG DATA(Hyundai E&C, consolidated basis)

Environmental

Waste

Category	Unit	2020	2021	2022	2023						
					Total	HDEC	HEC	HESI	HDCITY	SLC	Other 2 companies
Total waste generated	ton	1,467,035	1,356,736	2,031,815	2,104,511	1,289,671	813,937	776	N/A	N/A	127
General waste generated	ton	1,466,575	1,356,223	2,031,399	2,103,816	1,289,593	813,932	291	N/A	N/A	0
Designated waste generated	ton	460	513	416	695	78	5	485	N/A	N/A	127
Recycled	ton	1,458,694	1,349,445	2,026,551	2,090,589	1,289,436	801,153	0	N/A	N/A	0

Waste (Hyundai E&C + Hyundai Engineering)

Category	Unit	2020			2021			2022			2023		
		Total	HDEC	HEC	Total	HDEC	HEC	Total	HDEC	HEC	Total	HDEC	HEC
Total waste generated	ton	1,465,882	883,382	582,500	1,355,336	869,806	485,530	2,031,135	1,312,651	718,484	2,103,608	1,289,671	813,937
Landfilled	ton	4,317	4,160	157	3,503	3,230	273	4,235	4,000	235	12,588	158	12,430
Incinerated (without energy recovery)	ton	2,871	2,779	92	2,388	2,328	60	349	254	95	426	77	349
Incinerated (with energy recovery)	ton	0	0	0	0	0	0	0	0	0	5	0	5
Recycled	ton	1,458,694	876,443	582,251	1,349,445	864,248	485,197	2,026,551	1,308,397	718,154	2,090,589	1,289,436	801,153
General waste generated	ton	1,465,855	883,379	582,476	1,355,305	869,787	485,518	2,031,091	1,312,631	718,460	2,103,525	1,289,593	813,932
Landfilled	ton	4,315	4,158	157	3,503	3,230	273	4,235	4,000	235	12,583	153	12,430
Incinerated (without energy recovery)	ton	2,850	2,778	72	2,373	2,313	60	345	250	95	426	77	349
Incinerated (with energy recovery)	ton	0	0	0	0	0	0	0	0	0	0	0	0
Recycled	ton	1,458,690	876,443	582,247	1,349,429	864,244	485,185	2,026,510	1,308,380	718,130	2,090,516	1,289,363	801,153
Designated waste generated	ton	27	3	24	31	19	12	44	20	24	83	78	5
Landfilled	ton	2	2	0	0	0	0	0	0	0	5	5	0
Incinerated (without energy recovery)	ton	21	1	20	15	15	0	4	4	0	0	0	0
Incinerated (with energy recovery)	ton	0	0	0	0	0	0	0	0	0	5	0	5
Recycled	ton	4	0	4	16	4	12	40	16	24	73	73	0

\*General waste is the sum of construction waste and business site waste.

## ESG DATA(Hyundai E&C, consolidated basis)

### Social

#### Employees

Category	Unit	2020	2021	2022	2023						
					Total	HDEC	HEC	HESI	HDCITY	SLC	Other 2 companies
Total Employees (including contract workers)	Person	12,698	13,041	14,272	14,876	7,115	7,414	257	26	13	51
Gender	Male	11,365	11,615	12,603	13,134	6,289	6,532	239	22	8	44
	Female	1,333	1,426	1,669	1,742	826	882	18	4	5	7
	Female ratio	%	10.50	10.93	11.69	11.71	11.61	11.90	7.00	15.38	13.43
Age group	Under 30	968	1,055	1,425	1,619	933	654	26	3	1	2
	30-49	9,407	9,464	10,028	9,908	4,572	5,152	140	12	5	27
	50 or over	2,323	2,522	2,819	3,349	1,610	1,608	91	11	7	22
Employment type	Regular	8,524	8,579	9,156	9,357	4,325	4,813	147	25	13	34
	Contract <sup>1)</sup>	4,174	4,462	5,116	5,519	2,790	2,601	110	1	0	17
Nationality <sup>2)3)</sup>	Asia	6,539	6,538	7,107	14,837	7,091	7,399	257	26	13	51
	Europe/CIS	11	12	10	21	9	12	0	0	0	0
	Americas/Pacific	8	11	11	13	10	3	0	0	0	0
	Africa	2	2	2	2	2	0	0	0	0	0
	Others	0	0	0	3	3	0	0	0	0	0
Minorities	Persons with disabilities	268	333	425	440	198	240	0	0	0	2
	National merits	162	164	177	177	73	104	0	0	0	0
	Foreign nationality	78	51	63	101	39	62	0	0	0	0

1) Including the number of Hyundai E&amp;C contract-based executives

2) Total number of employees by nationality for 2020-2022 does not include Hyundai Engineering

3) All management position (including junior and senior management) are Asian

#### Average Service Duration of Employees

Category	Unit	2023						
		HDEC	HEC	HESI	HDCITY	SLC	HECO	HDFND
Average service duration of employees	years	13	9.7	6	8.9	3.9	1.0	9.5

#### Status of Female Employees

Category	Unit	2020		2021		2022		2023		
		HDEC	HEC	HDEC	HEC	HDEC	HEC	Total	HDEC	HEC
Ratio of female management-level employees to total management-level employees	%	4.01	3.60	4.14	4.10	4.18	4.50	4.59	4.48	4.72
Ratio of female junior managers to total junior managers	%	6.44	4.60	6.75	5.50	6.55	7.90	7.90	7.37	8.33
Ratio of female senior managers to total senior managers (as much as 2 levels beneath CEO)	%	2.54	0.50	2.51	0.70	2.76	1.40	2.34	2.86	1.93
Ratio of female employees in sales and profit departments/functions to total managers in sales and profit departments/functions	%	10.89	3.30	10.15	3.50	8.55	3.90	6.81	8.29	4.29
Ratio of female STEM positions to total STEM positions	%	8.96	9.30	9.43	9.60	14.06	8.90	14.29	14.05	14.54
Ratio of female employees to total employees	%	11.02	10.05	11.10	10.84	11.78	11.78	11.76	11.31	11.91

# ESG DATA(Hyundai E&C, consolidated basis)

## Social

### Recruitment

Category				Unit	2020	2021	2022	2023						
								Total	HDEC	HEC	HESI	HDCITY	SLC	Other 2 companies
Total recruitments				Person	2,303	2,566	4,383	3,328	1,467	1,769	78	2	1	11
Gender	Male	Number	Person	1,896	2,083	3,598	2,821	1,246	1,492	72	2	0	9	
		Ratio	%	82.33	81.18	82.09	84.77	84.94	84.34	92.31	100	0	81.82	
	Female	Number	Person	407	483	785	507	221	277	6	0	1	2	
		Ratio	%	17.67	18.82	17.91	15.23	15.06	15.66	7.69	0	100	18.18	
Age group	Under 30	Number	Person	549	662	1,176	949	480	447	20	0	0	2	
		Ratio	%	23.84	25.80	26.83	28.52	32.72	25.27	25.64	0	0	18.18	
	30-49	Number	Person	1,408	1,488	2,665	1,898	824	1,035	31	2	1	5	
		Ratio	%	61.14	57.99	60.80	57.03	56.17	58.51	39.74	100	100	45.45	
	50 or over	Number	Person	346	415	542	481	163	287	27	0	0	4	
		Ratio	%	15.02	16.17	12.37	14.45	11.11	16.22	34.62	0	0	36.36	

### Recruitment (Hyundai E&C + Hyundai Engineering)

Category			Unit	2020			2021			2022			2023		
				Total	HDEC	HEC	Total	HDEC	HEC	Total	HDEC	HEC	Total	HDEC	HEC
Total recruitments				2,225	1,153	1,072	2,474	1,217	1,257	4,272	2,122	2,150	3,236	1,467	1,769
Gender	Male	Person		1,823	938	885	2,003	970	1,033	3,499	1,701	1,798	2,738	1,246	1,492
	Female	Person		402	215	187	471	247	224	773	421	352	498	221	277
Age group	Under 30	Person		540	298	242	635	377	258	1,157	715	442	927	480	447
	30-49	Person		1,371	722	649	1,449	681	768	2,614	1,220	1,394	1,859	824	1,035
	50 or over	Person		314	133	181	390	159	231	501	187	314	450	163	287
Level	Manage- ment	Senior manager	Person	110	31	79	161	44	117	475	78	397	209	21	188
		Junior manager	Person	101	37	64	101	30	71	330	86	244	361	42	319
	Non-management		Person	894	28	866	1,248	81	1,167	1,756	270	1,486	1,456	195	1,261
Ratio of internal hires			%	66	82	49	62	81	43	54	81	26	54	81	32
Total number of internal hires			Person	1,465	945	520	1,525	986	539	2,286	1,719	567	1,759	1,188	571
Average cost of employment			KRW	145,344	137,834	153,421	166,999	186,364	148,250	211,933	138,715	284,197	303,538	304,775	302,513

# ESG DATA(Hyundai E&C, consolidated basis)

## Social

### Turnover

Category	Unit	2020	2021	2022	2023						
					Total	HDEC	HEC	HESI	HDCITY	SLC	Other 2 companies
Total turnover rate	%	11.38	12.44	14.15	12.06	3.88	16.43	23.35	11.54	23.08	9.8
Voluntary turnover rate	%	2.87	4.55	7.51	4.92	2.71	6.08	6.23	11.54	7.69	13.73

Turnover (Hyundai E&C + Hyundai Engineering)

Category		Unit	2020		2021		2022		2023		
			HDEC	HEC	HDEC	HEC	HDEC	HEC	Total	HDEC	HEC
Total turnover rate		%	5.85	14.17	4.33	16.69	5.24	18.69	11.81	3.88	16.43
Gender	Male	%	5.60	13.17	4.38	16.12	5.10	17.86	10.84	3.92	15.16
	Female	%	9.96	23.18	3.45	21.37	7.69	24.97	20.96	3.29	25.82
Age group	Under 30	%	1.89	26.90	5.15	32.09	2.44	33.03	20.37	5.84	27.22
	30-49	%	3.19	14.78	3.52	14.32	3.28	16.96	10.5	3.45	14.56
	50 or over	%	21.67	16.46	8.04	19.73	3.81	19.42	12.68	4.54	18.03
Voluntary turnover rate			1.19	3.58	1.77	6.00	4.06	9.27	4.84	2.71	6.08

\* Hyundai E&C uses different criteria for calculating turnover rate

### Training

Category		Unit	2021	2022	2023						
					Total	HDEC	HEC	HESI	HDCITY	SLC	Other 2 companies
Total Training Hours		Hours	516,911	303,081	507,796	181,676	323,553	515	1,632	160	280
Training hours per person		Hours/Person	47.09	25.31	32.07	22.38	43.64	2.94	60.44	12.31	3.26
Gender	Male	Hours	178,376	141,586	439,602	158,525	279,588	-	1,149	117	223
	Female	Hours	10,622	7,078	67,699	23,151	43,965	-	483	43	57
Age group	Under 30	Hours	10,814	22,221	80,046	17,833	61,814	-	260	8	131
	30-49	Hours	142,961	99,609	348,936	126,278	221,357	-	1,103	79	119
	50 or over	Hours	35,223	26,834	78,319	37,565	40,382	-	269	73	30
Total Training Investment		KRW Million	5,398	5,249	5,040	2,037	2,985	2.58	12.76	1.35	1.33
Training investment per person		KRW Million/Person	0.49	0.44	0.32	0.25	0.4	0.01	0.47	0.1	0.02
Gender	Male	KRW Million	1,608	1,636	1,795	1,785	-	-	9.14	1.35	1.06
	Female	KRW Million	95	95	255	251	-	-	3.63	-	0.28
Age Group	Under 30	KRW Million	95	126	289	287	-	-	2.14	-	0.07
	30-49	KRW Million	1,289	1,228	1,341	1,332	-	-	7.99	1.14	0.95
	50 or over	KRW Million	319	376	422	419	-	-	2.63	0.21	0.32

\* As some companies do not breakdown figures for training hours and training investments, the total sum of data may differ from total training hours and training investments



ESG DATA(Hyundai E&C, consolidated basis)

Social

Number of employees who received regular performance evaluations

Category	Unit	2023						
		HDEC	HEC	HESI	HDCITY	SLC	HECO	HDFND
Total number of employees who received regular performance evaluations	Person	6,071	7,809	185	24	8	0	30

Employee Compensation

Category		Unit	2021		2022		2023		
			HDEC	HEC	HDEC	HEC	Total	HDEC	HEC
Management-level	Average male base salary	KRW	4,917,269	4,751,083	5,256,832	4,938,000	5,367,487	5,542,210	5,252,250
	Average female base salary	KRW	4,820,069	4,412,667	4,845,857	4,647,000	4,956,229	5,071,300	4,901,500
	Average male base salary + cash incentives	KRW	6,751,868	5,583,417	7,217,278	5,925,750	6,608,315	7,606,717	5,949,833
	Average female base salary + cash incentives	KRW	6,618,562	5,097,417	6,655,051	5,429,917	6,001,784	6,939,773	5,555,667
Non-management level	Average male base salary	KRW	3,645,172	3,209,917	3,485,856	2,918,000	3,024,276	3,632,630	2,715,583
	Average female base salary	KRW	3,467,831	2,479,500	3,550,557	2,427,000	2,220,342	3,523,372	2,016,083

ESG DATA(Hyundai E&C, consolidated basis)

Social

Employee Engagement

Category	Unit	2020		2021		2022		2023	
		HDEC	HEC	HDEC	HEC	HDEC	HEC	HDEC	HEC
Employee Engagement	%, Points	65.1	62.9	63.3	61.3	67.7	60.2	75.4	72.9

\* The Engagement Survey was renewed in 2023 with data only being for positive response rates up to 2022 and for engagement score starting from 2023

Safety

Category			Unit	2020			2021			2022			2023		
				Total	HDEC	HEC	Total	HDEC	HEC	Total	HDEC	HEC	Total	HDEC	HEC
Lost time injury frequency rate (LTIFR) <sup>1)</sup>	Own employee	Cases/million hours worked		0.077	0.105	0	0.118	0.140	0.011	0.240	0.327	0.002	0.277	0.389	0.006
	Supplier	Cases/million hours worked		0.929	1.024	0.521	1.601	1.644	0.974	1.770	1.982	0.984 <sup>2)</sup>	1.947	2.121	1.168
Number of fatalities	Own employee	Person		0	0	0	0	0	0	0	0	0	0	0	0
	Supplier	Person		7	4	3	7	5	2	6	3	3	6	3	3

1) Lost Time Injury Frequency Rate = (Number of incidents with lost time × 1,000,000 (Hours) ) / annual working hours

2) 2022 data was re-delineated to reflect finalized figures following the release of the 2023 Report

Customer Satisfaction

Category		Unit	2020	2021	2022	2023
Hyundai E&C	Customer satisfaction survey on quality	Points	86	84	81	81
Hyundai Engineering	Satisfaction level of project-issuing customers	Points	96	85	87	86

## ESG DATA(Hyundai E&C, consolidated basis)

### Governance

#### Board of Directors

Category		Unit	2023						
			HDEC	HEC	HESI	HDCITY	SLC	HECO	HDFND
Board Composition	Number of board members	Person	7	7	3	3	3	5	3
	Inside directors	Person	3	3	1	1	1	1	1
	Outside directors	Person	4	4	0	0	0	0	0
	Non-executive director	Person	0	0	2	2	2	4	2
	Outside director ratio	%	57.14	57.14	0	0	0	0	0
	Board diversity	Male	Person	6	6	3	3	5	3
		Female	Person	1	1	0	0	0	0
		Female Ratio	%	14.29	14.29	0	0	0	0
Board Operations	Average attendance rate	%	100	100	100	100	100	100	100
Board Average Tenure		Years	3	1.8	-	4	1.3	-	1.8

#### Distribution of Economic Value to Stakeholders

Category	Unit	2021	2022	2023
Total dividends (shareholders and investors)	KRW Million	67,499	67,499	67,499
Interest expense (shareholders and investors)	KRW Million	58,036	43,727	64,062
Salary expense (employees)	KRW Million	1,645,990	1,979,028	2,223,599
Raw material cost (suppliers)	KRW Million	5,224,128	7,092,907	8,217,883
Corporate tax (government)	KRW Million	299,724	282,939	285,264
Donations (community)	KRW Million	16,243	16,912	10,349
Total	KRW Million	7,311,620	9,483,012	10,865,657

# GRI STANDARDS 2021 INDEX

## UNIVERSAL STANDARDS

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### [General Disclosures (GRI 2)]

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### [Material Topics (GRI 3)]

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[Material Topics (GRI 200-400)]

[1. Climate Action]

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[2. Occupational Health and Safety]

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[3. Quality control]

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[5. Eco-friendly Technology]

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[6. Pollution Management]

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[Material Topics (GRI 200-400)]

[8. Labor Practices and Organizational culture]

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	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	93	
	401-3	Parental leave	93, 139	

[9. Supply Chain Management]

Category	Index	Contents	Page	Note
Disclosures on Material Topics	3-3	Management of material topics	26, 96-99	
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	98	
	308-2	Negative environmental impacts in the supply chain and actions taken	98	
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	98	
	414-2	Negative social impacts in the supply chain and actions taken	98	

[10. Ethics and Compliance Management]

Category	Index	Contents	Page	Note
Disclosures on Material Topics	3-3	Management of material topics	26, 116-120	
Anti-corruption	205-1	Operations assessed for risks related to corruption	119	
	205-2	Communication and training on anti-corruption policies and procedures	117-119	
	205-3	Confirmed incidents of corruption and actions taken	117, 120	
	414-2	Negative social impacts in the supply chain and actions taken	99-100	

[11. Fair Trade Practices]

Category	Index	Contents	Page	Note
Disclosures on Material Topics	3-3	Management of material topics	26, 116-120	
Anti-competitive Behavior	206-1	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	120	

GRI STANDARDS 2021 INDEX

UNIVERSAL STANDARDS

[Material Topics (GRI 200-400)]

Category	Index	Contents	Page	Note
Economic Performance	201-1	Direct economic value generated and distributed	134, 153	
	201-3	Defined benefit plan obligations and other retirement plans	89	
	201-4	Financial assistance received from government	-	Not applicable
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	-	Information unavailable / Incomplete
	202-2	Proportion of senior management hired from the local community at significant locations of operation	-	Information unavailable / Incomplete
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	102-107	
	203-2	Significant indirect economic impacts	102-107	
Procurement Practices	204-1	Proportion of spending on local suppliers	96, 101	
Tax	207-1	Approach to tax	-	Information unavailable / Incomplete
	207-2	Tax governance, control, and risk management	-	Information unavailable / Incomplete
	207-3	Stakeholder engagement and management of concerns related to tax	23	
		Country-by-country reporting	-	Business report

Category	Index	Contents	Page	Note
Materials	301-1	Materials used by weight or volume	136	
	301-2	Recycled input materials used	136	
	301-3	Reclaimed products and their packaging materials	136	
Water and Effluents	303-2	Management of water discharge-related impacts	136	
	303-3	Water withdrawal	136	
	303-4	Water discharge	136	
	303-5	Water consumption	136	
Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected area	83	
	304-2	Significant impacts of activities, products and services on biodiversity	82-83	
	304-3	Habitats protected or restored	83	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	82	
Emissions	305-6	Emissions of ozone-depleting substances (ODS)	-	Information unavailable / Incomplete
		Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	-	Information unavailable / Incomplete

GRI STANDARDS 2021 INDEX

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[Material Topics (GRI 200-400)]

Category	Index	Contents	Page	Note
Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	93	
	404-1	Average hours of training per year per employee	140	
Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs	87-88	
	404-3	Percentage of employees receiving regular performance and career development reviews	89	
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	138	
	405-2	Ratio of basic salary and remuneration of women to men	139	
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	144	
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	-	Not Applicable
Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	-	Not Applicable
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	-	Not Applicable
Security Practices	410-1	Security personnel trained in human rights policies or procedures	-	Not Applicable
Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	127	
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	103-107	
	413-2	Operations with significant actual and potential negative impacts on local communities	103-107	

Category	Index	Contents	Page	Note
Public Policy	415-1	Political contributions	141	
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	-	Not Applicable
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and service	-	Not Applicable
	417-1	Requirements for product and service information and labeling	-	Not Applicable
Marketing and Labeling	417-2	Incidents of non-compliance concerning product and service information and labeling	-	Not Applicable
	417-3	Incidents of non-compliance concerning marketing communications	-	Not Applicable
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	142	



TCFD INDEX

Category	TCFD Disclosure	CDP	Page
Governance	a. Describe the board’s oversight of climate-related risks and opportunities	C1.1 b	30
	b. Describe management’s role in assessing and managing climate-related risks and opportunities	C1.2, C1.2a	30
Strategy	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	C2.1a, C2.2a, C2.3, C2.3a, C2.4, C2.4a	33-42
	b. Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning	C2.3a, C2.4a, C3.1, C3.3, C3.4, C3.5, C3.5a	37-42
	c. Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	C3.2, C3.2a, C3.2b	39, 43
Risk Management	a. Describe the organization's processes for identifying and assessing climate-related risks	C2.1, C2.1a, C2.1b, C2.2, C2.2a	44
	b. Describe the organization's processes for managing climate-related risks	C2.1, C2.1a, C2.1b, C2.2	44
	c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management	C2.1, C2.2, C3.3, C3.4	44
Metrics and targets	a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	C8.2, C8.2a, C8.2b, C8.2c, C8.2d, C11.3a	43, 45-46
	b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	C6.1, C6.2, C6.3, C6.5, C7.1a, C7.2, C7.3b, C7.5, C7.6b	45
	c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	C4.1, C4.1a, C4.2, C4.2a, C4.2c	46

ESRS/IFRS S1, S2 INDEX

※ The metrics required to be disclosed in the ESRS are reported in accordance with ESRS 1 for material issues deemed important to the company's sustainability. Additionally, metrics disclosed under IFRS S1 and S2 standards are provided alongside.

E1 Climate change (IFRS S2)				
Framework	Category	Indicator No.	Title	Page
Governance	Climate change governance	E1 GOV-3	Integration of sustainability-related performance in incentive schemes	30
Strategy	Climate change strategy	E1-1	Transition plan for climate change mitigation	43, 46
		E1 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	33-42
Impact, Risk and Opportunity management	Climate change impact, risk and opportunity management	E1 IRO	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	31, 44
		E1-3	Actions and resources in relation to climate change policies	38-43
		E1-4	Targets related to climate change mitigation and adaptation	43, 46
Metrics and Targets	Metrics and targets related to climate change mitigation and adaptation	E1-5	Energy consumption and mix	45, 135
		E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	45, 135
		E1-8	Internal carbon pricing	45
			Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	37, 39-41
E2 Pollution				
Framework	Category	Indicator No.	Title	Page
Impact, Risk and Opportunity management	Impact, risk and opportunity management related to pollution	E2-1	Policies related to pollution	77
		E2-2	Actions and resources related to pollution	79, 81
Metrics and Targets	Metrics and targets related to pollution	E2-4	Targets related to pollution	136
E5 Resource use and circular economy				
Framework	Category	Indicator No.	Title	Page
Impact, Risk and Opportunity management	Impact, risk and opportunity management related to resource use and circular economy	E5-1	Policies related to resource use and circular economy	77
		E5-2	Actions and resources related to resource use and circular economy	80
		E5-3	Targets related to resource use and circular economy	85
Metrics and Targets	Metrics and targets related to resource use and circular economy	E5-4	Resource inflows	136
		E5-5	Resource outflows	85, 136

ESRS/IFRS S1, S2 INDEX

S1 Own workforce						
Framework	Category	Indicator No.	Title	Page		
Impact, Risk and Opportunity management	Impact, risk and opportunity management related to own workforce	S1-1	Policies related to own workforce	51-53, 55-56		
		S1-2	Processes for engaging with own workers and workers’ representatives about impacts	92-93, 95		
		S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	126		
		S1-4	Taking action on material impacts on own workforce, and approaches to mitigate material risks and pursuing material opportunities related to won workforce, and effectiveness of those actions	20-21, 26, 28		
Metrics and Targets	Metrics and targets related to own workforce	S1-6	Characteristics of the undertaking’s employees	138-139		
		S1-7	Characteristics of non-employee workers in the undertaking’s own workforce	138-139		
		S1-9	Diversity metrics	138		
		S1-10	Adequate wages	139		
		S1-11	Social protection	139		
		S1-12	Persons with disabilities	138		
		S1-13	Training and skills development metrics	140		
		S1-14	Health and safety metrics	55, 141		
		S1-15	Work-life balance metrics	95		
		S1-16	Compensation metrics (Pay gap and total compensation)	139		
		S1-17	Incidents, complaints and severe human rights impacts	128		
		S2 Workers in the value chain				
		Framework	Category	Indicator No.	Title	Page
Strategy	Strategy related to workers in the value chain	S2 SBM-2	Interests and views of stakeholders	28-29		
		S2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	28-29		
Impact, Risk and Opportunity management	Impact, risk and opportunity management related to workers in the value chain	S2-1	Policies related to value chain workers	96, 100		
		S2-2	Processes for engaging with value chain works about impacts	99		
		S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	99, 126		
		S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	97-99, 101		
Metrics and Targets	Metrics and targets related to workers in the value chain	S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	101		
S3 Consumers and end-users						
Framework	Category	Indicator No.	Title	Page		
Strategy	Strategy related to consumers and end-users	S4 SBM-2	Interest and views of stakeholders	28-29		
		S4 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	28-29		
Impact, Risk and Opportunity management	Impact, risk and opportunity management related to consumers and end-users	S4-1	Policies and related to consumers and end-users	57		
		S4-2	Processes for engaging with consumers and end-users about impacts	57, 63-64		
		S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	63		
		S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumer and end-users, and effectiveness of those action	58-62		
Metrics and Targets	Metrics and targets related to consumers and end-users	S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	64		

ESRS/ISSB INDEX

G1 Business conduct				
Framework	Category	Indicator No.	Title	Page
Governance	Governance related to business conduct	G1 GOV 1	The role of the administrative, supervisory and management bodies	110-111
Impact, Risk and Opportunity management	Impact, risk and opportunity management related to business conduct	G1-1	Corporate culture and business conduct policies and corporate culture	116-120
		G1-2	Management of relationships with suppliers	96-101
		G1-3	Prevention and detection of corruption and bribery	117-118
		G1-4	Confirmed incidents of corruption or bribery	144
Metrics and Targets	Metrics and targets related to business conduct	G1-5	Political influence and lobbying activities	141
General Standards (IFRS S1)				
Framework	Category	Indicator No.	Title	Page
Basis for preparation	General disclosures	BP-1	General basis for preparation of sustainability statements	2
		BP-2	Disclosures in relation to specific circumstances	135-136, 141
Governance	Sustainability governance	GOV-1	The role of the administrative, management and supervisory bodies	18
		GOV-2	Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies	18, 112-113
		GOV-3	Integration of sustainability-related performance in incentive schemes	30, 47, 57, 114
		GOV-4	Statement on due diligence	97-98, 128
		GOV-5	Risk management and internal controls over sustainability reporting	121-124
		SBM-1	Strategy, business model and value chain	9-17, 19
Strategy	Sustainability strategy	SBM-2	Interests and views of stakeholders	23
		SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	20, 29-64
Impact, Risk and Opportunity management	Impacts, risks and opportunities in relation to material sustainability matters	IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	25-26
		IRO-2	Disclosure requirements in ESRS covered by the undertaking’s sustainability statement	160-162
		MDR-A	Actions and resources in relation to material sustainability matters	26, 28
Metrics and Targets	Metrics and targets in relation to material sustainability matters	MDR-M	Metrics in relation to material sustainability matters	21, 28
		MDR-T	Tracking effectiveness of policies and actions through targets	21, 28



SASB INDEX

Sustainability Accounting Standards Board Disclosure Topics and Accounting Metrics

Topic	Code	Metric	Disclosure location and description
Environmental Impacts of Project Development	IF-EN-160a.1	Number of incidents of non-compliance with environmental permits, standards, and regulations	As of 2023, there are no violations of environmental laws or regulations with a confirmed penalty imposed on the company.
	IF-EN-160a.2	Discussion of processes to assess and manage environmental risks associated with project design, siting, and construction	In order to identify the impact on the surrounding environment before starting a project, we conduct continuous monitoring such as environmental impact assessments to minimize the negative impact of the entire project on the environment. In addition, we conduct environmental management education and emergency training for thorough on-site environmental management and performed on-site assessments for 135 overseas and domestic sites, on-site support for 32 sites initially opened, and frequent on- site support for 53 sites.
Structural Integrity & Safety	IF-EN-250a.1	Amount of defect- and safety-related rework costs	As of 2023, defect maintenance costs was a total KRW 110.551 billion (consolidated basis) and was disclosed transparently in the 73rd Hyundai E&C Business Report.
	IF-EN-250a.2	Total amount of monetary losses as a result of legal proceedings associated with defect- and safety-related incidents	As of 2023, there are 7 safety-related pending lawsuits and 61 related to defects. The litigation value of safety-related lawsuits cannot be reasonably verified, and the litigation value of lawsuits related to defects is KRW 145,329 million.
Employee health and safety	IF-EN-320a.1	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	The safety management indicators are disclosed in detail under the safety management indicators (p.105) and Sustainability Targets & KPIs (p.17) of this report.
Lifecycle impacts of buildings and infrastructure	IF-EN-410a.1	Number of (1) commissioned projects certified to a third-party multi-attribute sustainability standard and (2) active projects seeking such certification	(1) As of 2023, there are a cumulate 79 completed projects certified for sustainability standards (77 Green Building Certifications and 2 LEED certifications). (2) As of 2023, there are a cumulative 77 projects in progress for Green Building Certification or LEED Certification (76 Green Building Certifications, with one LEED certification)
	IF-EN-410a.2	Discussion of process to incorporate operational-phase energy and water efficiency considerations into project planning and design	In order to increase energy efficiency, high-performance insulation, high-efficiency lighting (LED), and solar renewable energy production facilities are installed and operated. In addition, we are trying to reduce water use by using high-efficiency spray equipment for reducing fugitive dust and developing a water reuse manual to advance on-site management of water consumption.
Climate impacts of business mix	IF-EN-410b.1	Amount of backlog for (1) hydrocarbon related projects and (2) renewable energy projects	(1) As of 2023, 14 hydrocarbon-related projects (two domestic projects, 12 overseas), order backlog: KRW 9.6336 trillion (2) As of 2023, five renewable energy-related projects (four domestic and one overseas), order backlog: KRW 68.2 billion"
	IF-EN-410b.2	Amount of backlog cancellations associated with hydrocarbon-related projects	There are no relevant projects cancelled in 2023.
	IF-EN-410b.3	Amount of backlog for non-energy projects associated with climate change mitigation	As of 2023, the order backlog for non-energy projects related to climate change mitigation is KRW 2.85 trillion.
Business ethics	IF-EN-510a.1	1) Number of active projects and (2) backlog in countries that have the 20 lowest rankings in Transparency International’s Corruption Perception Index	As of 2023, there are a total of two projects in the bottom 20 countries ranked in the Corruption Perception Index (two projects in Myanmar, backlog: KRW 15 billion).
	IF-EN-510a.2	Total amount of monetary losses as a result of legal proceedings associated with charges of (1) bribery or corruption and (2) anti-competitive practices	No fines, penalty or settlements occurred during 2023 due to bribery and corruption, anti-competitive acts.
	IF-EN-510a.3	Description of policies and practices for prevention of (1) bribery and corruption, and (2) anti-competitive behavior in the project bidding processes	Detailed compliance regulations for the five principles have been established for the effective operation of the ethics and compliance management system, giving top priority to the "Ethics Charter and Code of Practice," which was revised in 2020. As part of the compliance system, we revised anti-corruption legal compliance and counterparty compliance regulations and introduced five internal regulations for whistleblower protection, competition law policy, anti-money laundering and terrorism, anti-slavery/human trafficking (human rights), and international sanctions compliance in 2021. Moreover, we are leading the anti-corruption management culture by operating an anti-corruption management system based on ISO37001 certification.
Activity metrics	IF-EN-000.A	Number of active projects	As of 2023, there are 176 domestic sites and 50 overseas projects in progress.
	IF-EN-000.B	Number of commissioned projects	As of 2023, 43 domestic and 18 overseas projects have been completed (based on the issuance of completion statements and taking-over certificates).
	IF-EN-000.C	Total Order Backlog	As of 2023, the total backlog was KRW 89.7453 trillion (based on consolidated), KRW 64.0310 trillion in Korea and KRW 25.7152 trillion overseas.

WEF INDEX

1. Principles of Governance

Theme	Metrics	Page
Governing purpose	Setting purpose	9
Quality of governing body	Governance body composition	109-110
Stakeholder engagement	Material issues impacting stakeholders	25-26
Ethical behaviour	Anti-corruption	116-118
	Protected ethics advice and reporting mechanisms	116

2. Planet

Theme	Metrics	Page
Risk and opportunity oversight	Integrating risk and opportunity into business process	31-42
Climate change	TCFD implementation	30-46
	Greenhouse gas (GHG) emissions	45
Nature loss	Land use and ecological sensitivity	82-83
Freshwater availability	Water consumption and withdrawal in water-stressed areas	79

3. People

Theme	Metrics	Page
Dignity and equality	Diversity and Inclusion	90-91
	Pay equality	139
	Wage level	114
	Risk for incidents of child, forced or compulsory labour	N/A
Health and well-being	Health and safety	47-56, 141
Skills for the future	Training Provided	87-88, 95, 140

4. Prosperity

Theme	Metrics	Page
Employment and wealth generation	Absolute number and rate of employment	138-139
	Economic contribution	143
	Financial investment contribution	Business report
Innovation of better products and services	Total R&D expenses (\$)	75
Community and social vitality	Total tax paid	143

UNGC

10 Principles of the United Nations Global Compact

Hyundai E&C actively supports the ideology of the UNGC and participates in its activities. Furthermore, we faithfully adhere to each of the ten principles through our policies and activities.

Category		Hyundai E&C Policies & Activities	
Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	<ul style="list-style-type: none"> <li>As a member of the UNGC, Hyundai E&amp;C supports the 'Guiding Principles on Business and Human Rights' and realizes human rights management based on these principles.</li> <li>Hyundai E&amp;C completely revised the Human Rights Charter in 2020 and made a pledge to protect the human rights of all stakeholders, from employees to suppliers and local communities.</li> <li>Hyundai E&amp;C established its D&amp;I (Diversity &amp; Inclusion) Policy in August 2022 to create an organizational culture where diverse employees can combine creative and challenging thinking and contribute to the transition to an inclusive society.</li> </ul>
	Principle 2	make sure that they are not complicit in human rights abuses.	
Labor	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	<ul style="list-style-type: none"> <li>Hyundai E&amp;C operates a labor-management council to promote sound development based on cooperation between labor and management. As of 2022, 927 executives and employees had joined the labor union, ensuring their right to collective bargaining is protected, and it holds regular meetings to discuss and vote on working conditions.</li> <li>Hyundai E&amp;C prohibits all forms of forced labor and child labor and does not tolerate discrimination based on gender, age, race, disability, etc.</li> </ul>
	Principle 4	the elimination of all forms of forced and compulsory labor;	
	Principle 5	the effective abolition of child labor; and	
	Principle 6	the elimination of discrimination in respect of employment and occupation.	
Environ-ment	Principle 7	Businesses should support a precautionary approach to environmental challenges;	<ul style="list-style-type: none"> <li>Hyundai E&amp;C has established the eco-friendly management vision, 'GLOBAL GREEN ONE PIONEER,' in response to global eco- friendly trends and regulations, established environmental management policies across the business, including in distribution and logistics, due diligence, M&amp;As, and among key business partners, and continues to improve them. In addition, in March 2023, we distributed the Environmental Business Guide Map to standardize the form of eco-friendly management-related materials and reflect the enactment and revision of environmental laws.</li> </ul>
	Principle 8	undertake initiatives to promote greater environmental responsibility; and	
	Principle 9	encourage the development and diffusion of environmentally friendly technologies.	
Anti-cor-ruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	<ul style="list-style-type: none"> <li>As a responsible corporate citizen, Hyundai E&amp;C strives to build trust with stakeholders through compliance and ethics management. We revised our compliance regulations for the Anti-Corruption Act in 2021 and have conducted standard-compliance due diligence of counterparties since January 2022.</li> <li>Every year, Hyundai E&amp;C conducts ethics compliance training by department, business unit, and position for domestic and overseas anti-corruption laws, and our anti-corruption management systems and policies. In addition, every year, all executives and employees make the 'Ethics Management Pledge.'</li> <li>Hyundai E&amp;C operates the Cyber Audit Office, a counseling and reporting channel for violations of ethics management such as corruption and handles reported cases according to internal procedures under the principle of keeping the identity of reporters confidential.</li> </ul>

# Memberships and Awards

## 2023 Memberships

Hyundai E&C continuously reviews and manages the activities of its trade association memberships. We monitor all trade associations we have joined to check for violations of the Paris Agreement, which applies to all businesses operated by Hyundai E&C. If a violation is identified, it is reported to management and certain actions are taken, such as withdrawing from the association, withdrawing support, or reconsidering membership. The associations Hyundai E&C has joined and supported are as follows, and as of December 2023, no association has seriously violated the Paris Agreement.

Memberships			
Construction Association of Korea	Korea Nuclear Society	Korea Construction Transport New-technology Association	Korean Geotechnical Society
International Contractors Association of Korea	Korea Industrial Technology Association	Korea Road Association	Korea Investor Relations Service
Korea Chamber of Commerce and Industry	Korea Institute of Plant Engineering and Construction	Korea Proptech Forum	Korea Electric Engineers Association
Korea Federation of Construction Contractors	Korea Railway Association	Korea Military Contractors Association	Korean Institute of Illuminating and Electrical Installation Engineers
Korea Enterprises Federation	Korea Fire Facility Association	Korea Developer Association	Korea Society of Geothermal Energy Engineers
Korea Plant Industries Association	Korea Remodeling Association	Korea National Committee on Large Dams	Korea Construction Environment Association
Korea Atomic Industrial Forum	Fair Competition Federation	Korea Institute of Construction Safety	Construction Safety Manager Committee
Korea Electrical Contractors Association	The Society of Air-conditioning and Refrigerating Engineers of Korea	Korea Institute of Fire Science and Engineering	KOSHA18001 Construction Council
Korea Nuclear Association for International Cooperation	Korean Society of Transportation	Korea Concrete Institute	Korea Mechanical Construction Contractors Association –Seoul
Korea Housing Association	Korea Wind Energy Industry Association	Building Smart Korea	Construction Management Association of Korea
UNGC Network Korea	Corporate Renewable Energy Foundation	Korean Radioactive Waste Society	Korea Institute of Information and Telecommunications Facilities Engineering
Korea Information and Communications Contractors Association	Korea Ports and Harbors Association	Quality Management Group	Korea Institute of Electrical and Electronic Material Engineers
Korea Listed Companies Association	Korea Engineering & Consulting Association	Korean Society of Living Environmental Systems	Construction Healthcare Institute
CDP Operations Limited	Korea Advertisers Association	Korean Recycled Construction Resources Institute	
Korea Exchange	Construction Vision Forum	Korean Institute of Electrical Engineers	
Korea Gas Union	Korea Management Association	Korea Association for Chief Financial Officers	

## 2023 Awards

Host	Award	Category
MoneyToday	2023 Overseas Construction Awards	Social Infrastructure Award of Excellence
The Asia Business Daily	Apartment Brand Grand Prize	Overall Grand Prize
MoneyToday	2023 Korea Housing Services Awards	Daily Infrastructure Category Award of Excellence
Hankyung Business	Well-being Apartment Awards	Brand Grand Prize
Newsday	2023 Newsway Housing Brand Awards	Urban Refurbishment Brand Grand Prize Overall Grand Prize
The Korea Economic Daily	Korea Economic Daily Housing Culture Awards	Brand Category Grand Prize
Maeil Economy	2023 Maeil Economy Livable Apartment Awards	Redevelopment/Reconstruction Category Award of Excellence
MoneyToday	Korea Luxury Housing Awards	General Apartment (large)
Energy Economy	Korea High0efficiency Green Housing and Construction Equipment Awards	Minister of Trade, Industry, and Energy Award
The Korea Economic Daily/TV	Korea’s Representative Apartment Awards	Brand Category
The Asia Business Daily	The Asia Business Daily Construction Awards	Brand Category
Aju Business Daily	Aju Business Daily Construction Awards	Apartment Category
Asia Today	Green Construction Awards	Customer Service Category

Host	Award	Description
eToday	Smart Construction Awards	Housing Services Category Award of Excellence
Economist	Eco-friendly Construction Awards	Minister of Land, Infrastructure, and Transport Award
Hankook Ilbo	Green Housing Awards	Brand Category Grand Prize
MediaPen	MP Housing Awards	Space Innovation Category Grand Prize
The Korea Economic Daily	Hankyung Residential Culture Awards	Apartment Category Grand Prize
Seoul Newspaper	Green Construction Awards	Smart Category Seoul Newspaper President Award
Herald Business	Dream House Awards	Brand Category Grand Prize
Maeil Economy	19th Maeil Civil Engineering and Construction Technolgy Awards	Work Duty Category
Daehan Economy	Construction Development Awards	Civil Engineering Category Grand Prize
Ministry of Industry, Trade, and Energy	2023 Korea Green Construction Festival	Minister Award (Construction Category)
Mayor of Daejeon	Citation	Mayor Citation
Korea Institute of Design Promotion	GOOD DESIGN KOREA	Outstanding Industrial Design
Korea Standards Association	KS-PBI Premium Brand Index	1st place (Smart Home Category)
Korea Standards Association	KS-PBI Premium Brand Index	1st place (Multi-family Housing Category)
MoneyToday	Korea Housing Services Awards	Award of Excellence (Daily Infrastructure Category)
MoneyToday	Korea Luxury Housing Awards	Overall Grand Prize
Maeil Economy	Livable Apartment Awards	Redevelopment/Reconstruction Award of Excellence
Newsway	Urban Refurbishment Housing Brand Awards	Overall Grand Prize
Hankyung Business	Well-being Apartment Grand Prize	Overall Grand Prize
The Korea Economic Daily	Hankyung Residential Culture Awards	Grand Prize (Brand Category)
The Asia Business Daily	The Asia Business Daily Apartment Brand Grand Prize	Overall Grand Prize
Daehan Economy	Smart Construction Grand Prize	Overall Grand Prize
Daehan Economy	Smart Construction Grand Prize	Smart Residential High-rise Grand Prize
Korea Civil Engineering and Construction Technology Awards	19th Korea Civil Engineering and Construction Technology Awards	Grand Prize (Building)
ASIA DESIGN PRIZE	Asia Design Prize	Winner
Industrial Designers Society of America	IDEA Awards (World’s top 3 design awards)	Finalist
The Chicago Athenaeum Europe Construction Design Center	USA Green Good Design	Winner
Royal Society for Prevention of Accidents	RoSPA Awards	Silver Award
British Safety Council	International Safety Awards	Merit Winner
Singapore Project Site Safety and Health Committee (under the Ministry of Manpower)	SHARP	Safety and Health Award Recognition for Projects (SHARP) 2023
Vietnam’s Department of Work Safety	Vietnam’s Safety and Health Awards	DWS (Department of Work Safety)
Korea International Trade Association	2023 Trade Day Special Merit Selection	Prime Minister Citation (Plant Export Expansion Category)
Korea Plant Industries Association	2023 Merit Selection for Increasing Plant Exports	Minister Citation
Korea Federation of Construction Contractors	Korea Federation of Construction Contractors Construction Technology Best Practices	Korea Federation of Construction Contractors Award
Hyundai Motor Group	3rd Hyundai Motor Group Safety Idea Contest	Execution Category Outstanding Award
Ministry of Land, Infrastructure, and Transport	2023 Smart Construction Challenge	Technology Category Innovation Excellence Award
News1	2023 Korea Mobility Innovation Awards	Infrastructure Innovation Awards
The Korea Institute of Building Construction	2023 Fall Conference of the Korea Institute of Building Construction	Most Outstanding Thesis
CDP Korea	2023 CDP Korea Awards	Climate Change Category Hall of Fame
Joongang Daily	2023 Joongang ESG Management Awards	Industry and Capital Goods Category
Korea Standards Association	2023 Sustainability Index Korea	General Construction Category 1st place
NewsToday	2023 Korea Sustainability Management and Communication Awards	National Assembly Committee on Environment and Labor Chairperson Award



# Greenhouse Gas Verification Statement



## Scope 1 and 2 greenhouse gas emissions from domestic sites of Hyundai E&C in 2023

### Terms of Engagement

LRQA was commissioned by Hyundai Engineering & Construction Co., Ltd. (Hyundai E&C) to provide independent assurance on its Greenhouse Gas (GHG) Inventory Report for the calendar year 2023(the report) against “the guidelines for target management” using “the verification guidelines for GHG emissions trading system”. The report relates to direct GHG emissions and energy indirect GHG emissions.

### Management Responsibility

LRQA’s responsibility is only to Hyundai E&C. LRQA disclaims any liability or responsibility to others as explained in the end footnote. The management of Hyundai E&C 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 E&C.

### LRQA’s Approach

LRQA’s assurance engagement has been carried out in accordance with our verification procedure using “the verification guidelines for GHG emissions trading system” 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 persons responsible for managing and maintaining data and associated records
- Reviewing the historical data and information back to source for the calendar year 2023.

### 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 5%.

### LRQA’s Opinion

Based on LRQA’s approach, we believe that the report is prepared in accordance with “the guidelines for target management” using “the verification guidelines for GHG emissions trading system” and the GHG emissions data in the Table 1 is materially correct.

IL-HYOUNG LEE  
LRQA  
2F T Tower, 30, Sowol-ro 2-gil, Jung-gu, Seoul, 04637, Korea  
LRQA Reference: SEO6051437

Dated: 26. Mar 2024

Table1. Summary of GHG emissions Unit: tCO<sub>2</sub>eq

Scope of GHG emissions	Year 2023
Direct GHG Emissions	18,905.34
Energy Indirect GHG Emissions	68,947.73
Total GHG Emissions	87,852

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※ Please refer to Hyundai Engineering’s Sustainability Report for Hyundai Engineering’s Greenhouse Gas Verification statement.

# Greenhouse Gas Verification Statement



## Scope 1,2 and 3 greenhouse gas emissions from overseas sites of Hyundai E&C in 2023

This Assurance Statement has been prepared for Hyundai Engineering & Construction Co., Ltd. in accordance with our contract.

### Terms of engagement

LRQA was commissioned by Hyundai Engineering & Construction Co., Ltd. (Hyundai Engineering & Construction) to provide independent assurance on its GHG emissions inventory for the calendar year 2023 (here after referred to as “the report”) against the assurance criteria below to a limited level of assurance and materiality of 5% using ISO 14064–3:2019, ‘Specification with guidance for the verification and validation of greenhouse gas statements’.

Our assurance engagement covered the domestic and overseas operations and activities of Hyundai Engineering & Construction, and specifically the following requirements:

- Evaluating conformance with World Resources Institute / World Business Council for Sustainable Development Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, revised edition1
- Evaluating conformance with Corporate Value Chain (Scope 3) Accounting and Reporting Standard
- Evaluating the accuracy and reliability of data and information for direct GHG emissions (Scope 1) and energy indirect GHG emissions (Scope 2) in operations of overseas construction sites2, 3
- Evaluating the accuracy and reliability of data and information for other indirect GHG emissions (Scope 3) in domestic and overseas construction sites.

The main activities of Hyundai Engineering & Construction include construction of Infrastructure, building, housing and plant, and the GHG emissions have been consolidated using operational control approach.

LRQA’s responsibility is only to Hyundai Engineering & Construction. LRQA disclaims any liability or responsibility to others as explained in the end footnote. Hyundai Engineering & Construction’s responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of Hyundai Engineering & Construction.

### LRQA’s Opinion

Based on LRQA’s approach nothing has come to our attention that would cause us to believe that Hyundai Engineering & Construction has not, in all material respects:

- Met the requirements above; and
- Disclosed accurate and reliable data and information as summarized in Table 1 below.

The opinion expressed is formed on the basis of a limited level of assurance and at the materiality of 5%.

Note: The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

### LRQA’s approach

LRQA’s assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Interviewing key people of the organization responsible for managing GHG emissions data and records;
- Reviewing processes related to the control of GHG emissions data and records;
- Reviewing whether GHG emissions have been calculated with parameters from recognized sources;
- Visiting Hyundai Engineering & Construction’s head office and reviewing additional evidence made available by Hyundai Engineering & Construction; and
- Verifying historical GHG emissions data and records at an aggregated level for the calendar year 2023.

1) <https://www.ghgprotocol.org>  
2) This assurance engagement excludes verification of Scope 1 and 2 emissions for domestic operations in accordance with our contract with Hyundai Engineering & Construction. Scope 1 and Scope 2 GHG emissions for domestic operations of Hyundai Engineering & Construction have been verified using an operational control approach for the same reporting period by LRQA in accordance with the guidelines on target management under GHG target management system of Korea.  
3) This assurance engagement covered carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), and nitrous oxide (N<sub>2</sub>O) among GHGs.

### LRQA’s standards, competence and independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO/IEC 17021 Conformity assessment – Requirements for bodies providing audit and certification of management systems that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

LRQA is Hyundai Engineering & Construction’s certification body for ISO 9001, ISO 14001, ISO 45001 and ISO 50001, and verification body for its GHG emissions. We also provide Hyundai Engineering & Construction with a range of training services related to management systems. The verification and certification assessments, together with the training, are the only work undertaken by LRQA for Hyundai Engineering & Construction and as such does not compromise our independence or impartiality.

Dated: 7 June 2024  
**Byung-Gil Lim** LRQA Lead Verifier  
On behalf of LRQA  
2nd Floor, T Tower, 30, Sowol-ro 2-gil, Jung-gu, Seoul, Republic of Korea  
LRQA reference: SEO6051437

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Table 1. Summary of Hyundai Engineering & Construction, GHG Emissions Inventory 2023

Scope of GHG emissions	tCO <sub>2</sub> e
Direct GHG emissions (Scope 1) – overseas construction sites	251,562
Energy indirect GHG emissions (Scope 2, Location-based) – overseas construction sites	23,960
Other Indirect GHG emissions (Scope 3)	
· purchased goods & services – operation of construction equipment by subcontractors and production of construction materials purchased in domestic and overseas sites	2,720,684
· capital goods - production of electronic devices and home appliances purchased in domestic and overseas sites	460
· fuel and energy related activities – upstream emissions of fuel and electricity purchased in domestic and overseas sites	75,605
· upstream transportation and distribution – transportation of ready-mix concrete in domestic sites and construction materials purchased in overseas sites	79,906
· waste generated in operations – treatment of waste generated from domestic operations	54
· business travel – personal cars and trains in domestic travel, and international flights	3,282
· employee commuting – commuting to the headquarters by personal cars and buses	407
· use of sold products – use phase of residential, industrial, commercial and other service buildings and facilities constructed in domestic and overseas sites	2,653,169
· end-of-life treatment of sold products – end-of-life treatment of residential, industrial, commercial and other service buildings and facilities constructed in domestic and overseas sites	180,759
· investments – Scope 1 and Scope 2 emissions of 5 companies in which Hyundai Engineering & Construction has shares	51,395

## Third-party Assurance Statement

To readers of 2024 HYUNDAI ENGINEERING & CONSTRUCTION SUSTAINABILITY REPORT

### Introduction

Korea Management Registrar (KMR) was commissioned by HYUNDAI ENGINEERING & CONSTRUCTION to conduct an independent assurance of its Sustainability Report 2024 (the "Report"). The data and its presentation in the Report is the sole responsibility of the management of HYUNDAI ENGINEERING & CONSTRUCTION. KMR's responsibility is to perform an assurance engagement as agreed upon in our agreement with HYUNDAI ENGINEERING & CONSTRUCTION and issue an assurance statement.

### Scope and Standards

HYUNDAI ENGINEERING & CONSTRUCTION described its sustainability performance and activities, including its major subsidiaries on a consolidated basis, in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3 and KMR's assurance standard SRV1000, covering the performance and activities of HYUNDAI ENGINEERING & CONSTRUCTION and its major subsidiaries. We are providing a Type 2, moderate level assurance. We evaluated the adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact, and the reliability of the information and data provided using the Global Reporting Initiative (GRI) Index provided below. The opinion expressed in the Assurance Statement has been formed at the materiality of the professional judgment of our Assurance Team.

Confirmation that the Report was prepared in accordance with GRI standards 2021 was included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process

- GRI Sustainability Reporting Standards 2021
- Universal standards
- Topic specific standards
  - GRI 201 : Economic Performance
  - GRI 205 : Anti-corruption
  - GRI 206 : Anti-competitive Behavior
  - GRI 302 : Energy
  - GRI 303 : Water and Effluents
  - GRI 305 : Emissions
  - GRI 306 : Waste
  - GRI 308 : Supplier Environmental Assessment
  - GRI 401 : Employment
  - GRI 403 : Occupational Health and Safety
  - GRI 405-2 : Ratio of basic salary and remuneration of women to men
  - GRI 414 : Supplier Social Assessment

As for the reporting boundary, the engagement excludes the data and information of HYUNDAI ENGINEERING & CONSTRUCTION's partners, suppliers and any third parties.

### KMR's Approach

To perform an assurance engagement within an agreed scope of assessment using the standards outlined above, our Assurance Team undertook the following activities as part of the engagement:

- reviewed the overall Report;
- reviewed materiality assessment methodology and the assessment report;
- evaluated sustainability strategies, performance data management system, and processes;
- interviewed people in charge of preparing the Report;
- reviewed the reliability of the Report's performance data and conducted data sampling;
- assessed the reliability of information using independent external sources such as Financial Supervisory Service's DART and public databases.

### Limitations and Recommendations

KMR's assurance engagement is based on the assumption that the data and information provided by HYUNDAI ENGINEERING & CONSTRUCTION to us as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. To address this, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to challenge the quality and reliability of the information provided.

### Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with HYUNDAI ENGINEERING & CONSTRUCTION on the revision of the Report. We reviewed the Report's final version in order to make sure that our recommendations for improvement and revision have been reflected. Based on the work performed, it is our opinion that the Report applied the GRI Standards. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

### Inclusivity

HYUNDAI ENGINEERING & CONSTRUCTION has developed and maintained different stakeholder communication channels at all levels to announce and fulfill its responsibilities to the stakeholders. Nothing comes to our attention to suggest that there is a key stakeholder group left out in the process. The organization makes efforts to properly reflect opinions and expectations into its strategies.

### Materiality

HYUNDAI ENGINEERING & CONSTRUCTION has a unique materiality assessment process to decide the impact of issues identified on its sustainability performance. We have not found any material topics left out in the process.

### Responsiveness

HYUNDAI ENGINEERING & CONSTRUCTION prioritized material issues to provide a comprehensive, balanced report of performance, responses, and future plans regarding them. We did not find anything to suggest that data and information disclosed in the Report do not give a fair representation of HYUNDAI ENGINEERING & CONSTRUCTION's actions.

### Impact

HYUNDAI ENGINEERING & CONSTRUCTION identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible.

### Reliability of Specific Sustainability Performance Information

In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of economic, environmental, and social performance data related to sustainability performance. We interviewed the in-charge persons and reviewed information on a sampling basis and supporting documents as well as external sources and public databases to confirm that the disclosed data is reliable. Any intentional error or misstatement is not noted from the data and information disclosed in the Report.

### Competence and Independence

KMR maintains a comprehensive system of quality control including documented policies and procedures in accordance with ISO/IEC 17021:2015 - Requirements for bodies providing audit and certification of management systems. This engagement was carried out by an independent team of sustainability assurance professionals. KMR has no other contract with HYUNDAI ENGINEERING & CONSTRUCTION and did not provide any services to HYUNDAI ENGINEERING & CONSTRUCTION that could compromise the independence of our work.

June 2024 Seoul, Korea



CEO E. J. Hwang

# Preparation of the report

## Organization of the Sustainability Steering Committee

Category	Executive Council		Working Group		
Overall	IR Group	Moon Je-Cheol	Sustainability Management Team	Kim Se-Won	Ahn Cheol-Ho, Kim In-Geun
	Business Planning Group	Seong Wan-Sang	Business Strategy Team	Park Dae-Gyun	Koh Tae-Ik
	Global Marketing Supporting Group	Noh Jae-Hak	Business Planning Team	Byung Kyu Park	Min Yoon-Gun
	Infra Business Planning Group	Kim Kee-Young	Planning & External Affairs Team	Ban Ju-won	Lee Kyung-Eun
Prosperity	Building & Housing Business Planning Group	Lim Ji-Hong	Infrastructure Management & Administration Team	Hong Jae-Hyuk	Hyun Ji-Yul
	Plant Business Planning Group	-	Housing Works Management & Administration Team	Cho Hyeok-Jun	Jung Ji-Hye
	NewEnergy Planning Group	-	Plant Management & Administration Team	Park Beom-Su	Cho Jun-Ki
	Technology Research Center	-	NewEnergy Management & Administration Team	Ahn Chan-Ho	Lee Jong-Jun
	Quality Strategy Group	Park Se-Jin	Technology Strategy Team	Lim Kook-Il	Park Jun-Yong
	Project Support Group	Chu Young-Ki	Q-Strategy Team	Lee Seung-Il	Kim Kyo-Rok
	Development & Investment Business Division	-	Environmental Management Team	Kim Je-Young	Hong Hyun-Jong
Planet	Safety Support Group	Im Byung-Chun	Project Management Team	You Yong-Bae	Choi Jin-Ho
	Business Supporting Group	Kim Ki-Hong	Development & Investment Business Management Team	Lee Woong-Ro	Kim Ryang-Heon
	Human Resources Management Group	Kim Min-Gyu	Safety Planning Team	Chae Dae-Byeoung	Yoon Joong-Hoon
People	Public Relations Group	Lee Young-Ho	Business Support Team	Gwon Sung-Jun	Park Sung-Soo
	Procurement Planning Group	Park Chae-Young	HR Innovation Team	Kim Hyeon-Woo	Moon Ji-Young
	Strategy Business Planning Division	-	PR Planning Team	Lee Sun-Young	Park Hyeon-Hui
	Legal Affairs Group	Min Ki-Hong	Global Cooperation Team	Kim Jeong-Ki	Cho Hyun-Woo
Principle	Auditing Group	Yoon Young-Keun	Culture Design Lab	Kim Yoon	Joo Sung-Hoon
			Compliance Team	Moon Ji-Hui	Yoon Hye-Jung
			Auditing Team 1	Lee Je-Ju	Shin Wo-Hyun

## Hyundai E&C Consolidated Organization of the Sustainability Steering Committee

Company	Working Group		
Hyundai Engineering	Sustainability Management Team	Kim Min-Seok	Min Ju-Hwa
Hyundai Engineering & Steel industries	Finance & Accounting Team	Lee Hoon	Lee Ju-Seok
Hyundai City Corporation	Management & Administration Team	Park Kyoung-Hoon	Yeo Sang-Hyeon
Songdo Landmark City	-	-	Shin Suk-Nyeo
Hyundai Farm Land & Development	Business Management Team	Hur Kang-Hoe	Kang Young-Ju
Hyundai Ecoenergy	-	-	Yoo Jun-Ho












# ESG Policies and Norms

Click a policy or norm for further details.


## ENVIRONMENTAL

	Environmental Management Policy	Click ↗
	Biodiversity Protection Policy	Click ↗
	Deforestation Prevention Policy	Click ↗
	Declaration on Coal Exit	Click ↗

## SOCIAL

	Ethics Charter and Code of Conduct	Click ↗
	Human Rights Charter	Click ↗
	Diversity and Inclusion Policy (D&I)	Click ↗
	Supplier Code of Conduct	Click ↗
	Anti-slavery and Human Trafficking Prohibition Policy	Click ↗
	Personal Data Processing Policy Legal Disclaimer	Click ↗
	Fair Compensation Policy	Click ↗
	Supply Chain ESG Management Policy	Click ↗
	Safety & Health Management Policy	Click ↗

## GOVERNANCE

	Corporate Governance Charter	Click ↗
	Regulations of the Board of Directors and Committees	Click ↗
	HDEC Regulations for Fair Trade Compliance Program (CP)	Click ↗
	Competition Compliance Policy	Click ↗
	Whistleblower Protection Policy	Click ↗
	Anti-trust Policy	Click ↗
	Anti-corruption Policy	Click ↗
	Anti-money Laundering and Counter-terrorism Financing Policy	Click ↗
	Sanctions Compliance Policy	Click ↗

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