STEERING ON VALUES

2016 - 2017 Hyundai Engineering Sustainability Report

HYUNDAI ENGINEERING CO., LTD.

ABOUT THIS REPORT

102-50, 102-51, 102-52, 102-53, 102-54, 102-56

This is Hyundai Engineering's fifth sustainability report. Since the first publication of the report in 2010, the company has been sharing its performance in sustainable management and activities with stakeholders. The 2016-2017 Sustainability Report consists of important issues, focusing on the company's sustainable growth and social responsibility. This report deals with business fields in which Hyundai Engineering (HEC) has global competitiveness and delves into its industry-specific prospects. In particular, it sheds light on the company's efforts to create a mutually beneficial environment with partner companies for shared growth as well as achievements in job creation and community invigoration.

Reporting Criteria
The report has been prepared based on the GRI (Global Reporting Initiative) Standards, the sustainable management guidelines, and reflects ISO 26000, the UNGC 10 Principles and the UN SDGs.

Reporting Scope and Period
The report covers activities in the Seoul Head Office and overseas and domestic workplaces, and separate footnotes offer explanation if the scope and boundary of the data of overseas subsidiaries and workplaces differ. It covers the activities and performance of Hyundai Engineering's sustainable management from 1 January 2016 to 31 December 2017. Information associated with 2018 is also reported for some key agenda or significant activities and performances.

Report Verification
Financial information in this report has been prepared through auditing by Samil PwC, and non-financial information has been verified by Lloyd's Register, an independent assurance agency.

If you have any questions or suggestions, please contact us using the information below.

Team: Strategy Execution Team, Business Strategy Office, Planning Group
E-mail: heccsr@hec.co.kr
Tel: 02-2134-1835
Address: 75, Yulgok-ro, Jongno-gu, Seoul, Korea
Website: www.hec.co.kr

Interactive Guide

The 2016-2017 Hyundai Engineering Sustainability Report was produced in the Interactive PDF, guiding readers to a relevant page they wish to read.

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CEO MESSAGE 102-14

"Hyundai Engineering commits to becoming a global and healthy corporation that fulfills its economic, environmental, and social responsibilities."

Dear stakeholders,
I would like to extend my gratitude to you for your continued interest in and support for Hyundai Engineering.

Hyundai Engineering continues to add prosperity and joy to people's lives through its various businesses in not only Korea, but also many other countries around the world. Through value management, health & safety management, environmental management talent management, win-win management, sharing management, and ethics & compliance management, we strive to become a company that fulfills social responsibilities and grows together with all stakeholders. We share our efforts and performances in the achievement of economic, environmental, and social value through this 2016-2017 Sustainability Report.

First, we achieve economic sustainability based on customer satisfaction and supportive cooperation.
Hyundai Engineering has been working to achieve a great level of customer satisfaction through top technology and the best services as a leading Korean company and a global corporation. Thus, we have achieved fruitful results, such as 16-fold sales growth in the last 10 years, No. 1 in the amount of overseas construction orders obtained and No. 6 in the Appraisal of Execution Capacity in Korea. We are striving to make the leap forward by strengthening business competitiveness through management innovation, promoting prospective business and upgrading quality management. To continuously pursue the highest value, supportive cooperation with partner companies is a prerequisite. With the launch of the HEC Shared Growth Committee this year, we will continue to accelerate shared growth and to focus on communication and build trust with our partner companies as lifetime partners.

Second, we fulfill our safety, health, and environmental responsibilities through HSE management.
As a company that upholds the sanctity of life, preserves our environment and establishes future-oriented, absolute value, Hyundai Engineering has specified and implemented with priority our safety, health, and environmental policies. We have set up an ICT-based smart safety management system and conduct thorough safety trainings to establish a type of environment in which safety is first at all sites. In particular, we actively promote projects in GTL plant, offshore wind power and PV power generation that are both environmentally friendly and technically advanced. Moreover, we continue to strive for reduction of wastes generated from our business activities and to save energy, ultimately conserving environment.

Finally, we act upon social value through talent management and sharing management.
Under the new corporate culture of "Pioneer, Professional, Humanist", we put our utmost efforts into establishing a company which our employees can feel proud to be a part of. As a global corporation, we also continue to make social contributions in Korea and overseas while creating shared value through our businesses, leading the value of sharing. Recognized for its work in local economy revitalization and job creation, Hyundai Engineering received the commendation of the "2017 President Award for Government Acclamation of Job Creation of Korea."

Dear stakeholders, Hyundai Engineering will do our utmost to provide sustainable value to stakeholders with our social responsibility while continuing to build up our stature for continuous growth. Please continue to watch over and support the ongoing growth of Hyundai Engineering.

President & CEO of Hyundai Engineering
Sung, Sang-Rok

About Hyundai Engineering

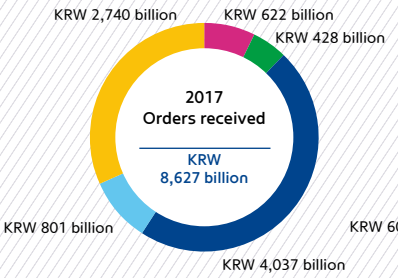
102-1, 102-2, 102-3, 102-4, 102-6, 102-7, 201-1

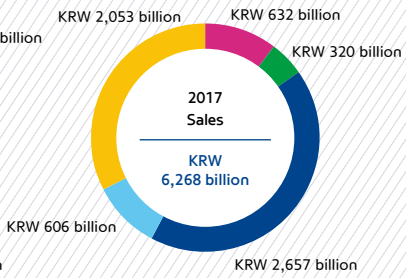
A Global Engineering Company that Creates the Future with the Best Technology

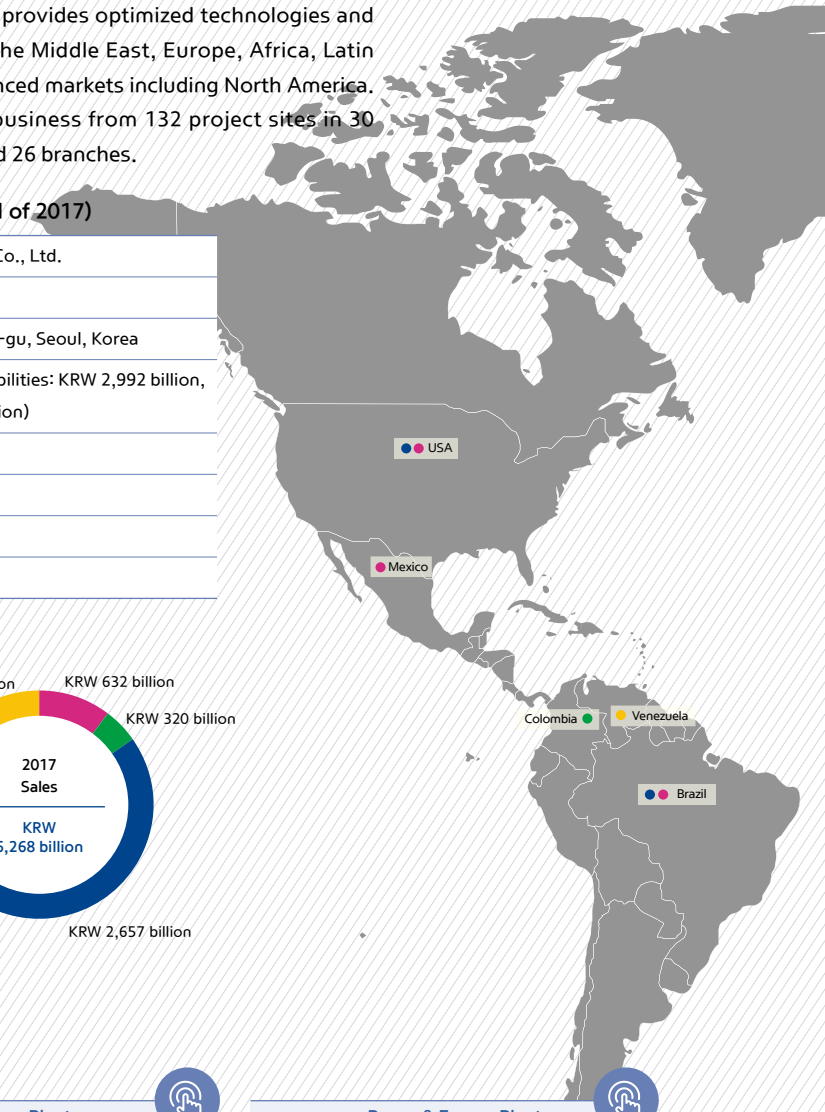
Since its foundation in 1974, Hyundai Engineering has provided top-tier services with world-class competitiveness in various areas including process plant, power & energy plant, building & housing works, infrastructure & environment, and asset management. Hyundai Engineering provides optimized technologies and solutions catered to customer needs in the Middle East, Europe, Africa, Latin America, and Central Asia, as well as advanced markets including North America. As of June 2018, the company is doing business from 132 project sites in 30 countries and operating 17 subsidiaries and 26 branches.

About Hyundai Engineering (As of the end of 2017)

Company name	Hyundai Engineering Co., Ltd.
Date of foundation	February 11 1974
Address	75 Yulgok-ro, Jongno-gu, Seoul, Korea
Total assets	KRW 6,326 billion (Liabilities: KRW 2,992 billion, Equity: KRW 3,334 billion)
Orders received	KRW 8,627 billion
Sales	KRW 6,268 billion
Credit rating	AA-
Number of employees	5,611







- Process Plant
- Power & Energy Plant
- Building & Housing Works
- Infrastructure & Environment
- Asset Management

Business Area

Process Plant		
Oil & Gas	Refinery	Petrochemicals & General chemicals
Crude oil and gas treating facilities	Crude oil refining facilities	Petrochemicals, Fertilizers and general chemicals facilities

Power & Energy Plant		
Thermal power & Nuclear power plants	Renewable energy	Energy network
Combined cycle power plants, Coal-fired power plants, Cogeneration power plants, Nuclear power plants, Gas turbine power plants	Concentrated solar power plant, Photovoltaic power plant, Wind power generation	Power transmis-sion

PR Movie

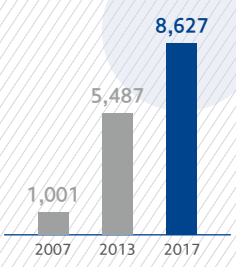
Global Network

Building & Housing Works			Infrastructure & Environment		Asset Management		
Housing works	Industrial facilities	General architecture	Social infrastructures	Environmental facilities	Facility management	Property management	Asset consulting
Apartments, Multipurpose buildings, Studios	Industrial facilities, Research & Development facilities	Commercial facilities, Business facilities, Educational facilities, Cultural and athletic facilities	Roads, Ports, Airports, New transportation and railway	Environmental and green technology, Urban planning and construction of complexes, Water supply and Sanitation, Water quality management, Hydropower plants	Domestic and overseas factories, Offices, Industrial facilities, Exhibition facilities	Building asset operating profit management	Consulting for renting, Property purchase & sale, Energy diagnosis, Facility management

A Leap for Hyundai Engineering

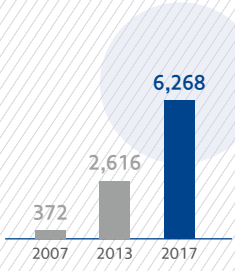
GLOBAL PREMIER ENGINEERING PARTNER

Hyundai Engineering has established itself as a leading Korean global corporation based on 44 years of experience and technology, and has become one of the world's top-class enterprises in the fields of construction and EPC. Hyundai Engineering has continuously moved forward to lead remarkable growth. We will continue to contribute to the prosperity of humankind and the development of the nation by continuously taking on new challenges.



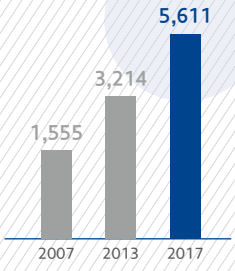
Orders received

Unit: KRW billion



Sales

Unit: KRW billion



Number of employees

Unit: Persons

1974 – 2007

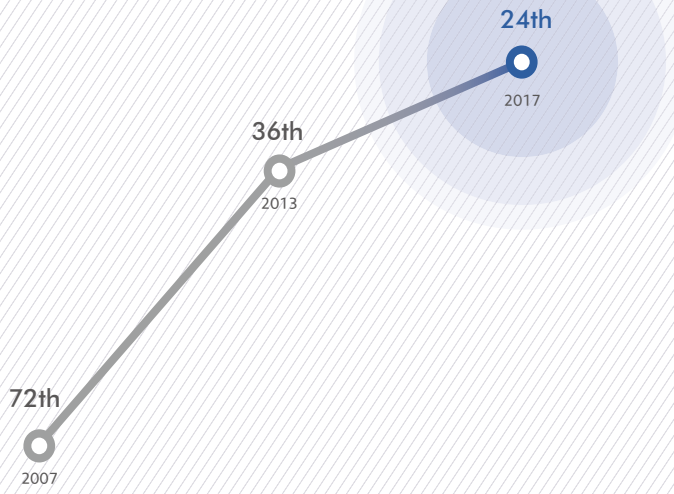
Growth into Total Engineering Company

- 1974 Founded (Feb. 11)
- 1980 Merged with Halla Engineering
- 1988 Merged with Engineering Center of Hyundai Heavy Industries Co., Ltd.
- 1994 Acquired ISO 9001 (quality management system) certification
- 1996 Won the Prime Minister's award at the 2nd Environmental Technology Award (HAF process technology)
- 1996 Received ISO 14001 (Environment Management System) certification
- 1998 Developed the first Sludge Composter in Korea, named Hyundai Sludge Composter (HSC)
- 2004 Won the Minister's award at the 1st National Environment-friendly Management Awards (Ministry of Commerce, Industry and Energy)
- 2007 Reached KRW 1 trillion in orders obtained

2008 – 2013

Leap as a global EPC corporation

- 2008 Won the grand prize in construction and engineering in Korea Technological Innovation Management Award
- 2009 Received OHSAS 18001 (Safety Health Management System) certification
- 2010 Ranked first in the Korean Sustainability Index (KSI)
- 2010 Became the first company in the Korean engineering industry to become a member of the UN Global Compact
- 2011 Incorporated into Hyundai Motor Group
- 2011 Acquired the certification of Korea Electric Power Industry Code (KEPIC)
- 2012 Won the grand prize at the U.S. Spotlight Awards with the HEC Sustainability Report
- 2013 Won the presidential commendation of the government decoration for the merit of job creation



ENR International Design Firm ranking

2014 - Present

Pursuit of world's top-class corporation

-2014 Launched an integrated company (merged with Hyundai AMCO)
-2014 Won the Presidential Prize at the '18th Good Living Apartment Award'
-2015 Ranked Industry No.1 in the "Best Companies to Work for"
-2016 Ranked 21st in the Top 225 International Design Firms by the Engineering News-Record (ENR) of the U.S. (No. 1 in Asia for 3rd consecutive year)
-2016 Received excellence award at 2016 Seoul Welfare Awards
-2017 Received Minister of Environment's award at the 2017 Nature & Environment Awards (2nd consecutive year)
-2017 Received presidential commendation in the '2017 job creation support group category' government decoration for the merit of job creation
-2017 Received presidential commendation in the '2017 global CSR category' for Most Loved Companies of Korea
-2017 Received 2017 Minister of Public Administration and Safety award for promotion of disaster policies
-2017 No. 1 in orders obtained for overseas construction ($4.86 billion – by overseas construction association)
-2018 Winning the 'Best' rating in the Win-Win Index
-2018 Winning the 'Best' rating in assessment of mutual cooperation in construction industry
-2018 Ranked 6th in the Appraisal of Execution Capacity by the Ministry of Land, Infrastructure and Transport

Process Plant

102-2, 102-6, 102-9, 201-1

Industry Overview

Process plant business includes industrial facilities which are capital and technology-intensive such as crude oil and gas treatment, fertilizers and general chemicals, petrochemicals, crude oil refining, marine facilities, LNG, steel, and non-ferrous metals. It is a highly anticipated industry because profits can be generated from various sectors ranging from design and engineering to consulting, equipment manufacturing, construction, commissioning and funding. Volatility and uncertainty are high in this sector because of numerous external factors including oil prices, oil consumption, and energy policy. But the market is expected to expand continuously as many countries in the Asia-Pacific, Africa, and Latin America increase their investment in energy.

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Kiyanly Ethane Cracker and PE/PP Plant in Turkmenistan

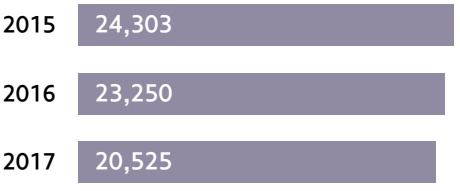
Introduction of Process Plant Business

HEC Business

Hyundai Engineering has been conducting 450 projects successfully at home and abroad. These projects include desulfurization facilities in Turkmenistan, Kandym gas facilities in Uzbekistan, Karbala oil refining facilities in Iraq, Jubail polysilicon facilities in Saudi Arabia, and Hyundai petrochemical complexes No. 1 and 2. The company proved its outstanding technical expertise by winning large projects abroad, including Bangchak Refinery Project in Thailand and Melaka Refinery Diesel Euro-5 Project in Malaysia. Hyundai Engineering is equipped to provide high-quality services by arming itself with key design technology and a professional workforce in the LNG liquefaction plants and Olefin plants.

● Orders received Unit: KRW 100 million

● Sales Unit: KRW 100 million




Gas Desulfurization Plant in Turkmenistan


Al-Zour LNG Import Project in Kuwait


Hyundai-Shell LBO (Lube Base Oil) Project in Korea


LVSR Project SSBR/EPDM Plant in Korea

Power & Energy Plant

102-2, 102-6, 102-9, 201-1

Industry Overview

Hyundai Engineering's power & energy plant business includes various forms of energy facilities such as combined cycle, coal-fired, cogeneration, geothermal and nuclear power plant. Power generation and energy networks are so closely related to other industries that they require massive investment with major expected effects in the related industrial sector. It is possible to predict how the power plant market will change if you look at the government's growth plan. Investment in developing countries will continue due to their rapid industrialization. Because of environmental issues and reinforced regulations, capacity for coal-fired and nuclear power generation will decline, whereas the market for renewable energy such as wind power and photovoltaic power will increase.

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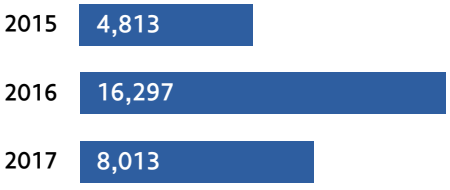
390MW UCH-II Combined Cycle Power Plant in Pakistan

Introduction of Power & Energy Plant Business

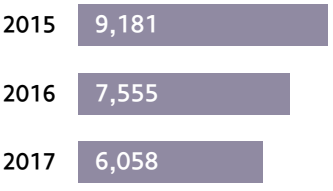
HEC Business

Hyundai Engineering provides services concerning the operation of power plants based on its high-quality engineering expertise resulting from the collective experience of its employees. Recently, the company has been expanding its business into such untapped areas as Africa, South America, and the Commonwealth of Independent States (CIS) while working to gain an advantage by winning projects in Southeast Asia including in Vietnam, Indonesia, and the Philippines. Hyundai Engineering is striving to strengthen its technical capabilities in the renewable energy sector and plans to join forces with advanced companies and developers both at home and abroad to enter the market for independent power producer.

● Orders received Unit: KRW 100 million



● Sales Unit: KRW 100 million




1,200MW Ain Arnat Combined Cycle Power Plant in Algeria


300MW Thema Visayas Coal-fired Plant in Philippines


180MW Termotasajero II Coal-fired Plant in Colombia


280MW Olkaria I&IV Geothermal Power Station in Kenya

Building & Housing Works

102-2, 102-6, 102-9, 201-1

Industry Overview

The construction business includes housing architecture that creates living spaces, industrial architecture that builds manufacturing facilities such as those for finished cars and parts, and general architecture that constructs buildings for various purposes, such as commercial facilities. Domestic businesses are left with the urgent task of discovering new growth engines for bolstered competiveness and sustained development to cope with the changes within the management environment around the globe. Overseas businesses are facing a large degree of uncertainty arising from various external factors, such as the changing global economy and policy. However, the demand for construction is likely to increase due to the rise in global population and the progress of urbanization, especially amid the anticipated growth of new rising markets across the Asian continent.

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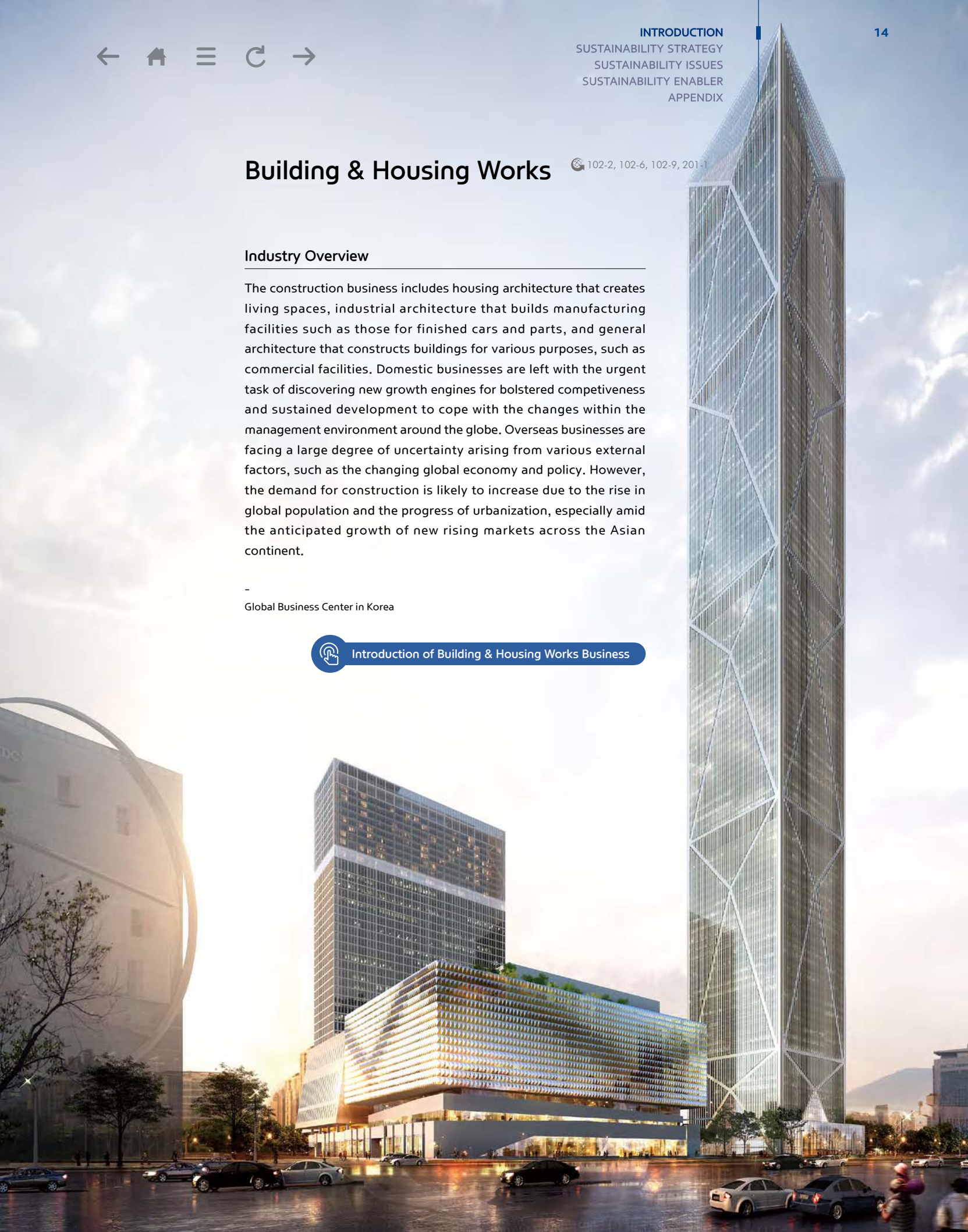
Global Business Center in Korea

Introduction of Building & Housing Works Business



HEC Business

Hyundai Engineering offers the best value based on accumulated experience through the successful implementation of various projects at home and abroad, ranging from housing units to the manufacturing facilities of finished cars, in addition to commercial and business facilities. As is shown through its excellent sales of residential facilities, the company is at the forefront of the housing market while also proving its prowess in project execution by successfully conducting the construction of urban office buildings, complicated development projects and large overseas shopping malls. Hyundai Engineering has also equipped itself with the global competence to conduct manufacturing facility projects of finished cars throughout Asia, America and Europe. In preparation for future changes within the external management environment, the company plans to strengthen its development business competence and utilize its bases in Asia's emerging economies for further overseas business expansion.

● Orders received Unit: KRW 100 million

2015	33,558
2016	39,214
2017	40,365

● Sales Unit: KRW 100 million

2015	29,377
2016	27,415
2017	26,574


Hillstate Gwanggyo in Korea


Hillstate Seocho Seoripul in Korea


Hyundai Motor Headquarters in California, USA


Kia Motors Manufacturing Plant in Monterrey, Mexico

Infrastructure & Environment

102-2, 102-6, 102-9, 201-1

Industry Overview

This business involves the construction of social infrastructures such as roads, ports, and bridges as well as environmental facilities such as water treatment, sewerage/waste water treatment and waste treatment. The prospect for domestic infrastructure projects is unclear at the moment because of the tightened budget expenditure, but the government's plan to expand investment for provincial infrastructures for balanced development will play a key role in boosting this sector. In the meantime, overseas markets will increase in accordance with the rising demand resulting from the population growth and rehabilitation of decrepit facilities. South America and Africa, in particular, are emerging as promising markets. As countries around the world show a growing need for clean water and sanitation, the global market for water as well as water supply and sewage facilities will also increase.

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An Dong Bridge in Vietnam

Introduction of Infrastructure & Environment Business

HEC Business

Hyundai Engineering has enhanced its competitiveness by developing a unified solution in water treatment, sewerage disposal, and waste management. The company has won such overseas projects as the Bello wastewater treatment plant in Colombia and the water supply and sewerage system in Equatorial Guinea. Its other successful infrastructure projects at home include creation of an industrial complex for fusion technology in Pohang, rebuilding of the No. 4 pier in Pohang New Port, and development of a new city district in Seongnam's Pangyo area. The company is also making efforts to secure eco-friendly technologies such as next-generation MBR water treatment and polluted soil purification.

● Orders received Unit: KRW 100 million

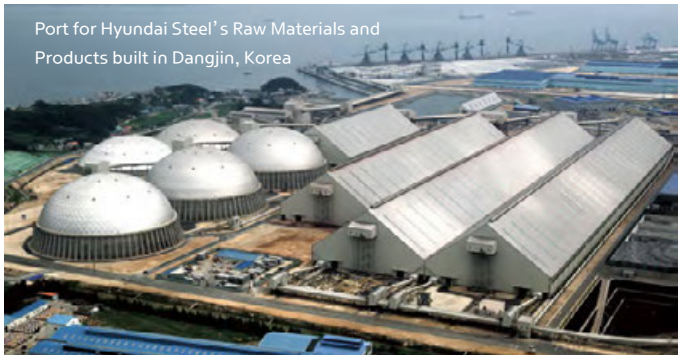
2015	7,990
2016	6,855
2017	4,277

● Sales Unit: KRW 100 million

2015	5,489
2016	4,966
2017	3,201


Coal Storage Plant Construction at Gunsan Port in Korea


Raw Material and Product Container Terminal for Hyundai Steel at Pyeongtaek - Dangjin Port in Korea


Port for Hyundai Steel's Raw Materials and Products built in Dangjin, Korea


11th Construction Section of Sangju-Yeongdeok Expressway in Korea

Asset Management

102-2, 102-6, 102-9, 201-1

Industry Overview

Demand for professional property management services has increased as the concept of real estate around the world has shifted from ownership to operation. The asset management business consists of facility management, in operation and maintenance of buildings; property management, aimed at maximizing operating profits; and asset management, intended for preparing long-term plans for buildings as well as property purchase and sale. This sector is expected to post sustained growth thanks to the Fourth Industrial Revolution, the upgrading and expansion of buildings, and the inflow of funds for indirect property investment.

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Hyundai Motor studio in Goyang, Korea

Introduction of Asset Management Business

HEC Business

Hyundai Engineering is proud of its expertise in asset management, as displayed at home and abroad. The company retains differentiated building management expertise such as standard operating procedures and accident prevention systems thanks to its diverse experience in managing offices, laboratories, hospitals, and display facilities. It is running teams for super-high-rises to provide specialized services such as FM consulting for customers. Hyundai Engineering is also unceasingly strengthening its professionalism through multifaceted efforts such as workforce exchange with H-Academy and China's Shanghai Tower and the development of a new asset management platform using the Fourth Industrial Revolution techniques.

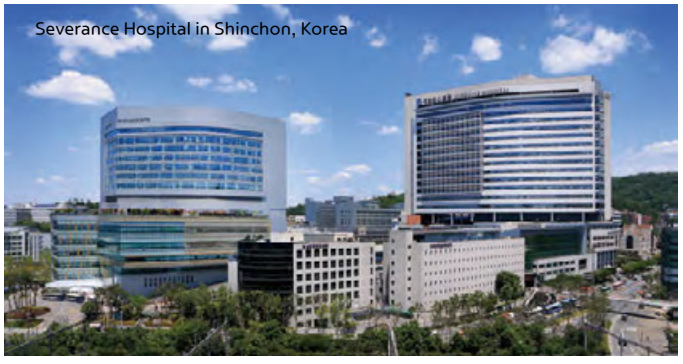
● Orders received Unit: KRW 100 million

2015	5,559
2016	6,054
2017	6,218

● Sales Unit: KRW 100 million

2015	5,688
2016	6,220
2017	6,324


Hyundai Motors R&D Center in Namyang, Korea


Severance Hospital in Shinchon, Korea

European Headquarters of Hyundai Motors in Frankfurt, Germany


European Headquarters of Kia Motors in Frankfurt, Germany

SUSTAINABILITY STRATEGY

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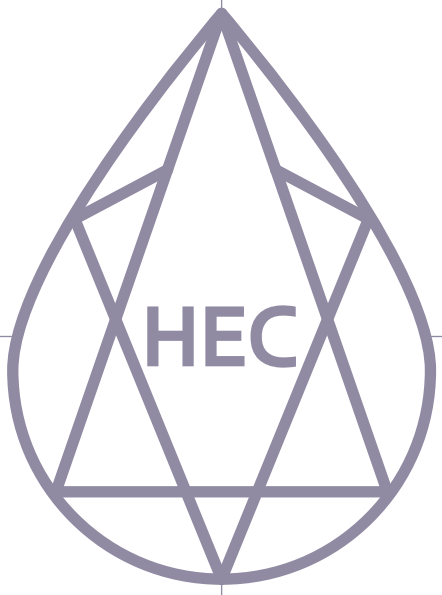


Hyundai Engineering Value Creation Process

102-9

Resource In

Financial resource

- Equity KRW 3,334 billion
- Liabilities KRW 2,992 billion

Manufactured resource

- Land, building KRW 29.3 billion
- Structures, machines, construction equipment KRW 24.6 billion
- IT System KRW 19.4 billion

Natural resource

- Raw materials purchased KRW 1,525 billion
- Water usage 889 kiloton
- Amount of energy used 916 TJ

Human resource

- Employees 5,611 persons
- Hours of training per person 56 hours
- Training expenses KRW 4.1 billion

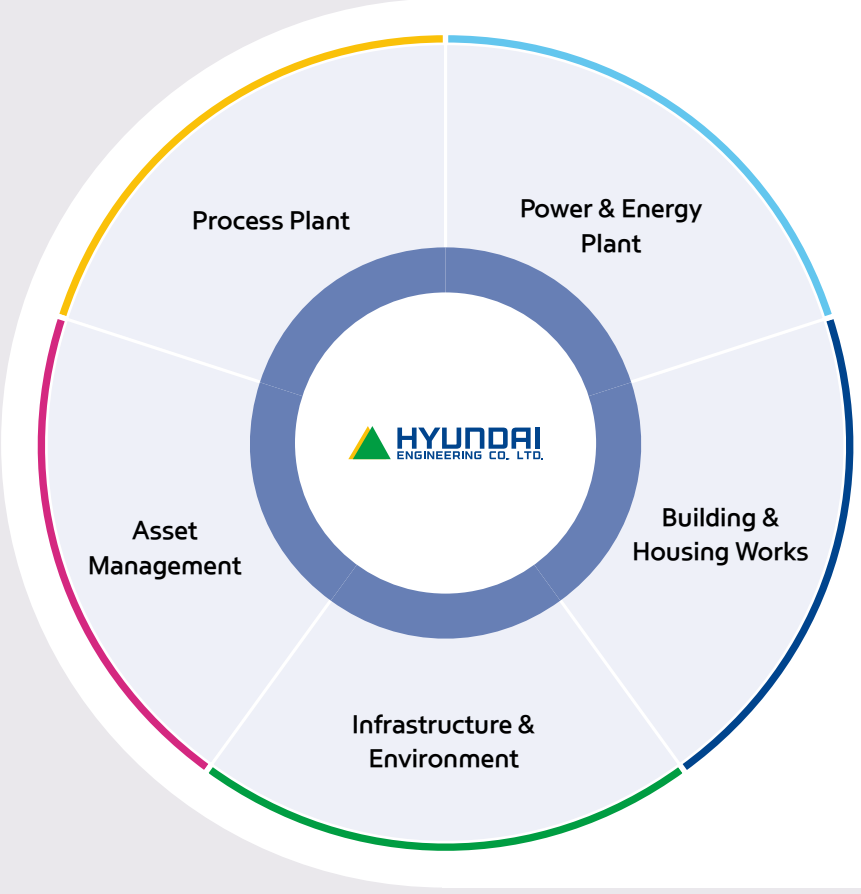
Social & Relationship resource

- Community service participants 1,170 persons
- Ethics & Compliance training 8,726 persons
- Shared growth support expense KRW 31 billion
- Social contribution expenses KRW 0.6 billion

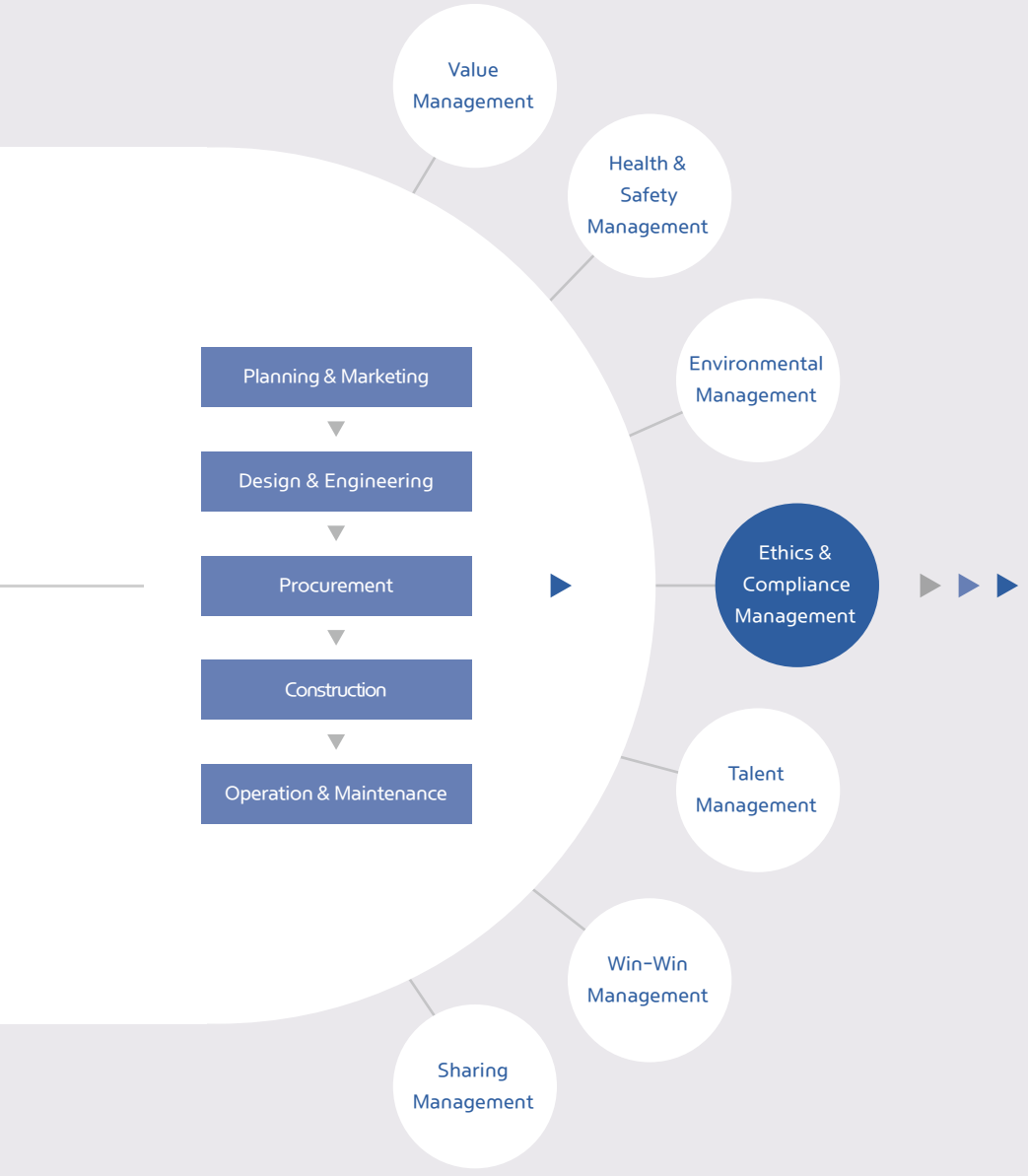
Intellectual resource

- Patent owned 170 cases
- R&D expenses KRW 1.2 billion
- Green technologies owned 2 cases
- Value Engineering 1,029 cases

SUSTAINABLE BUSINESS



Hyundai Engineering implements sustainable management strategies in all of the stages of business in order to deliver the greatest value to internal and external stakeholders. The five businesses are conducted from planning and marketing to operation and maintenance, and all of the stages are founded upon six core management principles and ethics & compliance management. Once the 6 resources both inside and outside of the organization such as financial resources and environmental resources are input at each stage of the business, they are converted into 6 values and delivered to the stakeholders, ultimately becoming the new resources of Hyundai Engineering.



Value Out

Financial value

- Orders received KRW 8,627 billion
- Sales KRW 6,268 billion
- Corporate tax KRW 115 billion

Manufactured value

- Building & Housing works KRW 2,657 billion
- Process plant KRW 2,053 billion
- Power & Energy plant KRW 606 billion
- Infrastructure & Environment KRW 320 billion

Natural value

- Amount of GHG emission 56,527 tCO2eq
- Waste recycling rate 80.8%
- Green building certification 8 cases

Human value

- New employment 929 persons
- Locally recruited employees 5,369 persons
- Personnel and welfare expenses KRW 680 billion
- Presidential citation of the 2017 government decoration for the merit of job creation

Social & Relationship value

- Selected as the Best Company in 2017 Win-Win Index
- Presidential citation in the “Global CSR category” at the 2017 Most Loved Companies of Korea

Intellectual value

- New technologies developed 4 cases
- Impact of Value Engineering activities
  - Cost reduction KRW 119 billion
  - Construction period reduction 25,719 Man-day

Vision of Hyundai Motor Group

102-16

Management Philosophy

Realize the dream of mankind by creating a new future
through ingenious thinking and continuously challenging new frontiers

Unlimited Sense of Responsibility

An unlimited sense of responsibility for our customers' safety and happiness is manifested in quality management, and extends to the ideal of creating greater value for society at large

Realization of Possibilities

Not complacent about our achieve-ments, we constantly pursue new goals.
The risk of failure is no deterr-ent as we seek new challenges on the way to creating a brighter future

Respect for Mankind

We seek to create value for mankind with better products and services de-livered more quickly to more people as a way to enrich their lives

Vision

Vision of Hyundai Motor Group, "Together for a Better Future" is a firm commitment to deliver the best satisfaction to customers beyond the external growth of the company. Synergy created by the Hyundai Motor Group is realizing new values through innovation in various parts of our lives.

Together for a better future

Core Values

CUSTOMER

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

CHALLENGE

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

COLLABORATION

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

PEOPLE

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

GLOBALITY

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

Hyundai Motor Group

Automobiles	HYUNDAI, KIA MOTORS
Construction	HYUNDAI ENGINEERING CO. LTD., HYUNDAI ENGINEERING & CONSTRUCTION, HYUNDAI ENGINEERING & STEEL INDUSTRIES, HYUNDAI ARCHITECTS & ENGINEERS ASSOC
Steel	HYUNDAI STEEL, HYUNDAI BNG STEEL, HYUNDAI SPECIAL STEEL
Parts	HYUNDAI MOBIS, HYUNDAI WIA, HYUNDAI POWERTECH, HYUNDAI DYMOS, HYUNDAI KEFICO
Finance	Hyundai Capital, Hyundai Card, Hyundai Commercial, Hyundai Life, 현대차투자증권
Others	HYUNDAI GLOVIS, HYUNDAI Rotem, INNOCEAN WORLDWIDE, HAEVICHI, HYUNDAI AutoEver

Vision 2020 of Hyundai Engineering

Mission

At Hyundai Engineering, with an unmatched combination of knowledge, skill, experience and technology we provide engineering, procurement, construction and maintenance services, and we simultaneously practice the core elements of our management by reinforcing ethics, creating value, cultivating talents, growing together and simply sharing to improve the quality of life for the people in the communities where we operate, in Korea and around the world.

Vision

Global engineering enterprise, creating the future with cutting-edge technology

Global Premier Engineering Partner

Global	Premier	Engineering	Partner
A global performing leader to the highest standards	We believe in providing best quality and cutting-edge technology	From business planning to operation & maintenance, we provide complete services for a project's cycle	We improve the communities where we work and live to ensure a sustainable future for generations to come

Long-term Strategy

Long-term Strategy

Global Markets Development

- Strategic seizing of new markets
- Use of the Group's domestic & overseas network

Strengthening Business

- Risk management for preemptive responses
- Strengthening management competency for the successful execution of projects

Business Diversification

- Initiating future-growth engine projects and securing balanced business portfolios
- Maximizing internal synergies and creating synergies within the Group

Enhanced Management System

- Creating a corporate culture based on the core values of the Group
- Intensifying talent & organizational competencies of global standards
- Establishing and strengthening the ustainability management system

Strategies for Sustainability Management

102-12, 203-1, 205-2, 405-1, 413-1

Sustainable Management System

Hyundai Engineering is operating a mid to long-term sustainable management system, highlighting core sections based on the sustainability mission and charter. The system, which bases on six core sections and ethics & compliance management, is implemented through strategic tasks reflecting stakeholders' demands to achieve sustainability goals

Core aspects	Background for sustainable management	Strategic assignments
Value Management Building competitiveness of a global corporation	The EPC industry establishes social infrastructure and prepares the foundation for industrial growth, while the construction industry can contribute to improved quality of life through housing facilities. With the perspective of sustainability, Hyundai Engineering discovers new businesses, strives for the highest quality, and achieves customer satisfaction, thus contributing to an abundant life for humankind.	Promoting sustainable prospective business projects Reinforcing quality control for the highest value
Health & Safety Management Keeping workplaces healthy and safe	Guaranteeing employee safety and health is the highest-level sustainability issue of Hyundai Engineering. Maintaining a global top-level health and safety system to protect all employees within its worksites, including those from partner companies, is the effort of Hyundai Engineering for the pursuit of healthy lives and well-being.	Establish a global top-level health and safety system
Environmental Management Going hand in hand with the future generation	EPC industry is regarded as a field with major environmental impact in terms of energy usage, greenhouse gas emission, and wastes generated. Hyundai Engineering thoroughly controls environmental management performance within the organization and contributes to a paradigm shift towards eco-friendly energy through environmental technology such as solar, wind, and geothermal power plants.	Establish a field assistance and response system
Talent Management Realizing the people-centered value	Hyundai Engineering establishes a corporate culture that reinforces professionalism and seeks balance between life and work in order to support the stable lives of its employees. By considering the nature of the EPC industry, we strive to set up a system and an organizational culture to prevent inequality and discrimination against female and foreign employees.	Recruit and foster talent suitable for the new talent character Establish a culture that respects human rights Organizational culture that seeks balance between life and work
Win-Win Management Growing together with partners	Hyundai Engineering operates shared growth and fair-trading programs to seek mututally supportive partnership with its partner companies, establishing a cooperative relationship and reinforcing institutional tools for fair transactions. The company also achieves the value of social responsibilities through joint CSR activities with partner companies.	Shared growth with small and medium partner companies Implement fair trade compliance system
Sharing Management Delivering hope to our neighbors	Hyundai Engineering utilizes its characteristics to continuously improve the housing and educational environment of disadvantaged classes. Through partnerships with the government and civic groups, we go beyond simple aid to provide education and job opportunities to empower them to establish the foundation of their lives on their own.	Integrated support for disadvantaged classes through a systematic portfolio
Ethics & Compliance Management	Ethics & compliance management is the basis of all management activities at Hyundai Engineering. An ethical and law-abiding culture and system are established and internalized for all employees to pursue ethical decision making.	Internalize an ethical, law-abiding culture and systematize a company-wide compliance system

Charter for Sustainable Management

Hyundai Engineering aims to become a pro-social enterprise through systematic economic, social, and environmental activities, placing top priority on stakeholder value.

2016-2017 Activities	Goals of sustainability management
· Achieved business results in acquisition of orders through olefin technology and Corporate Rental projects	· Establish a sustainable environment for acquisition of orders and reinforce business portfolios in all fields
· Employees and partner companies at all sites participated in quality campaign (94 sites, 11,535 persons) · Conducted quality assessments at 131 sites, and 22 special inspections · Conducted 126 quality training sessions for employees in the headquarters and domestic worksites, and partner companies	· Prevent quality issues in advance through reinforced preventive quality activities · Establish and operate a global top-tier QMS
· Induced voluntary participation in safety activities by enabling browsing of individual performance via mobile HSE system · Reinforced a safe culture by analyzing, monitoring, and evaluating safety inspection activities at the management level · Established a sanitation control risk assessment and chemicals management system to reinforce health control at worksites	· Achieve a scientific and quantitative safety management –Establish an ICT-based smart safety management system –Establish responsible safety management by employees at worksites and improve safety management systems with partner companies
· Integrated management of year-to-year performance in greenhouse gas and waste emission · Environmental assistance at newly established worksites or those at which accidents or disputes have occurred	· Advance the system to improve user-friendliness · Minimize disputes by considering the needs of stakeholders
· Established a new talent character of Hyundai Engineering	· Cultivate experts that communicate and collaborate –Establish a differentiated HEC corporate culture through the Work Smart mindset –Establish an operating system centered on intermediate managers
· Provided the Employee Counseling Center · Conducted sexual harassment training for employees	· Improve employees' level of focus and satisfaction in work · Enhance the level of internalization of core values in employees · Raise the score for the organizational culture diagnosis
· Established a new corporate culture and core value business plan for improvement of organizational culture · Shared the results of 2017 organizational culture diagnosis	
· Established the operating management plan for Shared Growth Committee	· Serve a central role in promoting the culture of shared growth company-wide and reinforcing competitiveness of partner companies –Seek mutually supportive policies tailored to partner companies –Strengthen partner companies' competencies and provide practical assistance
· Published and distributed a fair trade guide to spread the culture of fair trade	
· Opened the 2nd (Seoul Station) and 3rd (Namdaemun) low-cost rental jjokbang Stepping-stone Houses · Opened the 5th (Bukhara, Uzbekistan) and 6th (Zumkiri, Cambodia) New Hope School · Move-in completed for Season 2 and 3 of Gift Houses supporting households with risk of disaster · Opened the 1st, 2nd, and 3rd Job-creation Hope Cafes for severely disabled people	· Genuine realization of social responsibilities in connection with business strategies –Continuously seek major activities related to the characteristics of the industry –Seek new activities such as CSV (creation of shared value) and appropriate technology, etc.
· Created the Compliance Team in September 2016 · Established a company-wide compliance division in July 2017 · Conducted basic ethics and anti-corruption training for employees at headquarters and other worksites	· Solidify and implement the ethics process global standards

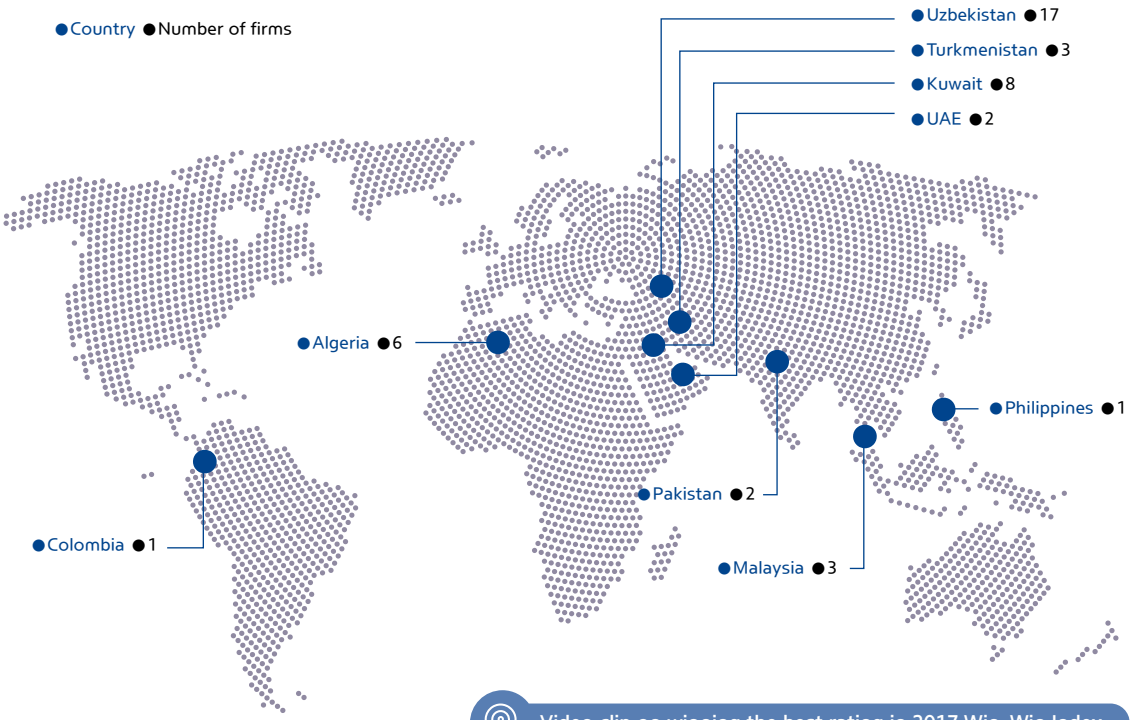
Go farther together, shared growth & partnering abroad

102-12, 203-1

By pursuing "Industry, Innovation and Infrastructure," the 9th UN Sustainable Development Goals (SDGs), Hyundai Engineering is seeking to create a healthy industrial ecosystem and grow together with partner companies. In 2016 and 2017, the company made efforts to offer substantial assistance by educating partner companies during their overseas advancement and increasing subsidies for shared growth, also stepping up efforts for cooperative ties by launching the in-house shared growth commission. In 2018, Hyundai Engineering was recognized for its multilateral efforts for shared growth as it obtained the top assessment in the Win-Win Index evaluation.

Win-Win Index	Subsidies for Shared Growth	Education for partners	Number of companies to go abroad
2016 **Excellent**	2016 KRW **30.3** billion	2016 **84** companies	2016 **25** companies
2017 **Best**	2017 KRW **31.0** billion	2017 **76** companies	2017 **18** companies

| 2016-2017 Partner companies partnering abroad and their target countries |



Video clip on winning the best rating in 2017 Win-Win Index

INTERVIEW

Song Yeong-gil,
President of
Younchang
Engineering

"We are a partner company that can fulfill mutual needs."

Younchang Engineering specializes in equipment work in machinery, firefighting, gas facilities, and civil engineering. The company, headquartered in Korea, has 11 overseas units and has been carrying out construction projects focusing on residential and complex buildings since its foundation in 1992. It began its cooperative ties with Hyundai Engineering in 2013 with their receipt of domestic apartment projects. The company teamed up to go abroad with Hyundai Engineering in 2014 with the Hyundai Motor construction project in Brazil.

"We took off as a global company by tearing down our barriers to entry overseas."

As a small/medium-sized company, we had plenty of difficulties in going abroad owing to tariffs and arrangements for land. So we joined forces with Hyundai Engineering to explore overseas markets, and this has paved the way for us to take off as a global company. Most notable is that Hyundai Engineering provided systematic training for partner companies, which enabled our employees to prepare in advance. As a result, our company is now running 13 locally incorporated subsidiaries in countries such as the U.S., Mexico, Brazil, and India, and sales from them account for 30 percent of our total turnover. The groundwork has now been laid for us to stably operate abroad and to enter anywhere freely.

"We anticipate growing as a highly competitive enterprise through the continuous cooperation in the future."

What we have seen positively as one of Hyundai Engineering's partner companies is that our competitiveness has risen significantly amid cumulative experiences. As we had felt it necessary to review our design and technical capabilities while carrying out overseas projects, we created a technical support team consisting of competent engineers five years ago. The team makes it a rule to conduct pre-construction reviews for design, the result being that errors in applied technology and design can be detected in advance and high competitiveness gained thanks to cost reductions. We are very grateful to Hyundai Engineering for our overseas advancement and will do our best to become a strong partner of Hyundai Engineering.

Adding value to job creation

102-12, 203-1

Hyundai Engineering has contributed much to economic growth both at home and abroad in compliance with “Decent Work and Economic Growth”, the 8th UN Sustainable Development Goals (SDGs). In 2017, the company was the only large builder among the top 100 job creators, and its efforts to create more jobs was recognized the same year as it received a presidential citation in the private business sector. Hyundai Engineering is determined to help improve people’s livelihood and contribute to the development of partner companies, our society, and the nation by creating decent jobs both at home and abroad.

2017 Job Creation	2017 Employment generation	2017 Hired new employees	2017 Locally recruited employees
Presidential citation	Top **100** employers	**929** persons	**5,369** persons

Presidential Citation for Job Creation

Hyundai Engineering received the 2017 presidential citation for job creation as its efforts were recognized for improving job-related systems and job quality, arranging jobs for the poor, and improving working conditions at partner companies. These are the results of our strenuous efforts to improve systems for the company’s growth and job creation. As Korea’s top engineering company, Hyundai Engineering will give its greatest effort to create decent jobs and develop our society.

INTERVIEW

Lee Yong-sang,
Site Manager of the
TACE Project in
Turkmenistan

"We are doing our best to nurture local trainees with specialized skills in Turkmenistan."
The TACE Project Training Center in Turkmenistan is intended to nurture welders, electrical engineering technicians, instrumentation technicians, and other trainees with specialized skills who can be put to work at worksites right after completing the training. Each program continues intensively for 2 to 3 months, and the center has produced around 250 technicians since its foundation in 2016 who are contributing significantly to the construction progress.

"Technical training provides students with assets for life, and their communities with vitality."
Technical training offered at the center in Turkmenistan, where access to quality education is scarce, has become a crucial asset in life for students. After finishing courses, they can exercise their hard-earned skills at Hyundai Engineering and partner companies, and even better is that they can get jobs elsewhere based on their skills after the project is over. Local economy in Turkmenbashi, a city near the workplace, has become brisk as many local people were hired. Residents are prouder of their work after receiving training as opposed to the period when they worked as unskilled laborers.

"Technical training also contributes greatly to the development of Turkmenistan and job creation."
As Turkmenistan, rich in gas reserves, is placing orders for large projects continuously, the demand for local engineers is expected to expand. Graduates of the training center will take part in these projects, and we expect the nurturing of more engineers there in accordance with technical transfers among them. This will certainly lead to the development of Turkmenistan and job creation.

"Continuous operation of the training center will help to deepen the expertise of local."
Further operation of the training center will be difficult after the commercial operation of the TACE Project after its performance test in June. But if Hyundai Engineering takes over the operation and maintenance (O&M) of the project, the center may remain as a place to provide training for plant operation. Graduates of the center will play a greater role in new projects in Turkmenistan.

Video clip on Turkmenistan's welding training center students' visit to Korea

HEC making the future safer

102-12, 203-1

To ensure "Good Health and Well-being", the 3rd UN Sustainable Development Goals (SDGs), Hyundai Engineering puts top priority on employees' safety and health and is striving to promote their safety awareness. The company makes it a rule to educate all new employees in safety so that they can understand its necessity. During the 2017 safety education, all 92 new employees were assigned to nine domestic workplaces, including 'Hillstate Myeongnyun' in Busan and a chemical plant in Yeosu, to take part in hands-on safety programs. The company plans to listen carefully to their feedback and to reflect their opinions in future training programs and will measure the performance using mobile HSE index tracking management in order to raise awareness of safety.

2017 new employees participated	2017 Satisfaction with education	2017 On-site Composite Safety Index	2017 Safety check-ups by new employees
All **92** persons	**100%**	**103%** (31% increase)	**231** cases → **866** cases

HSE (Health, Safety & Environment) and Safety Supervisors Hands-on Education for New Employees in 2017


Safety education supervised by safety management office: cardiopulmonary resuscitation (CPR)


Education at safety experience center: Harness experience


Hands-on education for safety supervisors: HSE Cycle conducted


Hands-on education for safety supervisors: Daily safety check-ups


Hands-on education for safety supervisors: Mobile HSE activities conducted


Hands-on education for safety supervisors: Special safety lessons conducted

INTERVIEW

Kim Ju-yeong,
Staff at Safety
Planning Team of
Hyundai Engineering

"I felt the importance of safety in person through my visit to the workplace."

All new entrants to Hyundai Engineering are required to visit construction sites to watch and learn what safety officials actually do through our essential safety education programs. I observed the safety issues there and had hands-on experiences regarding corrective measures. I also attended meetings supervised by safety officials and had the chance to come into direct contact with the issues. What I took with me was the mentality of looking for safety risk factors by utilizing the "Mobile HSE" applications. I especially walked around the worksites and took pictures right away whenever judged necessary while sharing risk factors via mobile phone. These were necessary processes for employees both from the worksites and headquarters to take swift measures.

"I now consider safety the top priority, no matter what I do."

I adequately familiarized myself with on-site safety issues and situational responses, but these programs made me understand that business and safety issues are interrelated. As a result, as new employee affiliated with the safety planning team, I and my colleagues in other departments will give top priority to safety when performing our duties. As safety issues are fundamental duties that builders must never fail to observe, strict safety management will be our valuable asset to protect the company in the long term.

"It's crucial to raise attention to safety continuously."

While taking part in safety education programs, I pondered how to win Zero-Accident. I felt it necessary to let each of our employees awaken to the importance of safety. The most effective way is to let all workers experience the worksite in person as newly hired employees, and it is necessary to conduct customized education programs according to their positions. Anticipating the development of on-site education programs into diverse hands-on programs, I renew my resolve to let all workers become fully aware of safety.

Laying the stepping stone of hope

102-12, 203-1

As part of its efforts for "Sustainable Cities and Communities", the 11th UN Sustainable Development Goals (SDGs), Hyundai Engineering is implementing the Stepping-stone House Project. We include housing support, self-support assistance, facility support, livelihood support, and community service for jjokbang (one-room shanty housing) residents to establish a foundation for their lives and for them to settle as members of the society. To solve the housing issues, which is the jjokbang residents' greatest concern, and to nurture the power of autonomy, we establish a stable living environment by supporting projects conducted by the residents. In addition, we also promote livelihood support for them to not only find energy and confidence in their lives but also to take a step into society. We also improve the jjokbang counseling facilities that help the residents with self-support and continue to deliver hope through community service activities performed by Hyundai Engineering employees. Hyundai Engineering prepares stepping stones for healthy and happy lives of jjokbang village residents.

2016 Seoul City Welfare Award	2013-2017 Beneficiaries of social contribution	2013-2017 Expenses for support
Excellence Award	**18,813** persons	KRW **1,040** million

Residential Support	Self-reliance Support	Support for Facility Improvement	Support for Vitality	Volunteer Service
Support for shantytown building remodeling and low price sublease	Supporting collaborative workshop for economic independence	Remodeling of counseling centers	Operation of cultural programs and exhibitions	New employees' community services participation
Supporting moving in rented houses		Improving living environments such as bathrooms	Supporting hometown visiting for residents	Food sharing programs for traditional holidays

Video clip on introduction of the Stepping-stone House Project

Ki Jae-il,
Official on the Self-sufficiency Support Team, Seoul City Welfare Office

"We have teamed up with Hyundai Engineering over the past five years as a partner."

We have been supporting residents in Seoul's shantytowns since signing an agreement on the 'Stepping-stone project' with Hyundai Engineering in 2013. This project, referring to houses as a stepping stone for self-reliance, was initiated by suggestions from Hyundai Engineering officials. What was most impressive was that the sponsoring company first provided us with a business blueprint containing planning, programs, and a budget. The company proposed projects related to residence, apparently conscious of its business characteristic as the builder.

"What residents in shantytowns need most are 'homes' and 'leisure'."

The most pressing issue for them is residence. Their living conditions are quite poor, most of them living in tiny rooms. They hardly have places to bathe, as most of them share communal toilets, and there are no kitchens. Another problem is their spare time. Only 10 percent of the 3,200 residents are able to work. The rest spend their time doing nothing. To resolve these problems, Seoul City joined forces with Hyundai Engineering to provide support for their housing, enterprises, and mobile store programs. These efforts helped many of them to regain vitality and self-respect.

"Hyundai Engineering will be there as a solid partner, continuously communicating with residents and acting together."

Hyundai Engineering workers visit shantytowns frequently, around 12 times a year. As our long-term partner, they spare no effort to provide support in response to what the city demands in compliance with the needs of residents. In 2017, we conducted a project to help them visit hometowns around the Chuseok holiday. Besides, before opening Stepping-stone Culture Classes, city officials, residents, and Hyundai Engineering employees meet frequently in order to understand what the residents need and want and perform the appropriate activities. We are grateful for the company's support in helping them to lead new lives, and hope that we can continue to be solid partners to help those in need.

Coexistence of environment and energy

102-12, 203-1

The Hyundai Engineering biogas plant business coincides with "Affordable and Clean Energy", the 7th UN Sustainable Development Goals (SDGs). Resource recovery facilities at an eco-friendly town in Hongcheon-gun, Gangwon Province, designed to dispose of livestock excretions to generate biogas, have been in successful operation from construction to plant management. The project was awarded a citation from the Ministry of Environment in June 2018 in recognition of its highly superior efficiency over other facilities. Hyundai Engineering will dedicate efforts to preserve the environment and improve humankind's livelihood by promoting renewable energy projects.

2018

Awarded citation from Minister of Environment

2017

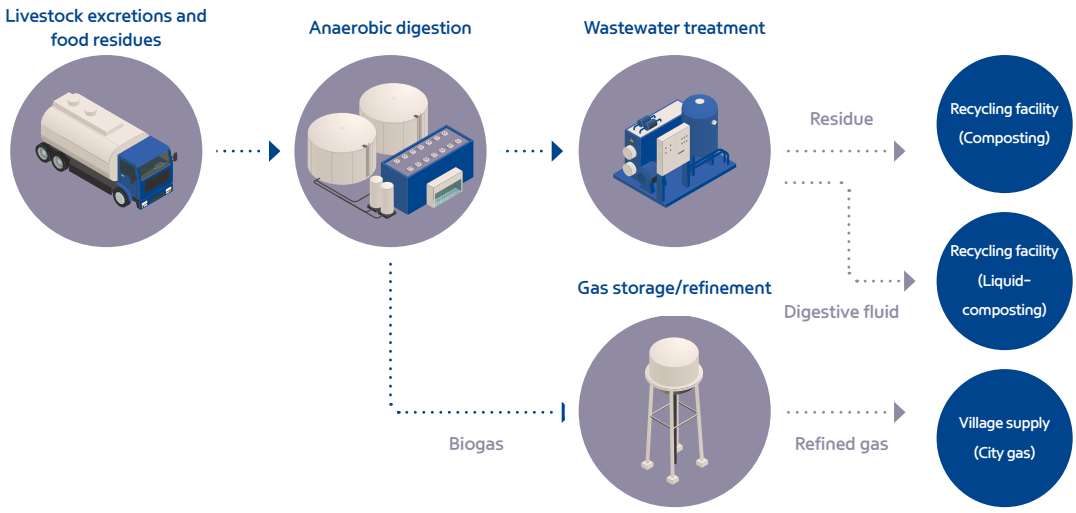
Biogas Production
1,110,169 ton

2017

Compared to a plan,
26 more days of operation

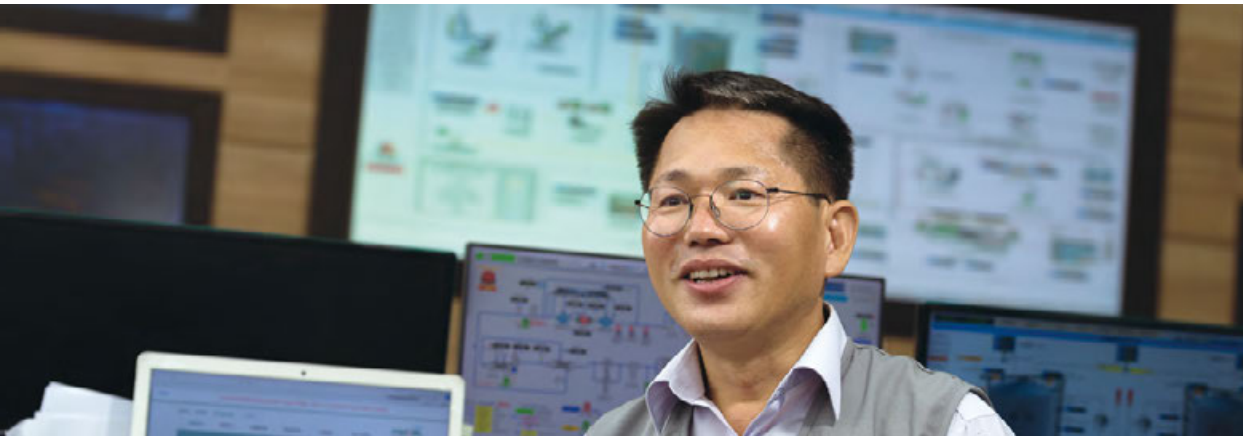
2016-2017

7,782 visitors



Eco-friendly Projects

Biogas plants are designed to produce energy by utilizing methane gas and carbon dioxide generated when organic waste decomposes, making it possible to achieve energy production while bracing for climate change. They offer environmental advantages in three aspects. First, they can prevent water and soil from contamination which can occur during reclamation of waste resources. Second, they are effective in reducing greenhouse gases by lowering the release of carbon dioxide into the air. Finally, the biogas plants can reduce the use of fossil fuels with their environmentally sustainable production and disposal procedures.



INTERVIEW

Jo Chun-ki,
Conductor in Hyundai Engineering
Hongcheon-gun Eco-friendly energy town Recycling facility

"The nation's first facilities of their kind are operating at record rates."

Hyundai Engineering completed the livestock manure disposal facilities in the Eco-friendly Energy Town in Hongcheon-gun, Gangwon Province in 2015, and is now operating them in accordance with the three-year mandatory operation period. As it was the first attempt in the country to refine biogas into city gas and supply the produced gas to nearby villages, Hyundai Engineering underwent processes of trial and error during the first six months since their operation. But through repeated facility improvements and comparative trials, the company found the crucial point where the efficiency of the facilities reached a maximum. The facilities are now in stable operation, with their capacity operation rate exceeding the anticipated efficiency rate at the time of design.

"The Hongcheon biogas facilities are accomplishing four goals at once"

What is most advantageous from the facilities is the simultaneous disposal of livestock excretions, food residues, and unwelcome waste while generating economic and environmental profits. The facility generates energy using public waste processing facility, and the methane gas produced through the facilities is converted into city gas, which is in turn inexpensively supplied to nearby residents. The city gas is less expensive than fossil fuels such as oil and coal and is eco-friendly with lower emission of air pollutants. Also notable is that additional profits can be generated with the production of compost and liquid fertilizers, and that the residues return to nature, contributing to the protection of soil and water.

"It's meaningful that running the facilities without a single accident has been recognized."

Hyundai Engineering was awarded a citation from the Ministry of Environment in June 2018. We believe that it is an encouragement to our efforts. Our ultimate goal is to complete the transfer of duties successfully, as the three-year mandatory operation period will be ending soon. We will make every effort to develop the eco-friendly biogas business further by utilizing our experience and expertise accumulated over the past four years.

SUSTAINABILITY ISSUES

Building Competitiveness of a Global Corporation

Sustainability Context

Recently the United States is projected to raise interest rates, while potential growth rates in emerging economies including China will dwindle and construction orders placed by oil producing countries will plunge due to lower oil prices. Consequently, the outlook for construction as well as that for EPC (Engineering, Procurement and Construction) remains bleak. To secure substantial competitiveness, it is essential to arm the company with superior expertise and commitment to quality, and to make efforts to improve productivity such as through the reduction of process time and cutting costs while finding ways to enter new overseas markets for growth.

HEC Approach

Hyundai Engineering has diversified its business portfolios and laid a solid foundation for systematic in-house mechanisms that embrace engineering, procurement, and construction. Furthermore, the company will devote itself to enhancing competitiveness and profitability by developing new growth engines and new technology, tightening quality management, and heightening customer satisfaction.

HEC Performance

	2016	2017
ENR international design firm ranking	21st globally	24th globally
6th in 2018 construction capability assessment		
Obtained AA- credit rating, 2014-17		

Future Growth Engines for a Leap Forward

Step-by-step Sustainable Circulation Structure of Prospective Business

2017 Prospective Business Projects
Olefin Technology
LNG Liquefaction
Corporate Rental (concluded)
Modular Construction
Overseas Independent Power Producers
Offshore Wind Power
Small Modular Reactor
Concentrated Solar Power generation (suspended)
Infrastructure PPP
High-rises Asset Management

Results of Prospective Business Projects in 2017
Sales &Marketing activities : 18 cases Training activities : 47 cases ⇒Achieved 100% of KPI

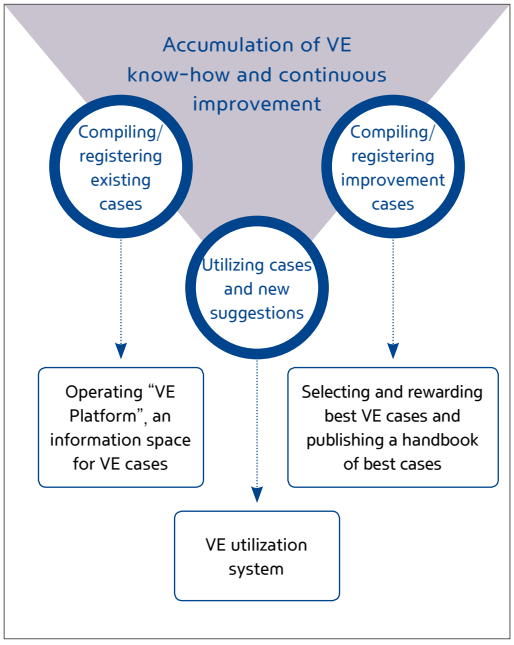
Reinforcing prospective business projects

Hyundai Engineering has selected several projects to diversify its business portfolios and secure new future growth engines. These projects are intended to respond to changes in our environment and allow early commercialization. For this purpose, the company has been engaging in process creation, research and development at home and abroad, meetings and seminars, and business materialization. Sustainable growth is also encouraged through periodic examinations and evaluations of those projects and their results. At the same time, Hyundai Engineering tries to remain flexible in reflecting changes in government policies and market conditions in in-house development plans. Hyundai Engineering ranked 6th in the 2018 construction capability evaluation in Korea and took 24th place among the top 225 International Design Firms selected by America's ENR (Engineering News-Record) in 2017. In 2018, the company has designated new prospective business projects such as Private Developer, Repowering, Greenhouse Gas Reduction and Complex Investment Development. It has set its plan to focus on creating an environment for sustainable receipt of orders and reinforce portfolios in all business fields.

Prospective Business Projects in 2018

Olefin Technology	Process technology to produce olefin which is a key raw material for petrochemical products using natural gas and naphtha as raw materials
LNG Liquefaction	Process technology to easily transport and store gas after liquefaction at ultralow temperature after pre-processing the natural gas before it is a gaseous state for efficient transport of natural gas
Private Developer	Comprehensive real estate development project ranging from planning to construction, funding, and follow-up management
Modular Construction	Eco-friendly industrialization construction project where major construction components are produced at a factory using modularized manufacturing technique and transported to the site to be installed and finalized in a short period of time
Independent Power Producer	Privately led project to recoup invested funds over the long haul after building power plants through private investment, owning, operating, and managing for 20-30 years
Offshore Wind Power	Project to transmit power onshore after generating electricity via wind power on the sea where stable operation and great output are secured
Repowering	Improving economic feasibility by replacing outdated and inefficient main equipment at decrepit power plants
Small Modular Reactor	Project to develop and commercialize technology used for power and hydrogen production plants through fourth-generation high-temperature gas-cooled reactor
Greenhouse Gas Reduction	Renewable energy project to secure carbon credit by empowering clean energy expansion
Infrastructure PPP*	Project to offer public services via private investors joining forces with government to build and run social infrastructure *Public Private Partnership
Complex Investment Development	Investment development project to boost synergy through collaboration among different departments (power&energy plus infrastructure; power&energy plus architecture; infrastructure plus architecture)
High-rises Asset Management	Comprehensive real estate business to handle various projects from facility management (FM) and property management(PM) of high-rises and complex facilities

Knowledge System for Value Engineering



VE Platform

Research and development

(Unit: KRW million, %)

Type	2015	2016	2017
R&D expenses	766	1,088	1,154
R&D-to-sales ratio	0.01	0.02	0.02

Innovative Knowledge Management

Value Engineering (VE)

Value Engineering can be defined as all activities that remove inefficient elements in organizations through business innovation, technology improvement, and system upgrading. Hyundai Engineering has been making efforts to spread the concept of Value Engineering through diverse activities. First, all employees are able to register and search VE cases at any time through the VE platform, and shared cases are applied to new projects. Second, it is possible to make the best use of data through our integrated systems. All employees can review VE cases and utilize them in project execution. This makes it possible for the accumulated data to be used for later reference. Finally, internalizing the VE mindset in the company is urgently needed so that employees can awaken to its importance and take part in VE activities proactively.

Lessons Learned (LL)

Hyundai Engineering has developed the concept of 'Lessons Learned' in order to perform projects successfully by preventing repeated problems through the collection and analysis of experiences occurring in project execution. All employees are expected to build a database for issues taking place in the entire project process including not only engineering, procurement, construction, commissioning but also bidding, contracting, project management, risk management, logistics, process, quality, and safety, and to share the database across the company. Cases accumulated since 2002 are more than 15,000, and they are valuable assets to the company . The company holds Lessons Learned workshops before embarking on projects, all of these efforts making it possible for the company to effectively resolve problems occurring in similar projects. The result is the minimization of "failure costs" through systematic risk management and preventive activities.

VE/LL Contests and handbook of best cases

Hyundai Engineering publishes a handbook of best cases to reinforce cost competitiveness through the expansion of VE/LL cases to prevent the recurrence of problems. Experts evaluate cases registered on the VE/LL Platform, based on such criteria as cost saving, shortening of construction period, and utilization in other projects, and the best cases are included in the handbook. The best cases are rewarded every year to promote improvement in quality of cases and enhance awareness about VE and LL.

Securing Intellectual Property

Results in research and development

Hyundai Engineering has been conducting research and development activities in such areas as power & energy plant, building & housing works, and infrastructure & environment. In 2017, the company took part in the national project to develop customized prefabricated houses technical development and the national project of test site building modular (fourth year), and since then has been carrying out joint research projects for mid-to-high rise module application technology including virtual design and simulation of apartment houses. Hyundai Engineering was also the first company to develop root barrier concrete, and obtained certification for the new technology in May 2018. The company is also engaging in several projects to improve product quality, including high-performance concrete, based on the network for high rise building construction of the group.

Current Intellectual Property (As of the end of 2017) (Unit: cases)

Patent	Utility model	Trade mark	Design	Program	Total
170	1	215	5	220	611

Intellectual Property Rights

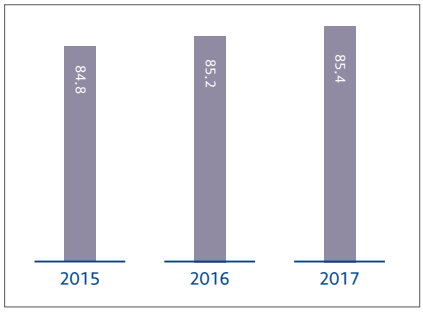
Hyundai Engineering has succeeded in securing technical competitiveness and differentiating itself from other companies by obtaining numerous intellectual property rights such as patents, utility model patents, and design patents in diverse fields including process plant, power & energy plant, building & housing works and infrastructure & environment. It constantly supports and manages a system in which employees' business experience, technical expertise, and creative ideas can lead to technical development and obtaining new industrial rights.

Quality Management for Highest Value

Quality Policy

Hyundai Engineering's quality management aims to provide the best products and services to customers. The specific policies for quality include minimizing quality risk through preventive activities, securing competitiveness in EPCM (engineering, procurement, construction and management) technology and quality, and strengthening core competencies through advanced knowledge management. In a company-wide effort to improve its quality competitiveness, the company is tightening quality management in engineering, procurement, construction, and other processes. Also, Hyundai Engineering implements its quality management system in compliance with ISO 9001[1], KS Q ISO 9001[2] and KEPIC[3]

PQI Average Score



Advancement of Quality Management System

After setting its quality objectives, Hyundai Engineering is conducting quality planning, management, assurance, and improvement. The company operates the Project Quality Index (PQI) for projects that are currently in progress by making a comprehensive appraisal of quality standards in terms of system implementation, construction quality, risk prevention, customer satisfaction, and IT system utilization. Also, Hyundai Engineering has been improving its quality evaluation systems in effort to enhance the quality of project. To cope with limitations arising from heavy dependence on ISO 9001, it has created a High Risk category and conducts practical utility-centric evaluations for each stage of the project. Critical Points are selected and reviewed carefully by taking on-site influences and frequency into consideration, and the initial site receives a quality system diagnosis rather than evaluation for strengthened support.

Results from Quality Management

Engineering	· Operating company standard management system (298 management standards, 4,574 technical standards in 2017 · Conducting Lessons Learned workshops by teams and per project · Quality evaluation and encouraging quality improvement of engineering partners (8 firms in 2016, 10 in 2017)
Procurement	· Analyzing trends of equipment NCR (Non-Conformance Report) and providing feedback · Monitoring equipment manufacturers · Quality evaluation and encouraging quality improvement of procurement partners (17 firms in 2016, 16 in 2017)
Construction	· Quality evaluations on projects and providing feedback (70 in 2016, 61 in 2017) · Issuing and revising 311 construction standards · Analyzing trends of workplace NCR (Non-Conformance Report) and providing feedback (3,136 cases in 2016, 2,752 in 2017)

1) ISO 9001: Quality management standards set by the International Organization for Standardization
2) KS Q ISO 9001: Korean industrial standards based on ISO 9001
3) KEPIC: Korea Electric Power Industry Code certified by Korea Electric Association

A ceremony to proclaim strict quality management

Quality PR

Video clip on the campaign for quality

Customer Satisfaction Management

Campaign for Quality

Hyundai Engineering has been conducting a quality campaign for all employees at home and abroad in order to establish our construction culture to observe quality principles. One of the campaign events was a contest held for quality slogans to enhance awareness about quality, and the slogans selected have been posted in all workplaces. All employees and workers from our partner companies also took part in a ceremony to proclaim strict quality management. During the ceremony, outstanding partners were chosen and rewarded, and all attendees committed themselves to quality by taking an oath and listening to words of encouragement. 11,535 workers from 94 construction sites participated in the ceremony in 2016 and 2017. We plan to further advance awareness about quality by encouraging each employee to do their best to improve quality and to take part in the relevant discussions.

Education on Quality

Education for HEC Employees

Hyundai Engineering has been encouraging employees to take part in various education programs to raise awareness on quality management and ensure quality preventive activities. These programs include providing new employees with education on quality management systems and having workers selected to serve abroad share experiences on failure and improvement cases. The company invites outside specialists to give lectures on ISO 9001 to quality staff, efforts which have been instrumental in creating systematic quality management mechanisms and improving our process management. In-depth education for each work classification is also available in the form of offering quality support at new construction sites and arranging workshops attended by site quality managers at home. All of these measures are necessary to prevent quality problems in advance by sharing quality issues at each site.

Education for Partner Companies

Hyundai Engineering has been offering education on engineering, procurement, and construction to our partners to help forge close cooperative ties and to pave the way for shared growth. Providing education simultaneously while evaluating quality for partners helps us to both complement what is currently lacking and to prevent future risks, which in turn leads to overall improvements in quality. A chain of workshops targeting partners in procurement and construction, in particular, has proven to be effective in spreading specialized knowledge and sharing expertise across the board for establishing foundation for mutual growth. Hyundai Engineering will continue to maximize synergy and improve quality through active communications with partner companies.

Information Security Management

In 2015, Hyundai Engineering succeeded in accomplishing several goals at once by acquiring the ISO 27001 certification, stepping up information security, and winning the trust of customers and partners. The certification was necessary to prevent problems in advance and cut down on impacts from accidents by improving the information security system within the company. Continuous improvement of our system is certainly needed to win the trust of stakeholders outside of the company and to satisfy legal requirements.

The award certificate

Letter of Commendation
표 창 장

현대엔지니어링(주)
인정대리인 천 재 욱

귀하는 평소 맡은 바 직무에 정려하여 왔으며 특히 인천국제공항 3단계 건설사업 추진을 통해 공항 발전에 기여한 공이 크므로 이에 표창합니다.

2018년 1월 31일

인천국제공항공사 사 장 정 일 영

Ordering customers Satisfaction

Hyundai Engineering has received a plaque of appreciation and letter of commendation from the Incheon International Airport Corporation as a result of achieving customer satisfaction based on its outstanding technical expertise and top-tier service. The company successfully finalized its landscaping projects for the entry road of the airport's second passenger terminal and four interchanges thanks to the dedication of employees despite pressing schedules and tough construction conditions. The citation is quite meaningful in that our superior quality in the landscaping field has been recognized.

HILL STATE Resident Satisfaction

Pre-occupancy Customer Satisfaction Activities

Hyundai Engineering holds a pre-visit event to encourage Hillstate residents to put forward opinions after visiting their new homes one month before completion and examining the interior of their homes-to-be. Defects are repaired before they move in, as they can submit complaints after checking all aspects from the flow of traffic and landscaping and wallpapering to tiling. Such events took place in four apartment complexes including the Wirye Amco Town Centroel and Hillstate Seocheon in 2016, and there were six events in 2017 in complexes including the Magok Hillstate Master and Hillstate Seoripul. Customer satisfaction is maximized because the company's MOT (moment of truth) team is sent to scrutinize any issues during the residency designation period.

Satisfaction Survey

Hyundai Engineering's construction business office conducts a satisfaction survey to resolve customer complaints and to reflect their opinions in subsequent apartment projects. If repair work is conducted, the company makes it a rule to confirm by phone whether grievances are addressed. Satisfaction surveys have also been conducted via mobile communication since 2017.

2017 Results of Customer Satisfaction Surveys

Type	Landline	Mobile
	2017	2017
Number of surveys	1,311	3,047
Satisfaction score (out of 10)	8.4	7.1

Customer Communication Channels

Communication channels with customers, such as the company's website, cyber inspection office, and customer centers, have been gradually expanded. The homepage for the Hillstate brand has been in service since 2016 to offer information on apartment sales and complexes, and it is possible to request after-sale service and one-on-one inquiries online. Customer centers are also in operation to listen carefully to customers' opinions, and tip-offs on improper demands and irregularities are received by the cyber inspection office. Informants are protected thoroughly according to our confidentiality, identity security, and reduced responsibility regulations.

Keeping Workplaces Healthy and Safe

Sustainability Context

The importance of safety cannot be emphasized enough, as even petty errors can lead to crucial industrial disasters. Safety and health must be managed systematically in accordance with the advancement of EPC (Engineering, Procurement and Construction) industry and it is of urgent importance to upgrade our safety management system by adopting new digital technologies such as Big Data, IoT (Internet of Things), and AI (Artificial Intelligence).

HEC Approach

As safety and health are key factors of Hyundai Engineering's sustainable management, it is making efforts to tighten management of these factors. More specifically, the company aims to make workplaces safer with such activities as risk assessment, safety improvement, and safety and health management system improvement at partner companies, and provides customized safety training to enhance employee awareness regarding safety and health. Scientific and quantitative safety management, in particular, must be pursued through the setup of smart systems based on information and communication technology.

HEC Performance

	2016	2017
Converted accident rate	0.18%	0.38%
Death rate per 10,000 persons	1.01%	2.56%
Hours of education on safety completed per capita	8	8
Number of employees completing safety training	20,618	20,111

Sticking to the Principles of Safety and Health Management

Main functions of mobile HSE

Safety and Health Management System

Hyundai Engineering obtained the OHSAS 18001certification in 2011, and since then has been making all efforts to prevent accidents through periodic screenings and reauthorization examinations. As a result, Hyundai Engineering was selected as an excellent safety management company in 2018 by Korea Occupational Safety & Healthy Agency. It plans to run its safety and health management system in accordance with international standards by replacing the OHSAS 18001 certification with ISO 45001, the new industrial safety and health management certification.

Organization for Safety and Health

The safety management office has empowered its planning and operation teams to improve its occupational health and safety (OH&S) mechanism and to form safe and healthy culture, and has launched an organization to take charge of safety and health affairs at each business unit. The company's safety and health systems have become more robust since the organization's foundation in 2016. Hyundai Engineering strives to guarantee safety and health of its partner companies.

Responsible Management System for Risk Assessment

Hyundai Engineering is pushing to lower its safety hazard below the permissible level through risk assessment for successful construction of its projects. On-site managers, even those from partner companies, are authorized to find risk factors in the course of construction and to take measures for improvement, while risk assessment has become more effective with the obligatory designation of those responsible for improvement. Furthermore, it utilizes work classification data and unit-based work data in order to deduce risk factors and for the supervision of safety management.

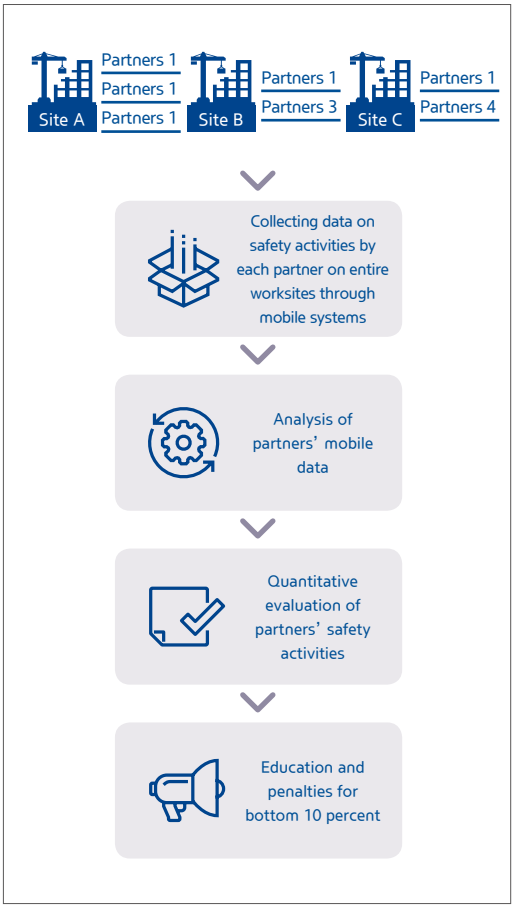
ICT-based Smart Safety Management System

On-site safety management has been strengthened with the adoption of IoT techniques and improvement of the mobile HSE (health , safety & environment) system. Risk factors at all sites and for all work classifications are monitored and controlled in real time using IoT technology, and vulnerable factors are removed in advance through the mutual monitoring of headquarters and workplaces. Big Data is to be utilized to ensure scientific safety management through data analysis. Real-time communication and monitoring have been vitalized and mobile HSE system has been continuously improved for quantitative measurement of safety activities. We have taken a firm hold of our organizational safety culture as a result.

Key technologies to be pursued in 2018	Detailed contents
IoT system for equipment access alarm/ control	· Measures to prevent machinery-equipment collision · Alarms ring when machines or equipment are approached for a certain number of persons who has an RFID attached
T/C(Tower crane) combined black box	· Reinforcing monitoring on tower cranes in real time · Mandatory setup of video recording device when installing, dismantling, or upgrading T/C and arrangement of signal personnel between T/C worker and coordinator
Intelligent image recognition system	· Analysis of images via CCTV cameras in real time and prevention of approach by alarm
Alarm system for uncompleted work sites	· Removing risk factors by making supervisors at incomplete worksite aware of danger in advance · Sending alarm messages via mobile HSE to management supervisor during the initial work and when incomplete dangerous work process occurs

Safety Management for Project Sites

Safety management on partners



Strengthening Safety Awareness

Hyundai Engineering has been stepping up its efforts to enhance internal awareness about safety by conducting various programs. These periodic programs include lectures on safety management attended by executives and all employees, special lessons to reform safety consciousness for site managers engineers, dialogue attended by safety and healthcare officials, and prayer rituals for safety. Signature-collection campaigns and video clips on 12 safety standards have proved to be effective in raising employee interest in safety.

Safety Inspection Activities

Along with regular check-ups, all members of the safety management office are on high alert around the clock to prevent slackening of safety awareness and to reinforce serious disaster preventive activities by conducting constant inspection. Their efforts are also aimed at requiring employees to observe basic safety rules. A penalty point system has been in place for patrol inspection based on the number of incidents pointed out, and unsatisfactory sites must undergo intensive safety examinations, in effort to strengthen preventive measures. On the 15th of every month, each workplace makes a self-assessment and is subject to special training.

Discussion Sessions with On-site Workers in the 7 Most Dangerous Areas

Discussion meetings were held with on-site workers in the seven dangerous work classifications. The meetings were designed to enable Hyundai Engineering employees to better understand high-risk projects and to reflect on-site workers' opinions in safety measures through direct communication for establishing practical safety measures. Effective on-site safety activities and preventive measures are encouraging more on-site workers who are in the seven dangerous work classifications to take part in safety activities.

Safety Experience Education for New Employees

Since 2017, new employees are now required to take part in a one-week safety experience training program. These programs are intended for new hires to enhance their awareness of the importance of safety in workplaces and to let them brush up on their way of thinking about safety by conducting on-site safety activity experiences. Their attitude toward safety will get better as future safety leaders in early stages to deduce voluntary participation in safety activities and to create responsible safety culture.

Strengthening Safety Management for Partners

Hyundai Engineering is trying to encourage partner companies to take the lead in spreading the culture of safety by enforcing safety experience training and central management of partners. Safety experience training is conducted for managers and supervisors of domestic construction sites to establish safety awareness of partners. Also, on-site safety activities for partners are expanded to induce their voluntary safety management. Their safety activities are assessed quantitatively through mobile systems that make it possible to collect data. Hyundai Engineering evaluates partners' preventive activities every quarter and requires the bottom 10 percent to receive supplemental training. Partners who repeatedly fall into the bottom 10 percent have their applications for bidding restricted for one month. These efforts help to improve their safety management and lay the foundation for shared growth.

Training on safety workshop facility

Educational content for foreign workers

Opening of Safety Workshop Facility

A mobile safety workshop facility was established at the Hillstate Jingeon in order to conduct a substantial and effective safety education program. Here, the entire staff of Hyundai Engineering, including those from partner companies, receive training on six topics, ranging from fire-fighting safety and forklifting to tool management. These training sessions help enhance construction site worker safety awareness and paved the way for the diffusion of a culture pertaining to safety in the workplace.

Strengthening Safety Management for Overseas Sites

In some overseas sites, the following issues have emerged: inadequate application of the safety management system due to the absence of a local manual; inadequacy of the standard for the expense of safety management cost; and safety managers' low awareness about safety. Accordingly, the company strengthened systematic safety management and initiated the system setup. Standardized HSE plans and procedures have been established so that systems can be applied soon after overseas sites are opened. Furthermore, support inspection and safety inspection make the safety management system more efficient. Most noteworthy is the safety system for commissioning that has been introduced to prevent major accidents during commissioning.

Educational Content on Safety for Foreign Workers

Hyundai Engineering has published handbooks in multiple languages that outline 102 accident cases to help foreign workers receive more effective safety education, and assist in understanding the importance of safety. The handbooks are written in nine languages: Korean, English, Chinese, Thai, Bangladeshi, Vietnamese, Hindi, Nepali, and Mongolian.

Prioritizing Employee Health

On-site Employees' Safety and Health Management

All employees assigned to workplaces at home and abroad are obliged to complete HSE training to help enhance awareness about safety. Both our employees and those of our partner companies at overseas worksites must undergo medical check-ups before assignment. Proper healthcare measures suited to the seasons are available, such as offering salt tablets and applying flexible break times during extremely hot and cold seasons in order to secure safety of workers.

Emergency Medical Aid Service at Overseas Project Sites

The company provides adequate emergency medical services in order to promptly respond to employee accidents and ailments at overseas sites. Our employees and those of partner companies in such countries as Iraq, Pakistan, and Algeria, where the chance of injury is relatively high, can receive diverse medical services including 24-hour telephone consulting, introduction and reservation of local hospitals, and evacuations.

Going Hand in Hand with the Future Generation

301-1, 302-1, 305-1, 305-2, 306-2, 413-1

Sustainability Context

Public demands have grown for environmental responsibilities in construction and EPC (Engineering, Procurement, and Construction) industries, as these industries require large quantities of energy, raw materials, and water and result in major environmental impacts from greenhouse gases and waste materials during the construction process. The development and applications of renewable energy and eco-friendly technologies will accelerate amid tighter regulations on the environment at home and abroad in response to climate change. It is now time to respond preemptively, going beyond the passive observance of environmental rules, in sync with higher standards and expectations for the protection of the environment.

HEC Approach

Based on ISO 14001, Hyundai Engineering is seeking sustainability through innovative eco-friendly techniques and responsible project management. We concentrate our focus on developing new technology and managing waste and pullutants with Allbaro system and environmental management system, and actively respond to noise and other environmental problems through proactive communication with residents near construction sites to reduce harmful environmental effects and generate sustainable energy.

HEC Performance

	2016	2017
Energy consumption	742,344 GJ	916,284 GJ
GHG Emissions	45,307 tCO_2eq	56,527 tCO_2eq
Investment for environmental protection	KRW 2,096 million	KRW 2,643 million
2016-2017 Received Minister of Environment's award at the Nature & Environment Awards		

Commitment to Environmental Management

Eco-friendly Management System

Hyundai Engineering acquired the ISO 14001 certification in 1996 and replaced it with an updated version in 2017. The company will manage subsequent procedures thoroughly and align its environmental management system with international standards through periodic post-evaluation and renewal evaluation.

Eco-friendly Business Operation

Eco-friendly Construction Management

Hyundai Engineering has been taking customized environmental management measures in accordance with the progress of construction. Before the groundbreaking, the company assisted in on-site support for environmental permits and approval of documents, reviewed the legitimacy of waste treatment companies, gauged anticipated noise levels, and prepared environmental impact assessment report. After a project opens, the company provides environmental support suited to each site and recommends the usage of eco-friendly materials, and distributes environmental management guidebooks and One-Page Sheets (OPS). These activities help the company to minimize environmental impacts near construction sites and to ease civil complaints occurring during the construction process.

Total Amount of Expenditure and Investment in Environmental Protection

(Unit: KRW million)

Domestic		Overseas	
2016	2017	2016	2017
2,081	2,498	15	145

Management of Raw and Subsidiary Materials

The massive use of raw materials such as steel bars, ready-mix concrete, cement, and sand at construction sites is inevitable according to characteristics of EPC and construction field. To cut down on environmental impacts, Hyundai Engineering supports the use of alternative raw materials including formwork substitutes and recycled aggregate. Ways to use resources effectively and to minimize expenses for material procurement are constantly sought after.

Waste Management and Recycling

Recycling waste materials is all the more important given the waste disposal linkage fee system that went into effect in 2018 when illegal disposal of waste became a social issue. Since 2010, Hyundai Engineering has been using the Ministry of Environment's waste management system called 'Allbaro System' and its own 'Environmental Management System' simultaneously at all domestic sites while encouraging the use of recycling company services. Our system makes it possible to check and manage the process of waste disposal in real time, analyze the type of waste and quantity, and share information on recycling firms and prices. Transparency in waste production processes and waste management company operations has been enhanced through these activities. Also customer oriented improvements will be made to the system to allow waste processing fee payment to be made at each site.

Amount of Waste Generated

(Unit: ton)

Type	Domestic		Overseas	
	2016	2017	2016	2017
Total amount of waste generated	434,067	325,114	63,820	98,776

Energy and GHG Management

Hyundai Engineering has been using gasoline, diesel, and electricity as main energy sources, and sees equipment and generators at construction sites as the causes of greenhouse gas emissions. To cut down on energy use and greenhouse gas emissions, the company is doing its best to deploy equipment effectively while banning engine idling. Our strenuous efforts to reduce greenhouse gas emissions include obliging lights-out during lunchtime, keeping computers turned off when leaving the office, and maintaining a reasonable room temperature. In the second half of 2018, greenhouse gas emission and environment management systems will be integrated for advanced operation. For the greenhouse gas emission system, the company plans to extend its regulations to overseas work sites for efficient management of energy use and greenhouse gas emission control.

Amount of Energy Used

(Unit: GJ)

Type	Domestic		Overseas	
	2016	2017	2016	2017
Amount of fuel used	52,148	50,055	370,718	543,254
Amount of electricity used	304,787	292,300	14,691	30,675
Total amount of energy used	356,935	342,355	385,409	573,929

GHG Emissions

(Unit: tCO2eq)

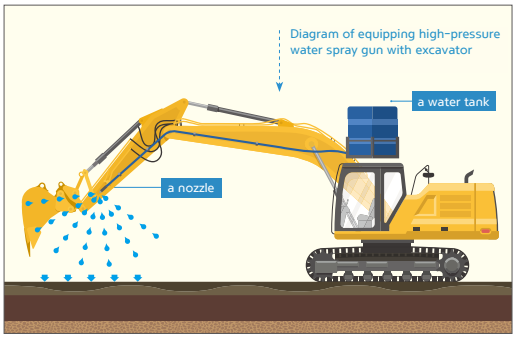
Type	Domestic		Overseas	
	2016	2017	2016	2017
Amount of direct emissions	3,260	3,095	25,770	37,749
Amount of indirect emissions	15,564	14,194	714	1,490
Greenhouse gas emissions	18,824	17,289	26,483	39,239

Water Usage

(Unit: ton)

Type	Domestic		Overseas	
	2016	2017	2016	2017
Total amount of water usage	221,664	334,003	570,730	554,646

High-pressure water spray gun



Management of Fly Ash

Hyundai Engineering has taken various measures to minimize environmental impacts arising from fly ash produced at construction sites. These include installing anti-fly ash net, operating sprinkler trucks, limiting car speed, removal of topsoil in areas of fly ash and gravel packing, and operating automatic wheel washers and high-pressure sprinklers. The company periodically conducts training on fly ash control for supervisors and officials from partner companies.

Eco-friendly Communication

Hyundai Engineering is active in discussing environmental problems that may occur during construction with stakeholders to achieve a mutually beneficial situation in local regions where projects are carried out. Before explosives are detonated, residents near construction sites are invited to hear details on the project that involves trial blast. The company continues to manage environmental problems such as noise and fly ash that could occur during the construction processes and to share the information with residents in its proactive efforts to resolve complaints. Our employees and workers of partner companies in overseas construction sites also have a designated 'Housekeeping Day' once a month to collect garbage and waste.

Information session for residents

Development of Pragmatic Eco-friendly Technologies

Eco-friendly Business

Photovoltaic Power Generation

As part of efforts to strengthen its capabilities in the renewable energy sector, Hyundai Engineering is aggressively pushing for photovoltaic power generation and concentrated solar power generation. Most notable is the preparation to enter the bigger power generation market after completing the construction of 9MW photovoltaic power plants in Bulgaria. Based on its cooperation with global developers, the company is gearing up to form strategic partnerships with major module manufacturers and strengthen its international design capability. Meanwhile, the company is supporting human resources exclusive in charge of IPP in order to find opportunities to become an IPP of photovoltaic power generation.

Offshore Wind Power Generation

Hyundai Engineering is developing offshore wind power technology as one of its prospective business projects. A project is in progress to build 220MW offshore wind power plants in Anmado Island, Jeonnam Province, and the company is seeking to forge close ties with advanced enterprises armed with independent techniques and to cultivate its own experts. Its focus is on refining capabilities in order to study project feasibility and build a stable profit model through analyses on domestic and overseas substantial projects. For promoting the project in more feasible way, it is building cooperative relationships with advanced developers and advisers.

Geothermal Power Plant

Geothermal Power Plant

Geothermal power is a clean energy source that triggers no environmental pollution arising from the burning of fuels as the electricity is generated by taking heat from steam or hydrothermally in underground high-temperature layer without requiring a separate fuel. Hyundai Engineering is the only Korean company to have built geothermal power plants abroad: the Dajarat geothermal station in Indonesia and the Olkaria geothermal power station in Kenya. Based on its experiences in the two geothermal stations, Hyundai Engineering is making efforts to team up with foreign advanced businesses to explore overseas markets and to strengthen competitiveness through enhanced design expertise.

Steam Supply Facility

The Ulsan steam supply facility is a Waste-to-Energy (WTE) project to supply and sell heat to nearby clients such as SK Energy after producing steam using waste heat generated after incinerating Automotive Shredder Residue (ASR) and Solid Recovered Fuel (SRF). The steam supply facility, capable of disposing of 220 tons of flammable waste per day for generating energy, has been in successful operation since its completion in April 2017. This enabled the company to fulfill the goals of expanding its project portfolio through entry into the Waste-To-Energy (WTE) market and implementing the government's low-carbon green-growth policy externally beyond the Group. At the Group level, the company will establish the resource-recycling structure in order to boost the vehicle waste recycling rate up to 95%.

Modular Construction

Modular construction technology involves manufacturing 70 to 80 percent of the building construction process at plants, transporting the manufactured structures, and installing them in a short period of time. The construction period can be shortened as the structures are manufactured at plants while the foundation work is in progress. Public grievances can also be reduced significantly since only assembly and finishing work are performed at the construction site. Weather issues are not significant, and many aspects of modular construction are environmentally friendly owing to less waste materials generated during construction stages and increased recycling during demolition stages. Furthermore, modular structure system invented by Hyundai Engineering has designated as new technology no.770 in 2015. This enables to secure a structural stability and to construct high-rises modular buildings unlike existing modular technologies.

The Best in Nature and Environment Awards

Eco-friendly landscaping capabilities

Hyundai Engineering performed environmentally friendly and ecologically outstanding apartment landscaping projects in Wirye New Town and Magok urban development business district in Seoul, and as a result received the Minister of Environment Award, the highest honor at the 'Nature and Environment Awards', for two consecutive years. Each complex was designed based on the concepts of environment, energy, and community, and particularly the 'Magok A13BL Apartments' completed in 2017 have a very high percentage of green land as more than 35% of its site is ecological land. By receiving the award, Hyundai Engineering and its landscaping projects were highly evaluated for ecological diversity, nature, and the circulation of resources.

Volume of CO2 emission from GTL technology

50% of coal

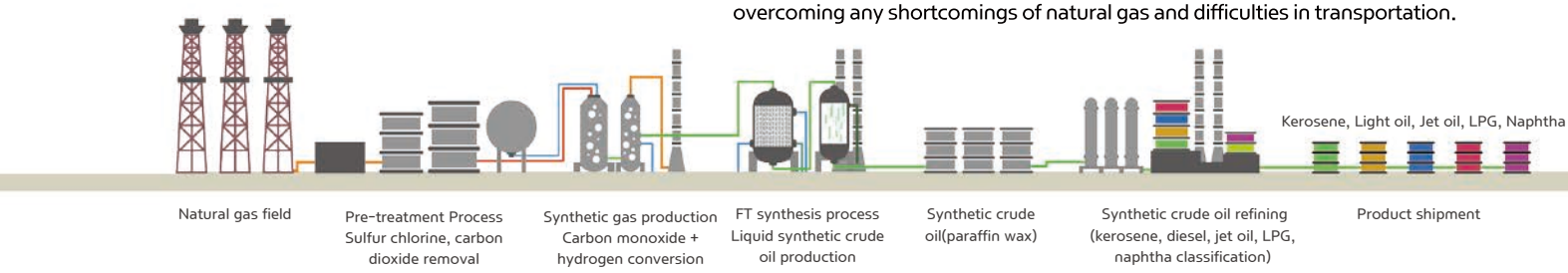
70% of oil

Eco-friendly Technology

GTL (Gas to Liquid) Technology

GTL Technology collectively refers to a technology that converts natural gas into petroleum products in a liquid state and is established as a both cutting-edge and clean-energy technology. GTL Technology has drawn much attention as a green technology in the energy sector since generated fuels contain lower substances that trigger air pollution and their carbon dioxide emissions remain at 50 percent of that of coal and 70 percent of oil. They are not only environmentally superior thanks to the drastically reduced generation of particulate matter and sulfur, compared to that of fuels refined from general crude oil, but also fuels generated through GTL Technology also have higher cetane ratings and is economically beneficial due to its overcoming any shortcomings of natural gas and difficulties in transportation.

GTL Process



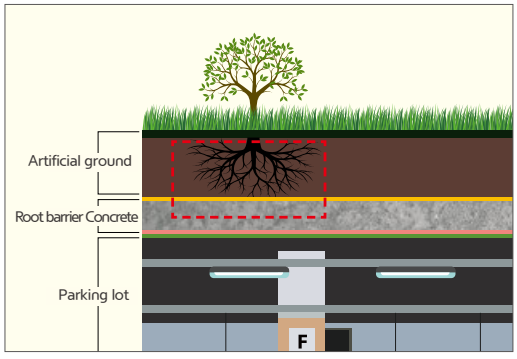
Hybrid Smart Cement Techniques

Hybrid Smart Cement (HSC), developed by mixing three types of cement, is a special eco-friendly cement that boasts excellent durability and chemical resistance. HSC is produced by mixing Portland cement with blast furnace slag power, a by-product of steel mills and fly ash, a by-product of coal-burning power plants. It is environmentally friendly, with lower detected carbon dioxide and hexavalent chrome, and shows high resistance to sulfuric acid and salt damage. Furthermore, it has the merit of small variation in quality and improved fluidity.

Green PHC Pile

Hyundai Engineering has developed Green PHC pile, which excels in economic, functional, and environmental aspects compared to conventional PHC pile. PHC stands for 'pre-stressed (Ultra) high-strength concrete', and is designed to supplement the drawbacks of concrete. The Green PHC pile uses the company's blast furnace slag power technology, reducing carbon dioxide emissions by 16 percent and benefiting the environment. Its intensity has also been reinforced with an additional cost-cutting effect. After obtaining Green Technology Certification (04.2015 ~ 03.2021) based on the advantages, green PHC pile has been applied to apartment construction sites in Baegun-dong, Gwangju, and Sinbu-dong, Cheonan and will be applied more widely in the future.

Root barrier Concrete



Root barrier Concrete

Root barrier Concrete has been developed to prevent water leaking and to enhance concrete durability by preventing plant roots from permeating the concrete. Hyundai Engineering was the first Korean company to market Korean-type root barrier concrete with its convergent root barrier concrete technical development through root barrier admixture(coper powder, etc.), synthetic macro fiber, and closed admixture for cracking, and obtained certification for the new technology in May 2018. Root barrier ability and durability have been improved compared to existing concrete. More importantly, it is beneficial to the environment through urban regeneration and restoration of urban ecosystem.

Realizing the People-centered Value

102-8, 401-1, 401-3, 404-1, 404-2, 405-1, 413-1

Sustainability Context

Securing excellent staff is an important task in the construction and E&C industry. That is because employee expertise is directly related to corporate competitiveness. Ensuring human rights in overseas workplaces and the emergence of generational and national diversity have also surfaced as fresh challenges. It is thus necessary to build a personnel management system tailored to these needs to reflect such trends.

HEC Approach

Hyundai Engineering commits itself to talent management conforming to international standards: human rights, decent jobs, no discrimination, and freedom of assembly. Moreover, it is making every effort to recruit and nurture talent to satisfy its new requirements for the new talent. The new talents for Hyundai Engineering are those who are cooperative and suitable for the engineering industry. The company encourages employees to have harmonious work and family life through work-life balance, fair performance evaluation, and compensation and welfare benefits. Creating a sound corporate culture and motivating employees will remain as our main goals.

HEC Performance

	2016	2017
Training hours per employee	52	56
Number of childcare leave users	54	59
Number of locally hired workers	4,167	5,369
Winning presidential commendation of the government decoration for the merit of job creation		

Global Talent Management

Employee status

(Unit: Persons)

	2015	2016	2017
New employment	1,485	1,076	929
Local employment	4,799	4,167	5,369
Disabled persons	45	69	63
Patriots and veterans	11	87	86

Talent Recruitment

The New Talent for Hyundai Engineering

Hyundai Engineering has suggested its 2017 image for new talent based on the corporate culture created in 2015. As the company needs close interactions for various functions such as design, procurement, and construction, understanding and cooperation are essential on the basis of independence and professionalism. In other words, it has to provide quality solutions for customers by achieving cooperation through its vision to see the bigger picture. The slogan for new talent, "Expert with U, Experts who understand the whole and cooperate, will be reflected in the company's hiring and nurturing of competent personnel, and will serve as the cornerstone for its future.

Hiring Excellent Talents

Hyundai Engineering is pursuing sustainable growth with the employment and cultivation of talented individuals. When screening new employees, candidate screening and evaluating have been more rigorous for science and engineering graduates in a move to strengthen corporate design and construction capabilities. The company also employs talent in career positions while focusing on diversity by hiring handicapped persons, patriots, and veterans. As a result of these job creation efforts, it won the presidential commendation of the government decoration for the merit of job creation in 2017.

Hiring Global Talent

Securing global talent is essential to the survival of a global enterprise. Hyundai Engineering has been diversifying its recruitment channels to welcome talent from around the world armed with cutting-edge skills. Global and domestic employees can find opportunities for mutual growth through the exchange of tasks. By hiring more local people, the company is trying to enhance its efficiency and make contributions to the country where it is doing business. We are supporting organizational adjustment and unity to achieve harmony amid diversity.

Key Directions for HRD

Systematically strengthening specialized job competency	· Cultivating major responsibility/talent · Establishing a specialized job training
Reinforcing training competencies	· Setting up training systems and implementing course development consulting · Refining in-house management system by training in-house lecturers
Reinforcing leadership competency	· Strengthening the leadership of PM (project managers) / site managers · Intensifying the leadership of team leaders/executives · Reinforcing systematic leadership according to position
Fostering core talents	· Establishing a system to develop the core talents of Hyundai Engineering · Cultivating post executive-level leaders
Creating an advanced learning culture	· Providing learning programs for language learning and job training
Improving the training infrastructure	· Integrating and improving training systems · Expanding online content

Talent Development

Talent Development Strategies and Process

Hyundai Engineering is doing its best to nurture talented personnel who are creative enough to make bold moves, equip themselves with global professionalism, and are skilled in communication and cooperation. In particular, various programs and systems are available so that all employees can develop their will to learn on the basis of autonomy and creativity.

Training Performances

	Unit	2015	2016	2017
Number of internal training courses opened	Sessions	39	55	68
Number of hours of training completed per person	Hours	56	52	56
Training expenses per person	KRW	553,300	653,000	736,000

	Unit	2015	2016*	2017**	2018 Target
Hours of ethics training for all employees	Hours	1	2	6	3
Nunber of people of Ethics training for all employees	Persons	5,401	4,629	4,707	5,679

*2016 ethics training for all employees: Training on the prevention of sexual harassment and anti graft law
**2017 ethics training for all employees: Training on the prevention of sexual harassment and fair-trade

Establishment of Voluntary Learning Culture

Standardized education offered by the company has its limits in meeting the diverse learning needs of employees. Hyundai Engineering has been offering various learning programs to help support the voluntary commitment to education. An in-house AI(Artificial Intelligence) community has been created in light of the Fourth Industrial Revolution, and there are other communities in various fields including real estate development and a research group for prior preparations on reunified Korea. Many second-language communities are also in progress.

Specialized Job Training

As the environment for doing business has become complicated and competition intensifies, it is not an overstatement to say that job professionalism and management ability hold the key to corporate survival. Against this backdrop, Hyundai Engineering has set its sights on cultivating marketing and project financing experts in a move to strengthen its professionalism in receiving orders and placing bids. Cultivating competent on-site managers also holds significance.

Leadership Training by Position

Many employees often experience confusion over their roles when promoted or assigned to new positions. Leadership training programs have thus been systematized to prevent confusion between old and new roles and to clearly define what is required for new positions. These programs support learning leadership skills that match with the company's perception of the talent and fostering leaders in the long term.

TEP Program

TEP (Talent Exchange Program)

The Talent Exchange Program is offered to boost communication between foreign and Korean employees. The program ran from June through September in 2016 and 2017 and allowed the participants to form groups to communicate and share mutual interest. They performed various activities together, including volunteer service and a gift giveaway, and had time to enhance their mutual understanding. The company plans to offer support for various activities to help foreign employees to comfortably adjust to their new surroundings.

Employee Communication

Employee Grievances Committee

The Grievances Committee and Employee Counseling Center are offered to effectively resolve problems facing employees while working. Employees can submit complaints to the committee through regular/irregular and online/offline communication channels, and the committee will identify solutions by actively analyzing the cause of the problem. Employees may also utilize Employee Counseling Center through the center's hot line for counseling services on various difficulties and ethical programs. As of June 2018, there are no issues related to discrimination.

Core Value Open Class

Hyundai Engineering has been running a Core Value Open Class since 2014. The Open Class has been offered various themes including futurology, science, and pop culture to the existing Humanity Concert. The Open Class enables employees to build extensive knowledge and foster convergent thoughts and problem-solving capabilities without being overwhelmed with the daily routine.

Healing Programs

Hyundai Engineering has been operating expert counseling programs since July 2016 to help employees to overcome stress as well as to resolve their household and individual issues. Employees can receive counseling along with their spouses and children, and confidentiality is thoroughly ensured. There are other programs as well, including healing concerts, personal psychology report, and online stress tests, which can enable employees to cope with stress and improve the quality of their lives.

Labor-management Council

The Labor-management Council is in place to protect employees' rights and interests and to collect their opinions. The council consists of an equal number of representatives from labor and management and holds regular and ad hoc provisional meetings every quarter. The council gathers opinions on and discusses various issues including personnel, labor, welfare, and grievances. Its decision-making is made in regular and ad hoc meetings attended by an equal number of representatives from labor and management. In particular, it is the principle to notify at least 30 days in advance of important matters concerning management change.

A Corporate Culture of Respect for Talent

Children Invitation Events

Hyundai Engineering Academy Classes

Childcare Support for Employees

Various childcare support programs are in operation for the company to share the burden of raising children. Hyundai Engineering is running the Hyundai Dasom Children's Home, an in-house childcare center, with a Group affiliate. Since 2015, the company has been offering desks especially designed for pregnant women to ensure their comfort, while also providing a breastfeeding room inside the in-house clinic. Working moms are also able to relax more comfortably with the setup of the women's break room.

Family-Friendly Programs

To keep work and life, work and family compatible, Hyundai Engineering holds annual events for employees at home and abroad to spend time with their children. Various family-friendly programs, including company introduction, office tours, cooking classes, and attending performances, are offered during the events, which enable families to gain a better understanding of the company and raise pride of employees about Hyundai Engineering.

Hyundai Engineering Academy Classes

Hyundai Engineering Academy Classes, which are offline classes, are available for employees to make the best use of their leisure time and for their self-development. Themes of the classes are diverse, including calligraphy, cooking, and coffee making, as well as key topics of the Fourth Industrial Revolution such as drones, 3D printing, and VR/AR. Designed in consideration of the fact that employees have difficulty making time for hobbies and self-improvement activities, these classes help them save time and expenses, and are accessible easily since most of them take place inside the corporate offices. It cultivates employees' knowledge and sentiment while aiming to improve employee satisfaction.

Organizational Culture Diagnosis

Hyundai Engineering introduced a system to diagnose its organizational culture including leadership and cooperation in 2017 as part of Hyundai Automotive Group's activities. The system was designed to cope with limitations arising from conventional surveys such as Core Value Engagement Survey (CVES) and Employee Satisfaction Index (ESI) and to develop a comprehensive analysis of each of our organizations. In the survey where 2,975 employees (71%) responded, the satisfaction point reached 62 out of the possible 100 points. This exceeds the group's average score of 60 points. It was diagnosed that the most necessary areas for improvement of the organizational culture are motivation through praise, recognition and work & life balance, and innovation by encouraging creative ideas and active execution. They will be used as a tool to bring changes in the organizational culture in the future.

Collaboration Programs

We are conducting collaboration programs to detect and solve the case that cooperation is not smooth and business performance is disrupted. The programs create a collaborative atmosphere in our organization. There are cooperative problems like poor coordination of roles & responsibilities or decision making based on departmental profit. When the problems occur in our organization, a two-day troubleshooting workshop is held to look for a solution.

Key Welfare Benefit Programs

Support for leisure	· Support for the operation of intra company communities, · Twice a month, Family Day (leaving work at 5 p.m.) · Recuperation center · Hyundai Engineering Academy classes for leisure and self-improvement
Support for education	· Allowances based on qualification certificates · Support for telephone English courses
Support for childbirth/ maternity protection care	· Childcare leave, payment of childcare allowances (infant to middle school age children) · Offering of the desks designed for pregnant women · Hyundai Dasom Children's Home
Support for medical / healthcare	· Comprehensive health check-ups, group disability injury insurance
Others	· Operation of company cafeteria, commuting bus, gifts on for national holidays and the corporate anniversary, gifts on for employee anniversaries (birthdays of parents, children's college admission, Children's Day, children studying for the college entrance exam), gifts on for overseas workers anniversaries

Culture of Respect for Human Rights

Performance Appraisal and Compensation

Hyundai Engineering's performance appraisal and compensation are based on fairness, rationality, and efficiency. The company offered two education sessions in 2017 to present guidelines for evaluators to perform assessment duties fairly. Evaluators and employees are encouraged to engage in communication through a performance management talk, and the company will strive to reinforce fairness through the expansion of training sessions and increased monitoring.

Benefits Package

Hyundai Engineering operates welfare benefit programs to help enhance quality of life for families as well as employees. These programs include legal benefits as well as company-wide accident insurance, health check-ups for employees and their families and loans for housing, marriage, and living raised through the internal welfare fund. The company also offers gifts, scholarships for children of employees, recuperation center, and support for the operation of intra company communities.

Human Rights Policy Compliance

Hyundai Engineering is carrying out activities to protect the human rights of its employees and to create a culture that honors human rights. First of all, the company observes and supports human rights policies conforming to labor standards suggested by the International Labor Organization, the UN Global Compact and other international organizations. It is also organizing anti-sexual harassment training sessions to prevent human rights abuses and enhance awareness about human rights. There are also other training programs that can help employees to equip themselves with higher standards of ethics.

7 Human Rights Policies

1. The company complies with standards for working conditions prescribed in laws on labor relations in each country and region and abides by regulations on labor hours and paid leaves prescribed in each country and region where its project sites are located.
2. The company does not discriminate against employees for reasons for gender, race, religion, skin color, age, nationality, disability, or marital and social status.
3. The company strives to fundamentally prohibit and prevent wrong labor practices including the employment of illegal workers as well as forced labor and child labor.
4. The company guarantees a collective agreement and freedom of association pursuant to laws on labor relations in each country and region.
5. The company provides a safe and decent working environment and conducts education and training to prevent safety accidents.
6. The company pursues sustainable development that minimizes environmental impacts accompanied in management activities and considers the environment.
7. The company strives to prevent factors of infringement against the basic rights and human rights of local residents in places of its project sites.

Growing Together with Partners

102-8

Sustainability Context

Large companies have adequate resources and competencies to tackle various risks, but such risks can pose an issue of survival for partner firms. Accordingly, concepts of supply chain management and shared growth have emerged as ways to reduce risk and share responsibilities, and relations with them have become one of the company's most important competitive factors.

HEC Approach

Hyundai Engineering works together with its partner companies throughout the business, and the percentage of participation of employees from partner companies is especially high in the equipment supply and construction stages. As partner companies directly influence Hyundai Engineering's competitiveness and quality control, we have established shared growth support and conformance to fair trading as the two pillars of our strategies to form mutually supportive partnerships with partner companies. Through joint overseas advancement and overseas entry assistance for future projects, we will continue to reinforce the competency of the partner companies and seek shared growth by preventing risks in advance.

HEC Performance

	2016	2017
Shared Growth Fund support	KRW 25 billion	KRW 25 billion
Direct loan support	KRW 5.3 billion	KRW 6.0 billion
Win-Win Index	Excellent	Best
Assessment of mutual cooperation in construction industry	Best	Best

Cooperation for Win-Win Management

2017 Win-Win Index

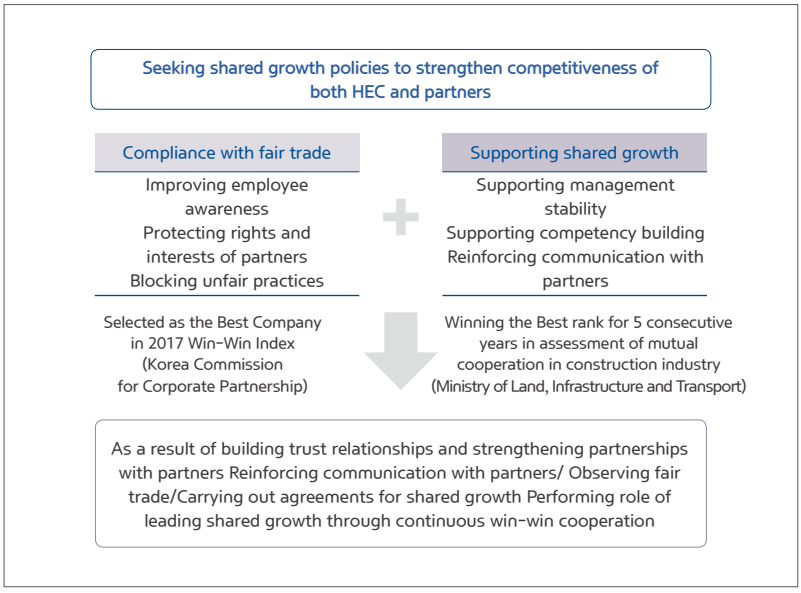
Best rank

2018 Assessment of mutual cooperation in construction industry

Best rank

Win-Win Mutually Beneficial Management Strategies

Hyundai Engineering is striving to build trust relationships with partner companies based on its two axes of fair trade and shared growth, while gearing up to conduct various activities to reinforce partnerships with them. As a leading company for shared growth, it will pursue fairness and confidence with a long-term perspective.



The Four Major Guidelines for Fair Trade

Hyundai Engineering is committed to honoring the four major guidelines for fair trade and monitoring their execution. It complies with “Four Action Steps for Fair Trade” to ensure fairness in the course of concluding contracts and to uproot law violations and share them with partners. The company went a step further from mere observance of the newest standard subcontract agreement recommended by the Fair-Trade Commission, and added a clause intended to enhance the rights and interests of partners.

Operation of Electronic Bidding System in All Categories at Home and Abroad

To ensure fair opportunities for partners, Hyundai Engineering has expanded the scope of applicable fields subject to its automatic selection system for bidding firms. The electronic bidding system, in particular, which is now in operation for projects both at home and abroad, has been expanded to cover the overseas civil engineering segment, resulting in the system now being used in all fields. This measure reinforced transparency and fairness in the bidding process and provided partners with opportunities to keep growing. Therefore, Hyundai Engineering’s procurement competitiveness has improved significantly.

Reinforcing Strategic Partnerships

As part of its Win-Win strategies, Hyundai Engineering provides outstanding partners with priority bidding rights based on strategic alliances with them. In doing so, partners have been able to manage in a stable manner, and Hyundai Engineering has secured global competitiveness in taking in orders and improving quality.

Shared Growth Committee

The Partner Council

Shared Growth Committee

Hyundai Engineering launched the HEC Shared Growth Committee in 2018. The committee aims to give substantial support to partners while trying to create an environment for mutually beneficial cooperation, and to fulfill social responsibilities. The committee, divided into four support subcommittees in management, technology, business, and employment/culture, will seek through 15 agendas to achieve such goals as enhancing competency, securing technical competitiveness, and strengthening partnerships.

Operation of the Partner Council

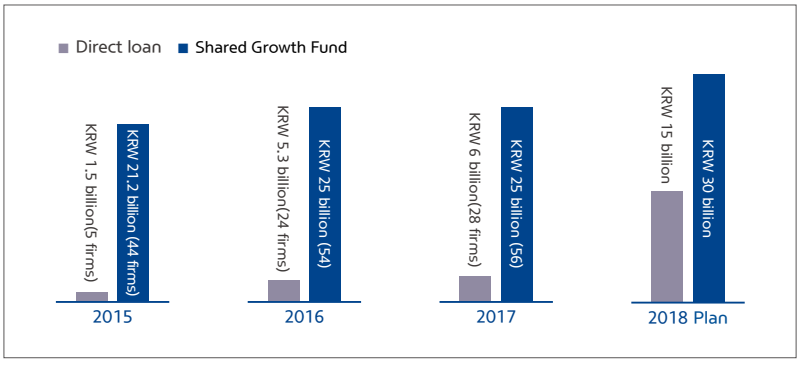
Hyundai Engineering operates the Partner Council to regularly communicate and boost trust relationships with partners. The council began with 50 companies in 2013 and its membership increased to 128 in 2017, still expanding its exchange scope. It has an executive team consisting of representatives from six companies and is divided into three sections: construction, design, and materials. Since the launch of the council, communication between Hyundai Engineering and partners has been enhanced and the exchange of information among them has become more active, resulting in improvement in the project execution competency and universal credibility of both Hyundai Engineering and partners. During the council's regular general meeting and seminars held every year, participants discuss Hyundai Engineering's corporate status and the key policies on procurement, quality, and safety to promote mutual development.

Operation of Win-Win Management Programs

Financial Support

In an effort to help stabilize partners financially, the company expanded the scale of low-interest funding, created and operated with commercial banks, to KRW 50 billion in 2016, enabling the funding of 54 firms in 2016, followed by 56 firms in 2017. Hyundai Engineering also extended KRW 5.3 billion interest-free loans to 24 partner companies in 2016 in order to secure financially sound state, while loans rose to KRW 6 billion for 28 companies in 2017. In 2018, Hyundai Engineering plans to increase the Shared Growth Fund and its direct loans to KRW 60 billion and KRW 15 billion, respectively, to offer more beneficial assistance to partners.

Performance of Financial Support Programs



Signed 3 cases in

2016-2017 Performance sharing

Job training for partners

Online 447 persons,

Offline 215 persons

Improvement of Subcontracting Payment System

Hyundai Engineering is making efforts to protect the rights and interests of partner companies and to prevent violations of Subcontracting Act through periodic inspection of payments and voluntary correctional measures. To help stabilize management, subcontracting payments are made within 13 days, and how payments are made is monitored to prevent payment delays. The company makes it a principle to pay in cash for progress payments worth KRW 100 million or less. It will continue to improve its subcontracting payment system and raise employee awareness about the issue.

Performance Sharing System

Hyundai Engineering operates a performance sharing system to fairly distribute the results of joint research with partners. In 2016 and 2017, the company offered research funds after signing three performance sharing deals, and shared intellectual property rights for the joint projects with partners. Also, a multilateral benefit sharing scheme was adopted to expand the scope of existing 1:1 performance sharing with secondary partners. Hyundai Engineering and partners also agreed on their common goals in the stages of developing new technology and shared the results according to their prior agreement. The technology jointly developed by three parties has been certified as new construction technology by the Ministry of Land, Infrastructure and Transport, sharing the right equally, and products manufactured by the certified technology have been applied at the company's construction sites first. The company plans to activate joint research further by aligning Value Engineering (VE) with the performance sharing system.

Support for Job Training

The company provides diverse education and training for employees of partner companies. In 2017, 447 employees completed online job training courses on construction, personnel, taxation, management, and foreign languages, and 215 employees of partner companies attended classes on the Framework Act for on the Construction Industry, the Subcontracting Act, labor management, and humanities related to architecture. Education on transparency is also offered continuously to promote ethics for partner company CEOs and to reinforce ethical management.

Training on Overseas Advancement

Hyundai Engineering offered training to help partners to gain a better understanding of overseas projects and to reduce risk. Partners that wish to expand their business territory overseas but face difficulty due to the shortage of information can benefit from this scheme. Education themes include basic information and management information such as market prospects, promoted businesses, matters of interest, safety management, personnel, and labor management which help those partners advance to overseas markets. Nearly 114 employees from 84 partner companies attended classes on the Mideast market in 2016, and in 2017, 114 employees from 76 firms received education on the Southeast Asian market.

Training Support Programs

(Unit: Persons)

	2015	2016	2017
Consignment training for to specialized agency	433	553	662
Training on overseas expansion	102	114	114
Seminars on transparent ethics	80	129	92

Communication with Partners

Hyundai Engineering is renewing its efforts to resolve problems by listening carefully to the difficulties of partners through diverse communication channels. Its officials carefully review the problem and suggestion section of the e-procurement system through a channel for partners' problems and suggestions, and often visit partner companies to explain and discuss Hyundai Engineering's win-win policies. Face-to-face meetings between the company and its partners in construction, materials, and design also take place twice a year during the first and second halves.

Support for Recruitment of Local Employees

The company provides training programs to help ease partner difficulties in hiring local employees at overseas sites, and occasionally intervenes directly to mediate job placement. The company provided training and practices to Turkmenistan's welders directly, placed job for smooth supply of labor, and increased the employment rate of local workers, contributing to the country's economic and social development.

CSR activities with partners

CSR (Corporate Social Responsibility) Activities with Partner Council

Hyundai Engineering and its partners are conducting corporate social responsibility activities together to promote their communication and partnerships. These activities include sharing events in shantytowns known as "jjokbang" neighborhoods, donation of daily necessities to households struck by disaster, nature conservation campaigns, kimchi making, and articles donation. The company is pursuing sustainability in all areas including economy, society, and environment with partners.

Fair Trade

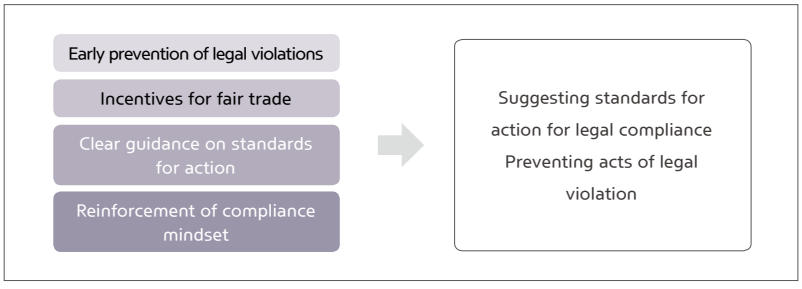
Establishing the CP System

Hyundai Engineering is running the Compliance Program (CP) to abide by fair trade regulations. Seven CP activities are under way to prevent violations, based on clear action standards with regard to legal compliance.

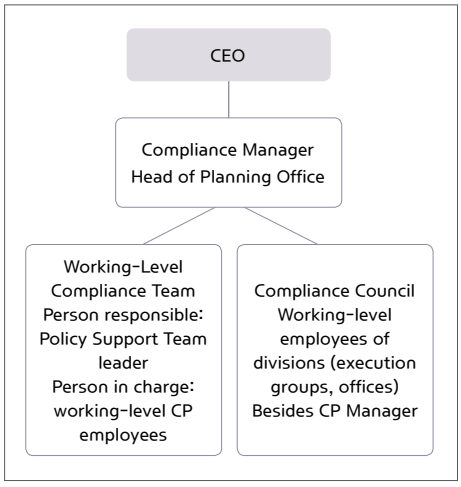
7 CP Activities

1. CEO's commitment to adopting CP
2. Designation and management of CP managers
3. Preparation and distribution of CP handbook
4. Operation of education programs for employees
5. Monitoring system
6. Autonomous regulation regarding violations
7. Establishment of document management system

Compliance Programs



CP Organization



CP Organization

The company is operating the Compliance Program systematically and effectively by operating the CP organization. A compliance manager was named under the CEO, operating the Working-Level Compliance Team and the Compliance Council. The compliance manager is chosen at a board meeting while being tasked with the operation and responsibility of compliance programs and reporting the plans and results of the CP of the first and second halves of the year to the board. The Compliance Council is responsible for monitoring CP-related issues and status periodically to prevent anti-competitive practices inside the company. Each division must appoint a compliance manager for awareness about fair trade to take root throughout the entire organization.

Facilitating the CP Operation

Hyundai Engineering reinforced CP training and distributed CP handbooks to enhance the law-abiding mindset of employees and to spread a law-abiding culture across the board. More concise and various lectures are also provided on themes such as fair trade for construction engineers, corporate mergers, and education on affiliate incorporation.

CP Operation Details in 2017

CP Education	· Fair trade education for 93 new employees · Fair trade education for 190 construction engineers · Education on Fair Labeling and Advertising Act for 134 employees during first and second halves · Education on anti-bid rigging for 119 employees during first and second halves · Education on preventing unfair assistance for 447 employees during first and second halves · Education on publication rules for 111 employees during first and second halves · Education on Subcontracting Act for 95 employees · Online education on fair trade for all employees · Education on combination of enterprises and affiliate incorporation for 52 employees
Reinforce-ment of CP Governance	· Operation of Compliance Council · Operation of the Risk Management Council for Housing Subscription Advertisement
Spread of the CP Culture	· Production and distribution of CP handbook · Operating of the CP day · Designation and opening of fair trade counseling day
CP Monitoring	· CP monitoring in first and second half of the year

Delivering Hope to Our Neighbors

203-1, 413-1

Sustainability Context

All enterprises are obliged to fulfill their social responsibilities. That is because every company has mutual influence as a social entity. In recent years, businesses have been fulfilling their duties for the nation and for communities through their corporate social responsibility activities customized for industries and areas and for self-sustainability of companies in addition to philanthropic donations and volunteering services. They also join forces with various agencies including international organizations as well as governments to provide systematic and substantial support.

HEC Approach

Hyundai Engineering is performing truthful and sustainable CSR activities, capitalizing on its trait as an engineering and construction company. The company has set its sights on tackling social problems taking place near its headquarters through support for modular homes, technical training for local people in overseas worksites, and job creation for the physically handicapped. The company renews its resolve to do its best to contribute to communities both at home and abroad by creating strategic shared values.

HEC Performance

	2016	2017
Hours of volunteer work per year	6,964 hours	5,883 hours
Number of people performing voluntary services	1,323 persons	1,170 persons
Cost of social contribution*	KRW 1.2 billion	KRW 0.6 billion
Received presidential citation in 2017 global CSR segment		
Received minister of the interior and safety citations over disaster measures		

*Excluding contributions to Group social contribution in 2017

Sharing Management in Action

The Social Contribution Strategies of Hyundai Motor Group

The Hyundai Engineering social contribution system is associated with the Hyundai Motor Group social contribution strategies. The company is making efforts to contribute to society by addressing various social problems through six moves, under the motto 'Trustworthy Partner for Today & Tomorrow'.

The Social Contribution System of Hyundai Engineering

In accordance with its mid to long-term social contribution strategy revised in 2017, Hyundai Engineering has put into practice its three major principles on social contribution: Voluntary Participation, Sustainable Sharing, and Happy Win-Win Survival. The company is trying to create sharing management in various areas by reflecting the characteristics of construction field.

Expenses for Major Programs

(Unit: KRW 10,000)

	2015	2016	2017
Stepping-stone	28,470	24,255	21,441
Gift House	15,000	20,000	26,000
New Hope School	2,850	8,000	9,500
Hope Cafe	3,800	2,000	–
Representative activities in each division	5,040	9,220	5,653

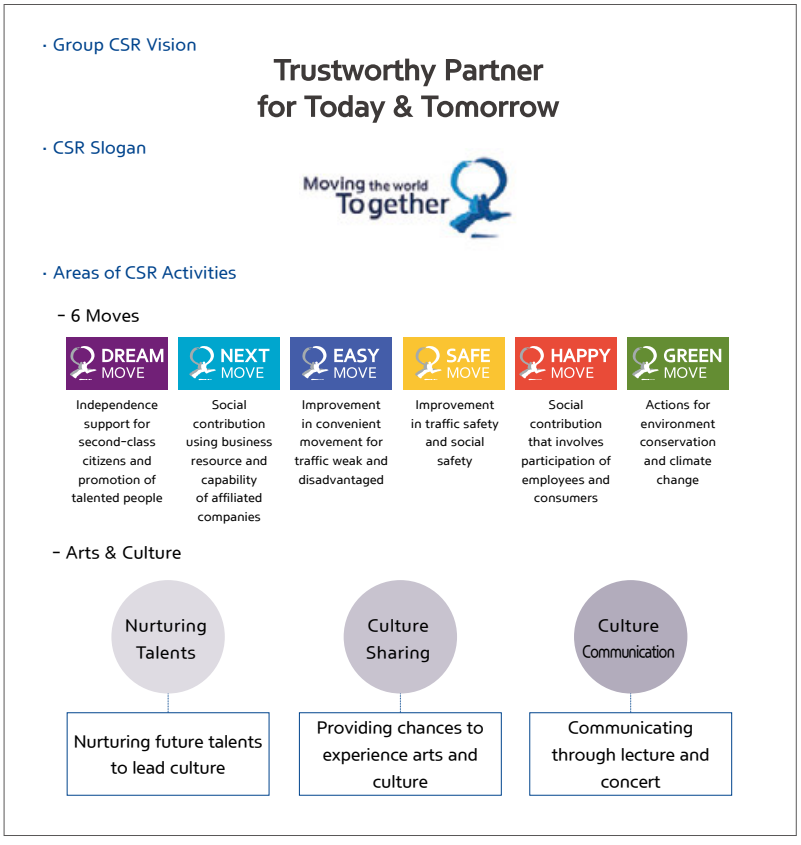
Social Contribution Results

	2015	2016	2017
Hours of volunteer activity per year	7,104 hours	6,964 hours	5,883 hours
Number of people performing volunteer services	1,654 persons	1,323 persons	1,170 persons
Hours of volunteer services per employee	1.2 hours	2.3 hours	2 hours
Cost of social contribution*	KRW 1.4 billion	KRW 1.2 billion	KRW 0.6 billion

* Excluding contributions to Group social contribution in 2017

The Social Contribution System of Hyundai Engineering

The Social Contribution System of Hyundai Motor Group



Domestic Social Contribution Activities

Gift House

Hope Café

Employees' social contribution activities

Stepping-stone House Project

Since 2013, Hyundai Engineering has been conducting projects to improve housing conditions for the five shantytowns in Seoul known as jjokbang neighborhoods. The project has served its purpose as a stepping-stone for dwellers to seek new lives through housing support, self-support assistance, livelihood support, facility support, and community service. The company opened its second Stepping-stone House in the shantytown near Seoul Station in 2016, and a third near Seoul's South Gate in 2017. It also offered Stepping-Stone Culture Class programs such as photography and calligraphy, and even arranged hometown visits for residents of the shantytowns who haven't been back to their homes for long time.

Gift House Campaign

This is Hyundai Engineering's major CSV project to improve the poor residential conditions of disaster-stricken families, which has been made possible thanks to its construction expertise. The company's Construction Division offers modular houses to them to help stabilize their living environment and prevent new disasters. In Season 3 of the Gift House Campaign conducted in 2017, six modular houses were built in Hongcheon-gun, Gangwon Province and formed a gift house village. As the project goes on, its functional areas such as safety and insulation have improved along with a sharp rise in recipient convenience. Hyundai Engineering workers make periodic monitoring visits to the village of modular houses to offer renovation services.

Hope Cafe

The Hope Cafe Project is in progress following a job creation project carried out at Hope Cultivation Center to provide jobs for severely handicapped persons to assist their social participation and financial independence. In March 2017, the company opened the Hope Cafes No. 1 and No. 2 in cooperation with the Yangcheon-gu District Office, and the third café opened in September in Sinwol-dong, Seoul. The project is quite meaningful in that it extends substantial assistance to the handicapped along with local communities. Each Hope Cafe is staffed by one manager and four employees with developmental disabilities, contributing to creation of jobs in local communities and for the disabled.

Other Social Contribution Activities

Hyundai Engineering is stepping up efforts to boost sharing activities by departments, employees and their families. Each corporate division is encouraged to take part in CSR activities voluntarily, with typical activities including mural paintings by the Engineering Division, winter weather support for low-income households by the Finance Division, and facility check-ups for senior citizens living alone by the Asset Management Division. Employees and their families also conduct cleanup campaigns for the National Cemetery, with 90 people from employee families participating in cleanup of the 42nd section of the National Cemetery in 2017. There are also volunteer activities underway to plant forests in Nanjido's Sky parks under the name 'Hyundai Engineer RIM, Blending with Nature' (RIM 林: forest), and plans to continue the tree planting activities twice each year during the first and second halves. Lastly, over two sessions during the year, 374 employees donate unused commodities to the Goodwill Store that were used to help create jobs for the disabled.

Global CSR Activities

New Hope School

Global youth volunteer group

Global CSR Activities in 2016 and 2017		
Uzbekistan	Buhara Kungrad, Akchalak, etc.	· Fifth New Hope School · Medical service · Operation of technical training center · Support for event in Arirang nursing home · Invitation of children attending New Hope School
Vietnam	Yen Bai Province	· Support for primary schools in impoverished regions and improved living conditions · Support for medical volunteer service
Turkmenistan	Turkmen-bashi etc.	· Operation of technical training center · support for Korean-language speaking contest · Sponsorship for Ambassador Cup taekwondo competition
Malaysia	Malacca	· Donation for needy neighbors · Support funding for development of soccer association

New Hope School

In order to join in contemplating social problems and finding solutions in the countries where it is doing business, Hyundai Engineering has been improving impoverished learning environments near its overseas project sites since 2010 to provide children with learning opportunities and to ease educational gaps. In 2016 and 2017, it designated Uzbekistan's No. 9 school of Karakul as its fifth New Hope School and conducted maintenance work while donating new desks and computers. Students of the school were invited to the company's UKAN construction site, where they offered greeting of thanks and the company presented gifts to them. Hyundai Engineering employees also formed one-to-one connections as a systematic instrument to enable students to receive education continuously.

Happy Move

Hyundai Engineering has been taking part in Hyundai Motor Group's social contribution activities around the world including Happy Move global youth volunteer group and hunger solutions with international relief organizations. In 2017, 100 global youth volunteer team of Korean collegians Happy Move visited the sixth New Hope School near the project site of Aeon Mall No. 2, where they conducted cultural performances for students and residents and interacted with them. For the next three years since 2018, the company plans to perform various social contribution activities such as environmental renovation, remodeling of New Hope School, and suggesting ideas for tourist villages in the Ahmad-Yassaviy village near its branch in Uzbekistan.

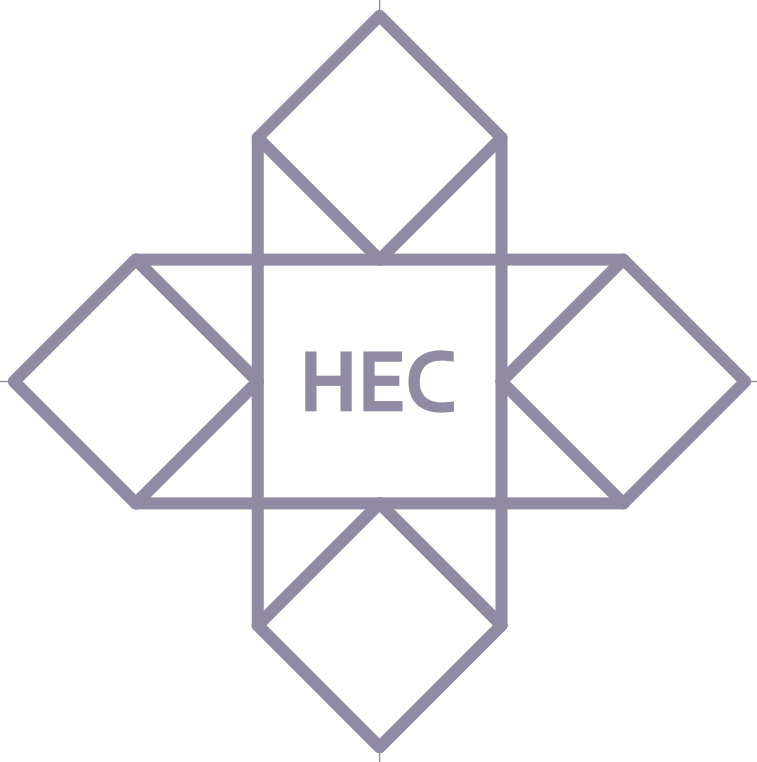
Social Contribution in Uzbekistan

Hyundai Engineering has provided medical service and support for marginalized people in Uzbekistan to alleviate social inequality. The first generation of Korean diasporas (Korean-Uzbekistanis), Uzbekistan women with disabilities, and low-income Uzbekistan households living in Korea are being supported, and since 2014 the company has also provided proactive medical service for residents in the Uzbekistan workplace, supported by Yeosu Global Charity Association and Chonnam National University Hospital. Hyundai Engineering Uzbekistan branch received presidential commendation in 'The 5th Most Loved Companies of Korea' for making contribution of medical and educational support, and job creation in Uzbekistan.

Technical Training Center

The company opened a training center for electricity/instrumentation in Turkmenistan in 2017 following its establishment of welding training centers in Uzbekistan and Turkmenistan in 2016. These CSV projects contribute to the dissemination of Korea's advanced construction expertise and the cultivation of talented personnel to be utilized in supplying local workforce, contributing to local job training and job creation. In 2016, 50 staff completed the training courses in Uzbekistan and worked at the Hyundai Engineering construction sites. 210 staff did the same in Turkmenistan in 2016 and 2017.

SUSTAINABILITY ENABLER



Governance

102-18, 205-2, 405-1

Governance for Sustainability Management

Hyundai Engineering operates the Steering Committee and Value Facilitator to regularly inspect and improve the company's sustainability and manages them for each department to ensure internalization. The company translates its commitment to sustainable management into reality by sharing strategic tasks and action plans with external stakeholders.

Name of Organization	Key Agenda	Frequency	Members
Steering Committee	1. Implementation and management of strategic tasks concerning sustainability management 2. Building consensus on sustainability management at divisions and offices	4 individual meetings 3 general meetings	Executives (CEO, Head of Division/ Office)
Value Facilitator	1. Pushing for sustainability management incorporated into management strategy 2. Inspecting implementation of strategic tasks for sustainable management 3. Establishing mid to long-term sustainability management programs	2 meetings attended by division and office heads	Staff in charge

Shareholder Status

The total number of shares issued by Hyundai Engineering stood at 7,595,341 as of the end of December 2017.

Shareholder	Owned shares	Equity ratio (%)
Hyundai Engineering and Construction	2,933,000	38.6
Jung, Eui Sun	890,327	11.7
Hyundai Glovis	886,740	11.7
Kia Motors	710,020	9.3
Hyundai MOBIS	710,020	9.3
Jung, Mong Koo	355,234	4.7
Hyundai Engineering	348,335	4.3
Others	761,665	10.1
Total	7,595,341	100

*As of the end of December 2017

Composition and Operation of the Board

Board Composition and Selection

Hyundai Engineering's board of directors consists of three internal executive directors and one non-executive director as of the end of March 2018, and the representative director concurrently serves as chair of the board. The directors and the auditor are experts with extensive experience and knowledge in engineering. They are elected by a majority of affirmative votes of the shareholders present at the general shareholders meeting after being recommended by the board.

Type	Name	Gender	Duty	Position	Election date
Internal director	Sung, Sang Rok	Male	Chief Executive Officer	President of Hyundai Engineering	March 14 2013
	Kim, Chang Hak	Male	Head of Process Plant Division	Executive Vice President of Hyundai Engineering	March 17 2017
	Lee, Sang Kook	Male	Head of Finance & Accounting Division	Executive Vice President of Hyundai Engineering	March 18 2016
Non-executive director	Seo, Sang Hun	Male	Management Supervisor	Executive Vice President of Hyundai E&C	March 29 2018
Auditor	Kim, Gwang Pyeong	Male	Auditor	Director of Hyundai E&C	March 20 2015

* As of the end of March 2018

Board Operation

Hyundai Engineering enacted its Board Regulations to ensure the efficient operation of the board. It does not have any sub-committees whose authority is delegated by the board. In accordance with Article 30 of the Articles of Incorporation (methods of convocation and voting of the board), a board meeting is summoned by the chairman of the board or a director designated by the board and upon convocation the board meeting, it is notified to each director and auditor in wiring or orally by one day before the board meeting. However, upon the consent of all the directors and auditors, board meetings can be organized at any time.

Board's Independence and Activity

The board of directors maintains its independence according to the Commercial Act and the Articles of Incorporation, and details on the board's operation and authority are defined clearly by the Board Regulations. The board may request the attendance and testimony of related executives, employees, or external personnel if deemed necessary to deliberate on an agenda. The board may also conduct briefing on important business decisions other than matters of agreement. The board held 19 meetings from 2016 to 2017 to vote for 49 agendas on major management activities including the election of the CEO, relocation of branches, and corporate establishment. The board adopts its resolutions with majority affirmative votes of the directors' present at a meeting represented by a majority of the directors. A regular board meeting takes place quarterly in principle, but provisional meetings may be called as necessary.

Evaluation and Compensation of Directors

The limit offer directors' remuneration is determined and executed by a majority vote of the voting rights represented by the shareholders present at the general shareholders meeting held with one quarter or more of the total number of issued shares represented. The limit of the directors' remuneration as determined at the 2017 general shareholders meeting was KRW 5.5 billion, and the actual paid amount is disclosed on the stock exchange disclosure system each quarter.

Remuneration Paid to Directors (as of the first quarter 2018)

Type	Number of persons	Total remuneration (KRW million)	Average remuneration per person (KRW million)
Registered directors	4	484	121
Auditor	1	–	–

Operation of Audit System

Hyundai Engineering elects one auditor at the general shareholders meeting and ensures the auditor's independence in order to perform the auditing duties concerning the executive directors' job execution as well as the company's accounting and other business matters. The auditor may examine the company's account books at any time and must present an audit report on closing financial statements at the general shareholders meeting. The auditor must report to the board or the general shareholders meeting when he or she believes that a director may commit acts in violation of laws or the company's Articles of Incorporation. The auditor may also ask the company to report on the company's business status and to conduct investigations into business operations and financial status. Ensuring the auditor's independence helps reinforce the fairness and objectivity of corporate management.

Ethics & Compliance Management

102-16, 205-2

System of Ethics & Compliance Management

Establishment of Ethics & Compliance Team

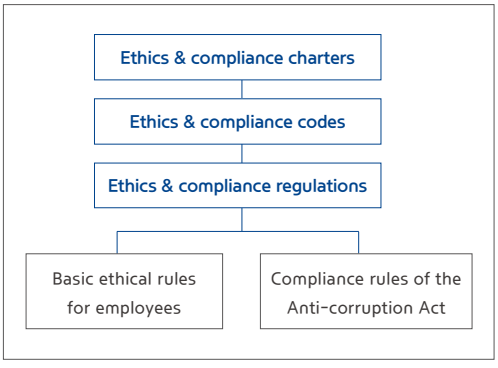
Hyundai Engineering newly established its compliance team under the Legal Affairs Office of the Management Support Division in September 2016. The team takes exclusive charge of company-wide ethics and compliance matters and works to ensure that the compliance culture is firmly rooted. Its duties include performing preventive activities such as compliance education and in-house publicity, monitoring whether compliance rules are properly observed and taking correctional measures on violations. The team is determined to respond to anti-corruption and ethical issues proactively through enhancement of the company's compliance system.

Establishment of Company-wide Compliance Organization

A company-wide compliance organization has been operational since July 2017 to effectively implement and inspect the company's compliance system. Each corporate division appoints a supervisor, and each team and workplace appoint compliance officers for systematic management. Meetings to discuss compliance policies take place quarterly and each division head oversees how compliance matters have been conducted. Compliance officers of each team and workplace use checklists to inspect employee compliance activities and to take charge of education and have formed sound organization structure to efficiently conduct such duties.

Type	Person in charge	Next in rank
Compliance head	Compliance team leader	Official in compliance team
Compliance supervisor	24 team leaders	Official in each division team
Compliance assistant	151 in headquarters	-
	96 in construction sites	-
	7 Subsidiary/branch	-

HEC Ethics & Compliance Standards



Operation of System for 3 Ethical Standards

Hyundai Engineering has laid the institutional foundation for ethics management through three sets of ethics & compliance standards. Its existing system of three standards of ethics has been upgraded to one for three ethics & compliance standards in keeping with the higher demand for compliance. The three ethics & compliance standards are the charters, codes, and regulations on ethics & compliance. The ethics & compliance regulations contain basic ethical rules for employees and the compliance rules of the Anti-corruption Act and are intended to strengthen in-house basic ethics and to form a company-wide consensus on anti-corruption commitments. The compliance rules of the Anti-Corruption Act, in particular, encompass America's Foreign Corrupt Practices Act (FCPA) as well as the Improper Solicitation and Graft Act, and are legally binding. All these efforts are needed to create an ethical corporate culture and encourage employees to judge and act ethically.

Introduction of Ethics & Compliance Management
Introduction of Ethics & Compliance Standards

Ethics & Compliance Management Communication

Operation of Cyber Audit Office

The company provides the Cyber Audit Office to encourage employees to adhere to compliance rules. Through the Cyber Audit Office, employees can confirm the three ethics & compliance standards at any time, and external stakeholders can file complaints on irregularities or unfair practices. It also serves as a channel to receive recommendations regarding the corporate management and systemic improvements from both internal and external stakeholders.

Publication of Ethics Newsletters

Hyundai Engineering prepares and distributes a newsletter to help employees gain easier access to information about ethics & compliance management. The newsletter informs readers of compliance trends and issues and is posted as groupware.

Other Ethics & Compliance Activities

All employees at home and abroad-5,327 as of 2016-took part in the signature-collection campaign for ethics & compliance standards and submitted their pledges. The company conducts campaigns to 'neither give nor accept gifts' every Korean Thanksgiving Day (Chuseok) and Korean New Year's Day (Seollal) to keep employees on alert about ethics in a time when anti-corruption risks are climbing.

Ethics & Compliance Training

Tailored online and offline training is offered to employees to keep their awareness of the internalization of ethics and compliance. The company conducted a survey of all employees on ethical management and had 18 teams that were vulnerable to ethical risks in terms of 'basic ethics' and 'anti-corruption' receive education. Hyundai Engineering provided all employees with online lessons on the Improper Solicitation and Graft Act November 2016 to help them to better understand the law, with reinforced training customized for each duty in 2017. The company dedicates itself to creating an ethics & compliance culture and encouraging workers to behave ethically through intensive education.

Compliance Newsletter

Type	Unit	2016	2017
Training hours per person	Hours	1	1
Total numbers of attendees	Persons	5,478	4,019

Ethics & Compliance Training

Type	2016	2017
Targeting all employees	Online ethics awareness (the Improper Solicitation and Graft Act) education (4,629 persons)	9 sessions of in-house learning (3,091 persons)
Site construction technicians	6 sessions for architect / engineer, CS manager (175 persons)	6 sessions for construction technicians (210 persons)
New/experienced and overseas employees	6 introductory sessions for new/experienced employees (205 persons)	10 introductory sessions for new/experienced employees (143 persons)
	6 sessions for overseas employees (48 persons)	6 sessions for overseas employees (30 persons)
Others	Education by Risk (18 teams) Lectures for executives and team leaders (151 persons)	11 sessions for vacationers at overseas sites (297 persons)
		3 sessions for asset management leaders/field supervisors (60 persons)
		2 sessions for FM employees at Asset Management Division (42 persons)
		4 sessions for regional field supervisors (52 persons)
		1 fostering session for site managers (20 persons)
		1 session for employees in Marketing Office (32 persons)
		3 sessions for consumer satisfaction team in Building & Housing Works Division (42 persons)

Risk Management

Risk Management System

Hyundai Engineering uses its risk-sensing technique to identify and control key risk factors. The technique enables the company to manage various risks that could affect the corporate management, including risks in the macro-environmental risks, risks from industrial competition, and technical diversification and internal risks.

Risk Management Organization

Hyundai Engineering formed the Chief Risk Officer (CRO) Organization, aligned with that of Hyundai Motor Group, in order to systematically perform information gathering about risks and effectively manage the potential risk factors. The CRO Organization consists of the CEO, the Head of Planning Group, and the Strategy Execution Team Leader. Hyundai Engineering also appointed a working-level team in charge of core risk sensing and management, thereby creating a systematic structure of risk management connecting from the working-level to the top management of the Hyundai Motor Group. Corporate risks are monitored quarterly, and the results of regular monitoring have been reported to the Group CRO Organization for 9 times from 2016 to the 1st quarter of 2018.

Definition and Management of Core Risks

Hyundai Engineering selected 8 core risks based on the impact of risks on the overall management environment, probability of occurrence and vulnerability. They include macro-environmental risks, industrial environmental risks and strategy and operational risks. 8 core risks were selected and are managed, and the risk levels of the indicators are continuously monitored. Core risks are reviewed on a quarterly basis or routinely to be updated. The company devises prior responsive measures against each risk, thus establishing an organized response system to minimize the negative impacts when risks occur.

Definition of Top 8 Core Risks for Risk management(as of the end of May 2018)

Core risk	Risk Index
Increase of currency volatility	Currency exchange rate fluctuations (dollar, euro)
Intensified competition	Bidding price gap between Hyundai Engineering and competitors (successful bidders), bidding success rate, oil price fluctuations
Setback of housing market	Housing business survey index, housing market consumer sentiment index, occupancy survey index, interest rate fluctuations
Rising prices of raw materials	Price trends of major steel products and building materials
Effectuation of business (Formerly known as failure to optimize business plans)	Ratio of long-delayed projects
Decline in construction quality	Project Quality Index (PQI)
Aggravation in executing projects	Progress rate, rate of cost of goods, recovery period of the unpaid, interim payment of the unclaimed
Insolvency of partners	Amount of provisional seizure on partners

	Unit	2015	2016	2017
Cash and cash equivalents, short-term financial products	KRW 100 million	17,134	19,264	19,459
Liquidity ratio	%	167.9	167.3	177.5

Process of Risk Management Operations

Stage	Content of Operation	Note
Bidding stage	Review business risks when evaluating project bidding	Preliminary review Working-level meeting Review of order placement Review of amended order placement
	Review and feedback of project content upon bidding	
Contracting stage	Review and feedback of project content upon signing a contract	Working-level contractual evaluation Contractual evaluation
Execution stage	Review of risks in the early project stage	Hand-over workshop Project execution workshop Project execution planning meeting
	Review of risks in the project-execution stage	Daily on-site report On-site video conference Weekly progress report On-site inspection (when necessary)
Completion stage	Check-up and review of the pending agenda on progress after completion of construction	Collaboration with relevant departments in finance/legal affairs, etc., reporting of the agenda and countermeasures
	Review of corporate establishment and financial agenda for development/ investment projects	

Financial Risk Management

Liquidity Management

Hyundai Engineering manages liquidity in order to proactively respond to financial risks. Liquidity is monitored at all times to meet the financial demand for marketing funds. When the company predicts liquidity, it considers funding plans, target financial ratios, funds balance per project, and observance of contracts. Based on these factors, it maintains a proper allocation of long and short-term financial products directed so as to secure sufficient liquidity.

Currency Exchange Risk Management

Given the traits of the order-based industry, the time lag between project execution and payment or expenditure of foreign currency is inevitable. As it usually takes three years for a project to be completed, foreign exchange rates can fluctuate between the time when payments are made according to the amount of work completed and the time when expenditures are made. To minimize these risks, the company makes it a rule to reconcile the receipt and payment currencies from the beginning of the contract bidding. If there is a discrepancy between the two currencies, the fluctuation risk is taken into account and managed accordingly.

Project Risk Management

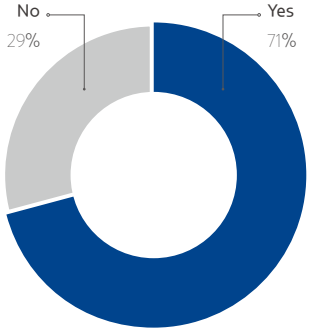
Hyundai Engineering created the PRM Office as Project Risk Management group to expand our risk management scope from risk management centered on winning contracts to the entire project life cycle (PLC) including bidding, contracting, execution, and completion. We have also established an integrated risk management system and identified risks for each type of business to implement quantification and standardization in risk analysis. The company plans to create an intranet by utilizing a project-execution database in 2018 to lay the foundation for reinforcing its competitiveness in contracting and executing projects. A new strategy is also under way in the contracting stage to classify estimated data accumulated in bidding and to inspect the suitability of estimated project costs. In the project-execution stage, the scope of risk management will be expanded by linking 'ePRM(electronic Project Risk Management system)' where identified risks for each executing project are managed and controlled through intranet to major project-related computer systems as the advanced process while pre-sensing of risks will be strengthened. The implementation of a system to analyze risks effectively will certainly result in minimizing negative effects such as costs from threats in the stages of contracting and executing projects.

Stakeholder Engagement & Materiality Testing

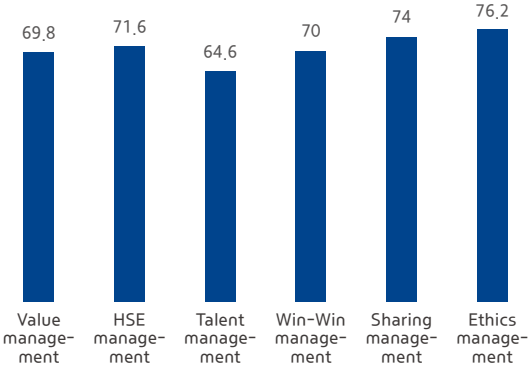
102-40, 102-42, 102-43, 102-44, 102-46, 102-47, 102-49

Hyundai Engineering constantly communicates with its stakeholders and promotes management activities centered on their expectations in seeking sustainable growth. In 2016-2017, we conducted various meetings, social contribution activities, and public hearings to continue active communication with the stakeholders and performed materiality testing based on their opinions to discover issues of sustainability that need to be reported and managed. We especially listened to our stakeholders' opinions on our sustainability and Sustainability Reports through the stakeholders' survey conducted in April of 2018.

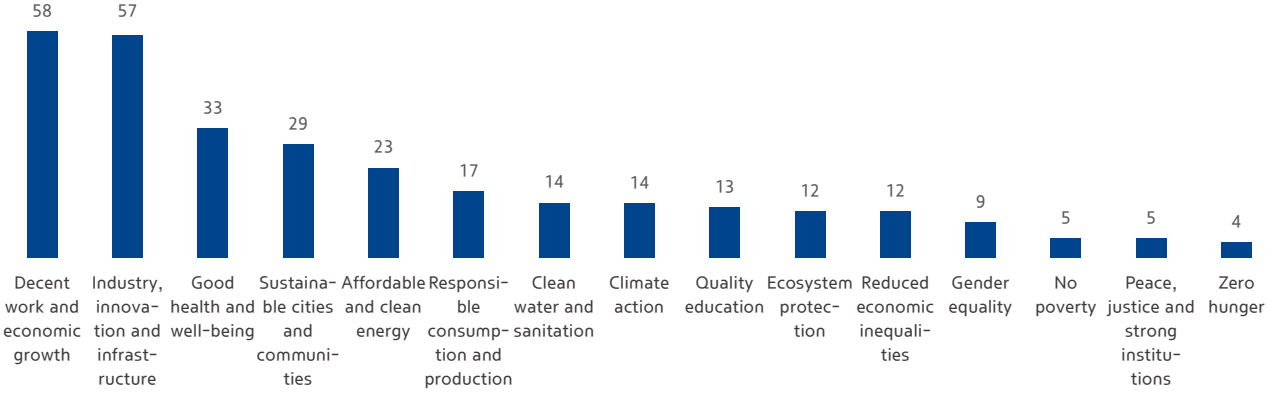
Do you know about Hyundai Engineering's Sustainability Report?



How do you assess Hyundai Engineering's level of execution in each of the core categories of sustainable management?



What do you think are the UN's Sustainable Development Goals (SDGs) to which Hyundai Engineering must contribute?



Stakeholder	Communication Channels
Shareholders and Investors	· General meeting of shareholders · Publicly disclosed materials · Analyst meetings
Customers	· Customer satisfaction survey · Operation of customer center on the website
Partners	· e-procurement / procurement management system · Conducting meetings
Employees	· Next Leader Board · Talk with the CEO
Community	· Social contribution activities · Sustainability Report
Government/ Media/ Associations	· Public hearings · Materials for media coverage · Survey participations

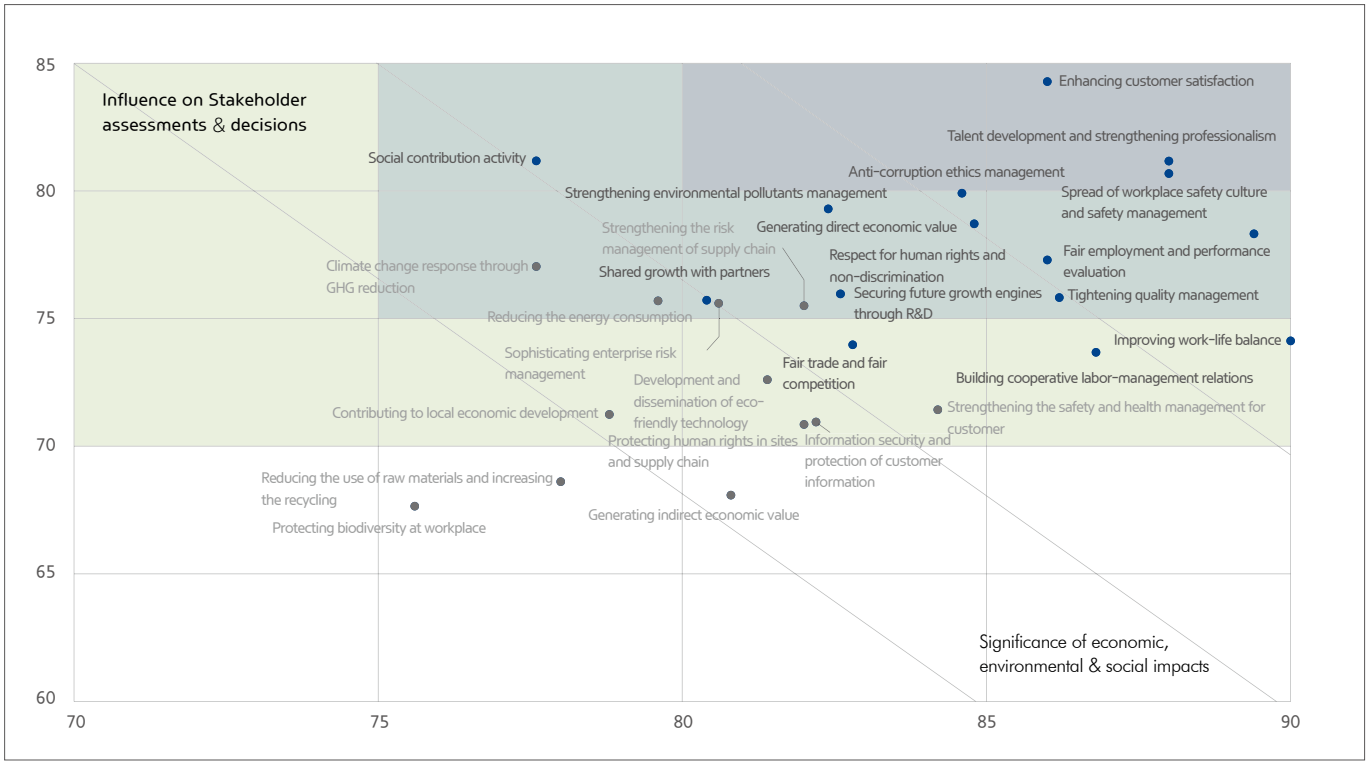
Identification and participation of stakeholders

According to the three criteria, Hyundai Engineering has classified its stakeholders as core stakeholders, strategic stakeholders, and other stakeholders, identifying six stakeholder groups. The criteria for categorization are 1) stakeholders for whom the organization shoulders legal, financial, and operational responsibilities, 2) stakeholders who influence the organization's execution of strategies and achievement of goals, and 3) stakeholders who are deeply affected by the organization's activities, products, and/or services; those for whom all three of the criteria are applicable are considered core stakeholders, while those who meet two of the criteria are considered strategic stakeholders, and those satisfying one criterion are 'other' stakeholders. Hyundai Engineering has prepared a variety of communication channels including surveys and meetings and is making efforts to find out the details of needs and demands to reflect them in management activities.

Materiality Testing

Hyundai Engineering has performed materiality testing on stakeholders and selected the issues of sustainability to be made public through the 2016-2017 Sustainability Report. 15 major issues have been selected through the stakeholder survey, media analysis, and benchmarking of construction and EPC industries. The table of content and reported contents are based on the 15 major issues and the sustainable management strategy system. This report includes not only the major issues but also other issue that must be treated as important. Issues from a wide spectrum have been included in the report, as new issues were deduced including ethics management, respect for human rights, management of environment pollutants, cooperative labor-management relations, and fair trade.

Step 1 Formation of group of sustainability issues	Step 2 Execution of materiality testing Survey + media analysis + benchmarking	Step 3 Selection of major issues	Step 4 Review
Major topics, GRI Standards1), reports from global competitors in the same industry, and other media in the field of architecture and EPC have been analyzed to form a pool of 27 economic, environment and social issues.	The levels of importance of the 27 issues were determined utilizing stakeholder surveys, media analyses, and benchmarking of competitors. 1,853 stakeholders participated in the survey, and for the media analyses, 2,986 news articles from 2016 to 2017 on the sustainability of Hyundai Engineering. For benchmarking, sustainability reports of domestic and international competitor companies in the same industry were analyzed to examine major issues in the E&C industry.	Based on the resulting values calculated from the materiality testing, the level of importance for each issue has been determined, and 15 issues have ultimately been selected as the 2016-2017 major issues of Hyundai Engineering	The 2016-2017 Hyundai Engineering report has been inspected from the perspective of sustainability by reviewing the major issues addressed in previous reports and the feedback from stakeholders.



1) An international guideline for publication of Sustainability Reports

UN SDGs Website

SDGs Business Implementation Award

Attendee

Hyundai Engineering
Lee Ho Il, Head of Business Strategy Office
Kang Il Gyu, Leader of Human Resources Administration Team
Lee Sang Hoon, Leader of Company Culture Team
Yun Young Man, Leader of Safety Planning Team
Kim Min Gug, Leader of Quality Management Team
Kim Tae Hyun, Leader of Compliance Team
Hur Jin Hwan, Leader of Supplier Cooperation Team
Park Hong Jae, Strategy Execution Team
Sustainability Expert
Park Jong Sun, President of Sejong Management Academy
Kim Kyung Shin, Professor of Sungshin Women's University
Kwak Jae Sung, Professor of Kyung Hee University
Lee Eun Kyung, Team Leader of UN Global Compact Network Korea
Jung Se Woo, CEO of THE CSR

Hyundai Engineering's Efforts for Sustainable Management

Support for UN Sustainable Development Goals (SDGs)

Hyundai Engineering has been contributing to the achievement of UN Sustainable Development Goals through diverse activities since becoming the first Korean engineering company to join the UN Global Compact in 2010. The company has set goals, including the establishment of an infrastructure and promotion of sustainable industrialization and innovation, the creation of sustainable cities and residences, and the promotion of quality jobs and economic growth, as its priority targets having taken the characteristics of its construction and EPC (engineering, procurement and construction) industries into account. It then has been conducting relevant activities by connecting them to seven sustainable management strategies, resulting in Hyundai Engineering being the recipient of the UN's Sustainable Development Goals Award presented by the Korean Association for Supporting SDGs for the United Nations in July 2018. Hyundai Engineering aims to continue with the implementation of its sustainable management activities while ensuring transparency through the sustainability report.

Specialist-led conference on Hyundai Engineering sustainable management

Hyundai Engineering hosted a sustainable management conference to enable the level of sustainable management to meet global standards. The meeting was attended by specialists within the field of sustainable management to conduct in-depth discussions on Hyundai Engineering's sustainable development. Specialist areas of sustainable management included ethical management, shared growth, environmental management, global corporate social responsibility (CSR) and UN SDGs, as well as the company's chief of Business Strategy Office and team leaders from each relevant department of sustainable management.

- Date: July 23rd, 2018, at 2p.m.
- Venue: 8F, conference room of Hyundai Engineering Gyedong Office, Seoul

"We are determined to boost communication with stakeholders with yearly publishing of a biennial sustainability report."

Hyundai Engineering celebrated the fifth publication of its sustainability report this year since publishing began every other year in 2010. This year will see the launching of a yearly report in keeping with the stream of the times, highlighting the increased corporate social responsibility. Hyundai Engineering's sustainable management system consists of mission, sustainable management charters and core areas, while this report contains the primary results and performances within each area. We will strive to incorporate various perspectives into Hyundai Engineering's systems of sustainable development and social responsibility.

- Lee Ho Il, Director, Head of Business Strategy Office of Hyundai Engineering

"There is a growing need for risk management concerning partner companies when it comes to human rights and compliance."

With the recent grappling with human right and compliance issues among global companies, the degree of risk is increasing regarding partner administration and supply chain management. Given that more than 40 percent of penalties imposed under the Foreign Corrupt Practices Act (FCPA) are associated with third-party issues, it's inevitable that the managing of third parties will become the most focal point in the fight against corruption. Exemption from responsibility is possible only once compliance systems are well established under pertinent laws and guidelines. Currently, a mutually-consented schedule of guidelines, as it pertains to various impact assessments and third-party management, is being suggested. Once Hyundai Engineering is able to conduct the risk management of partner companies based upon this system, to the bolstering of global competitiveness will then become possible as a result.

- Lee Eun Kyung, Team Leader of UN Global Compact Network Korea

"A healthy organization culture that encourages efficient communication between employees is the starting point of sustainable management."

If Hyundai Engineering is to make sound progress, it's essential to improve employee commitment to their jobs based on their level of satisfaction. As channels for employees to express difficulties have become much more diversified, as compared with the past, they often resolve problems in person through external channels without resorting to working things out internally. This can be seen as a reflection of rising social issues concerning the misuse of corporate power and the growing Me Too Movement. Creating an atmosphere where workers can speak freely while building a healthy company culture through efficient communication with middle managers is bound to become the basis of sustainability.

- Park Jong Sun, President of Sejong Management Academy

"Employees' interest and participation in CSR boosts company loyalty."

A variety of research has revealed that employees well aware of corporate social responsibility and company culture tend to have a higher sense of belonging to the company, producing better results. In many cases, external stakeholders are more aware of costly CSR activities than internal workers, making it essential to let employees internalize the sustainability mantra by increasing the participation of the entire staff in the process of publishing the sustainability report while encouraging everyone to actively partake in CSR activities and the sharing of their results.

- Professor Kim Kyung Shin of Sungshin Women's University

"It is necessary to build a social contribution brand that reflects the bold image unique to Hyundai."

The recent CSR trends avoid simple social contributions, donations or charities, while placing a focus on the achievement of management goals and contributing to social growth through strategic CSR in line with the traits of certain businesses. The bigger companies are, the greater the tendency for simplification and branding. Hyundai Automotive Group has the image of being the boldest among the country's large companies. Hyundai Engineering is carrying out global CSR in the educational field, however, if the company is able to support the cultivation of high-end engineers in developing countries in connection with engineering education and create an environment in which such trainings lead to employment, it will be able to build its own social contribution brand through a well-grounded CSR management system.

- Professor Kwak Jae-sung of Kyung Hee University


연대엔지니어링

APPENDIX

Data Center

Economic Performance 201-1

[Condensed] Consolidated Statement of Financial Position (Unit: KRW million)

Type	2015	2016	2017
Current assets	5,102,445	5,196,877	4,362,615
Noncurrent assets	1,309,902	1,508,864	1,963,338
Total assets	6,412,347	6,705,741	6,325,953
Current liabilities	3,039,573	3,107,084	2,457,761
Noncurrent liabilities	687,835	610,132	533,768
Total liabilities	3,727,408	3,717,216	2,991,529
Capital stock	37,977	37,977	37,977
Other paid in capital	1,287,494	1,287,494	1,259,365
Other components of equity	−5,685	22,944	132,840
Retained earnings	1,360,907	1,655,647	1,902,632
Non-controlling interest	4,246	−15,537	1,610
Total equity	2,684,939	2,988,525	3,334,424
Total liabilities and equity	6,412,347	6,705,741	6,325,953

[Condensed] Consolidated Statement of Income (Unit: KRW million)

Type	2015	2016	2017
Sales	7,403,756	6,940,615	6,268,216
Cost of sales	-6,713,287	-6,142,883	-5,408,776
Gross profit	690,469	797,732	859,440
Selling and administrative expenses	-188,484	-303,120	-345,018
Operating income	501,985	494,612	514,422
Other income	116,977	128,003	107,783
Other expenses	-152,116	-158,513	-202,265
Finance income	39,457	48,887	74,319
Finance expenses	-16,751	-27,350	-58,826
Share of profit of associates	280	341	-841
Profit before income tax	489,832	485,980	434,592
Income tax expense	-115,931	-124,747	-115,252
Net income	373,901	361,233	319,340

Distribution of Economic Performance (Unit: KRW 100 million)

Stakeholders	Item	2015	2016	2017
Shareholders	Dividends	870	870	870
Partners	Raw material procurement cost	21,503	19,258	15,249
	Service cost	34,611	32,185	29,814
	Amount for supporting shared growth	227	303	310
Employees	Salaries and welfare benefits	6,942	6,968	6,800
Government/Media/Association	Corporate tax	1,159	1,247	1,153
Community	Cost of social contribution*	14	12	6

* Excluding contributions to Group social contribution in 2017

Social Performance

Talent Management

102-8, 401-1, 401-3, 404-1, 404-2, 404-3, 405-1, 412-2

Type			Unit	2015	2016	2017
Status of Employees	Total Employees	Total employees	Persons	10,631	9,930	10,980
		Domestic	Persons	4,741	4,754	4,621
		Overseas	Persons	5,890	5,176	6,359
	Employment Type	Regular	Persons	4,053	4,185	4,186
		Non-regular	Persons	1,779	1,578	1,425
	Profession	Design	Persons	3,710	3,644	3,605
		Sales	Persons	1,657	1,590	1,387
		Besides Design/Sales	Persons	213	224	242
		Others	Persons	252	305	377
	Gender	Male	Persons	5,262	5,197	5,083
		Regular	Persons	3,783	3,913	3,925
		Non-regular	Persons	1,479	1,284	1,158
		Female	Persons	570	566	528
		Regular	Persons	270	272	261
		Non-regular	Persons	300	294	267
	Age Group	20s	Persons	880	757	562
		30s	Persons	2,505	2,607	2,653
		40s	Persons	1,552	1,536	1,545
		More than 50 years old	Persons	895	863	851
	Region	Employees dispatched overseas	Persons	1,091	1,009	990
		Locally recruited employees	Persons	4,799	4,167	5,369
	Executives	Total	Persons	67	62	57
		Male	Persons	66	61	56
		Female	Persons	1	1	1
		Less than 30 years old	Persons	–	–	–
		More than 30, less than 50 years old	Persons	12	6	5
		More than 50 years old	Persons	55	56	52
Changes in Workforce	New Employment	Total	Persons	1,485	1,076	929
		Male	Persons	1,353	928	808
		Female	Persons	132	148	121
	Retirees	Total	Persons	100	158	204
		Male	Persons	89	148	181
		Female	Persons	11	10	23
		Retirement rate	%	2.5	2.6	3.6
Disabled & Veterans	Employment	Disabled	Persons	45	69	63
		Veterans	Persons	11	87	86
Status of Employees Subjected to Performance Assessment	Gender Ratio	Male	%	100	100	100
		Female	%	100	100	100
	Ratio by employment	Regular	%	100	100	100
		Non-regular	%	100	100	100
Status of Childcare Leave	Status of returning to work after childcare leave	Childcare leave users(Male)	Persons	3	4	11
		Childcare leave users(Female)	Persons	47	50	48
		Returnees to work after using childcare leave	Persons	22	50	36
		Number of employees with over one year of continuous service period after returning from childcare leave	Persons	21	41	26
		Return rate	%	44	92.6	61
		Rate of continuous service of over 12 months	%	96	82	72.2
Human Rights	Training on the prevention of sexual harassment	Hours of training	Hours	1	1	2
		Number of participants	Persons	5,401	4,629	4,707
Labor-management Relationships	Status of handling employees' grievances	Number of employees' grievances received	Cases	71	68	56
		Number of days for response processing	Days	5.5	4.5	4.5

Shared Growth

Type		Unit	2015	2016	2017
Financial Support	Shared Growth Fund	KRW 100 million	212	250	250
	Direct loans	KRW 100 million	15	53	60
Technical Support	Joint R&D	Cases	4	8	5
Training Support	Consignment training to specialized agencies	Persons	433	533	662
	Training on overseas advancement	Persons	102	114	114

Ethics & Compliance Management

Type	Unit	2015	2016	2017
Ethics training for all employees	Persons	3,525	4,629	4,707
Expense of ethics training for all employees	KRW 10,000	690	2,777	2,541
Customized ethics education	Persons	-	5,478	4,019

Social Contribution

Type	Unit	2015	2016	2017
Number of social contribution programs	Number	26	15	15
Number of participants	Persons	1,654	1,323	1,170
Number of volunteering hours per employee	Hours	1.2	2,3	2
Cost of social contribution*	KRW 100 million	14	12	6

*Excluding contributions to Group social contribution in 2017

Safety and Health 403-2

| Incident Rate |

Type		Unit	2015	2016	2017
Domestic	Converted incident rate	%	0.12	0.18	0.38
Overseas	TRIR[1)]	Number of recordable incidents per 200,000 hours	0.092	0.05	0.046
	LTIR[2)]	Number of lost time injuries per 200,000 hours	0.037	0.009	0.003
	SR[3)]	Number of lost workdays per 200,000 hours	0.004	0.026	0.036

1) TRIR: Total Recordable Incident Rate
2) LTIR: Lost Time Incident Rate
3) SR: Severity Rate

| Number of Fatality |

(Unit: Persons)

Type	Hyundai Engineering			Partners		
	2015	2016	2017	2015	2016	2017
Domestic	0	0	0	2	2	5
Overseas	0	0	0	2	0	0

| Status of Certification for Achieving the Zero-Accident Target |

(Unit: Hours)

Type		2015	2016	2017
Process Plant	Turkmenistan TGEM	5,000,000	-	-
	Turkmenistan TORE	12,000,000	-	-
	Turkmenistan TACE	-	30,000,000	60,000,000
	Uzbekistan UGCC	15,000,000	-	-
	Pakistan ATOM	-	15,000,000	-
	Thailand TLAB	-	10,000,000	-
Power & Energy Plant	Bangladesh BAPP	3,000,000	-	-
	Algeria ARNAT	-	5,000,000	-
	Philippines TVEP	-	2,000,000	10,000,000
Building & Housing Works	Wirye Amcotown Floriche	2,730,000	-	-
	Turkmenistan National University	5,000,000	-	-
	Daegu Secheon Amcotown	-	1,820,000	-
	Magok A Block 13	-	1,820,000	-
	Munjeong Knowledge Industrial Center II	-	-	1,820,000
	Yongin Giheung Multipurpose Buildings	-	-	1,820,000
	Cambodia Aeon Mall	-	-	5,000,000
Infrastructure & Environment	Indonesia RAJA	-	-	3,000,000

Environmental Performance

301-1, 302-1, 305-1, 305-2, 306-2

Amount of Raw Materials Used*

Type	Unit	Domestic				Overseas								Total amount for domestic and overseas sites	
		Building & Housing Works		Infrastructure & Environment		Process Plant		Power & Energy Plant		Building & Housing Works		Infrastructure & Environment			
		2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Reinforcing steel bars	ton	42,132	66,279	2,443	7,966	22,404	17,524	16,109	20,861	4,231	4,056	244	3,733	87,563	120,419
Ready-mixed concrete	m^3	533,776	836,317	28,373	96,952	17,462	946	2,427	233,619	20,856	58,623	-	-	602,893	1,226,456
Cement	ton	4,445	23,565	19	10,902	6,112	332	139	48,287	-	-	6,721	14,311	17,435	97,396
Sand	m^3	1,275	34,296	1,751	3,964	10,339	473	1,225	104,157	-	-	14,258	24,865	28,848	167,754
Aggregates	m^3	12,216	4,404	362,805	594,270	60,664	87,472	5,466	74,486	-	-	14,683	46,242	455,834	806,874
Asphalt concrete	ton	14,669	9,720	-	58,098	13,200	48,633	-	5,421	-	-	-	-	27,869	121,872
Timber	ton	-	-	-	98	-	-	40	673	-	-	-	-	40	771
Concrete	ton	-	-	-	814	157,222	188,031	156,120	123,442	-	-	-	40	313,342	312,327
Form	m^2	-	-	525,682	857,721	569,574	367,809	121,304	2,528,638	-	-	96	8,037	1,216,656	3,762,206
Smaller lump coals	kg	162,516	431,023	-	-	-	-	-	-	-	-	-	-	162,516	431,023
Others (Concrete pile)	m	48,969	110,064	17,576	-	-	-	530,935	32,277	-	-	-	-	597,480	142,341

*Timber is renewable material and the rest of them are non-renewable materials.

Energy Consumption

Type	Unit	Domestic										Overseas						Total amount for domestic and overseas sites	
		Headquarters		Process Plant		Building & Housing Works		Infrastructure & Environment		Asset Management		Process Plant		Infrastructure & Environment		Power & Energy Plant			
		2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Amount of fuel used	GJ	16,463	18,900	227	700	26,923	27,000	7,543	2,655	992	800	309,467	405,559	48,791	56,685	12,460	81,010	422,866	593,309
Amount of electricity used	GJ	50,884	64,300	19,467	11,100	209,008	202,700	20,037	9,200	5,391	5,000	132	189	5,568	7,363	8,991	23,123	319,478	322,975
Total amount of energy used	GJ	67,347	83,200	19,694	11,800	235,931	229,700	27,580	11,855	6,383	5,800	309,599	405,747	54,359	64,048	21,451	104,133	742,344	916,284

*Data calculations are sourced from 'The Administrative Guideline for the Greenhouse gas Target Management System'.

GHG Emission

Type	Unit	Domestic										Overseas						Total amount for domestic and overseas sites	
		Headquarters		Process Plant		Building & Housing Works		Infrastructure & Environment		Asset Management		Process Plant		Infrastructure & Environment		Power & Energy Plant			
		2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Amount of direct emissions (Scope 1)	tCO_2eq	886	1,001	12	32	1,823	1,814	472	188	67	60	21,528	28,215	3,387	3,935	855	5,598	29,029	40,844
Amount of indirect emissions (Scope 2)	tCO_2eq	2,471	3,125	946	538	10,926	9,844	973	447	248	240	6	9	270	358	437	1,123	16,278	15,684
Total amount of GHG emissions	tCO_2eq	3,357	4,127	957	570	12,749	11,658	1,445	635	315	299	21,534	28,224	3,658	4,293	1,291	6,721	45,307	56,527

*Data calculations are sourced from 'The Administrative Guideline for the Greenhouse gas Target Management System'.

Water Usage

Type	Unit	Domestic				Overseas								Total amount for domestic and overseas sites	
		Building & Housing Works		Infrastructure & Environment		Process Plant		Building & Housing Works		Power & Energy Plant		Infrastructure & Environment			
		2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Total amount of water used	ton	14,106	56,339	207,558	277,664	517,336	454,119	10	797	18,730	59,575	34,654	40,155	792,394	888,649

Waste Generated

Type	Unit	Domestic						Overseas								Total amount for domestic and overseas sites	
		Process Plant		Building & Housing Works		Infrastructure & Environment		Process Plant		Building & Housing Works		Power & Energy Plant		Infrastructure & Environment			
		2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Waste concrete debris	ton	1,790	2,074	230,680	131,868	38,858	13,712	-	0	-	-	565	182	1,485	2,421	273,379	150,258
Sludge (sludge generated at project sites)	ton	78	15	3,407	6,565	178	85	320	2,506	-	-	132	351	6	-	4,121	9,522
Waste asphalt	ton	36	51	22,915	15,442	17,495	4,415	-	-	-	-	-	-	78	-	40,524	19,908
Mixed wastes	ton	-	-	36,959	69,828	8,033	20,393	57,619	68,897	-	3,095	370	5,121	2,159	4,285	105,140	171,619
Waste wood	ton	683	985	5,208	5,169	4,905	6,443	139	10,628	-	-	53	120	-	-	10,989	23,345
Others	ton	181	566	58,304	40,817	4,356	6,686	27	767	-	-	713	246	154	157	63,735	49,239
Total amount of waste generated	ton	2,768	3,691	357,473	269,690	73,826	51,734	58,105	82,798	-	3,095	1,833	6,020	3,882	6,863	497,887	423,892

*Amount of domestic designated waste: 23ton in 2016 and 11ton in 2017 which are less than 0.01% of total amount of domestic waste generation

*Other wastes(domestic) include the designated wastes such as paint waste, lacquer waste, oil paint and asbestos.

*Other wastes(overseats) cannot distinguish between general waste and designated waste.

Waste Treatment

Type	Unit	Domestic						Overseas								Total amount for domestic and overseas sites	
		Process Plant		Building & Housing Works		Infrastructure & Environment		Process Plant		Power & Energy Plant		Building & Housing Works		Infrastructure & Environment			
		2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Recycled (Outsourced handling)	ton	2,627	3,500	353,574	267,293	71,423	49,403	1,902	15,388	849	263	-	-	3,882	6,863	434,257	342,710
Recycled (Internal treatment)	ton	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Incineration	ton	51	10	1,379	563	1,766	2,006	-	-	167	572	-	3,095	-	-	3,363	6,246
Buried	ton	90	181	2,520	1,833	637	325	56,203	67,410	565	182	-	-	-	-	60,015	69,931
Waste recycling rate	ton	95%	95%	99%	99%	97%	96%	3%	19%	46%	4%		0%	100%	100%	87%	81%

*Excluding some overseas sites that can not be confirmed

Environmental Investment Cost

Type	Unit	Domestic				Overseas						Total amount for domestic and overseas sites	
		Building & Housing Works		Infrastructure & Environment		Process Plant		Power & Energy Plant		Building & Housing Works			
		2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Facility investment	KRW million	12	-	1,420	1,513	-	-	12	-	-	-	1,444	1,513
Environmental cost	KRW million	118	649	531	336	3	118	-	-	-	27	652	1,130

GRI Content Index

Topic		Disclosure	Description	ISO 26000	Page	Assurance
Universal Standards						
GRI 102: General Disclosure						
Organizational Profile	102-1	Name of the organization	· Hyundai Engineering Co., Ltd.	6.3.10/6.4.1-6.4.5/6.8.5/7.8	06	●
	102-2	Activities, brands, products, and services	· Process Plant, Power & Energy Plant, Building & Housing Works, Infrastructure & Environment, Asset Management		06-07, 10-19	●
	102-3	Location of headquarters	· 75 Yulgok-ro, Jongno-gu, Seoul, Korea		06	●
	102-4	Location of operations	· 132 project sites in 30 countries with 17 branches and 26 subsidiaries around the world		06	●
	102-5	Ownership and legal form	· Unlisted company belonging to Hyundai Motor Group		92	●
	102-6	Markets served	· Designing and Related Technical Services (Plant, Building & Housing Works, Infrastructure & Environment, Asset Management)		06-07, 10-19	●
	102-7	Scale of the organization	· Total number of employees : 5,611 persons · Total number of operations : 132 project sites in 30 countries · Sales : KRW 6,268 billion		06, 87	●
	102-8	Information on employees and other workers	· Realizing the People-centered Value, Growing Together with Partners, Data Center		56-67, 87	●
	102-9	Supply chain	· HEC Porfolios, Value Creation Process		10-19, 22-23	●
	102-10	Significant changes to the organization and its supply chain	· No significant changes in reporting periods		92	●
	102-11	Precautionary Principle or approach	· Preemptively responding to environmental problems that directly affect daily life, such as fly ash, noise, etc., as well as existing environmental problems such as greenhouse gas and waste. · Strategies for Sustainability Management, Going Hand in Hand with the Future Generation		92	●
	102-12	External initiatives	· Supporting the UN Global Compact, UN SDGs and ISO 26000		26-37, 82	●
	102-13	Membership of associations	· Membership in Associations		102	●
Strategy	102-14	Statement from senior decision-maker	· Establishing vision and strategy to become global engineering company, while supporting the UN Global Compact and the UN SDGs.	4.7/6.2/7.4.2	05	●
Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	· Operating mission & vision, and system for 3 ethical standards	4.4/6.6.3	24-25, 76-77	●
Governance	102-18	Governance structure	· Operating the board of directors, which is the highest decision-making body, as well as Steering Committee and Value Facilitator, which are the sustainability management governance bodies.	6.2/7.4.3/7.7.5	74-75	●

Topic		Disclosure	Description	ISO 26000	Page	Assurance
Universal Standards						
GRI 102: General Disclosure						
Stakeholder Engagement	102-40	List of stakeholder groups	· Shareholders & Investors, Customers, Partners, Employees, Local Community, Governmental & Related Association, and Media	5.3	80-83	●
	102-41	Collective bargaining agreements	· The Labor-management Council corresponding to collective bargaining agreements are being applied to all employees and may differ depending on some agendas.		92	●
	102-42	Identifying and selecting stakeholders	· Stakeholder Engagement & Materiality Testing		80-83	●
	102-43	Approach to stakeholder engagement	· Stakeholder Engagement & Materiality Testing		80-83	●
	102-44	Key topics and concerns raised	· Stakeholder Engagement & Materiality Testing		80-83	●
Organizational Profile	102-45	Entities included in the consolidated financial statements	· Refer to 41 page in Hyundai Engineering 2017 Business Report	5.2/7.3.2/ 7.3.3/7.3.4	92	●
	102-46	Defining report content and topic Boundaries	· Stakeholder Engagement & Materiality Testing, Topic Boundary		80-81, 99	●
	102-47	List of material topics	· Stakeholder Engagement & Materiality Testing		80-81, 99	●
	102-48	Restatements of information	· Financial information : changes in numerical value due to restatement of 2015 financial statement, referring to GRI 419-1.		98	●
	102-49	Changes in reporting	· Stakeholder Engagement & Materiality Testing		80-81	●
	102-50	Reporting period	· From 1st Jan. 2016 to 31st Dec. 2017 (included accomplishments in the first half of 2018)	7.5.3/7.6.2	About this report	●
	102-51	Date of most recent report	· August in 2016, biennial report		About this report	●
	102-52	Reporting cycle	· This is the fifth report, published in August, 2018.		About this report	●
	102-53	Contact point for questions regarding the report	· Business Strategy Office, Strategy Execution Team (Tel. +82-2-2134-1835)		About this report	●
	102-54	Claims of reporting in accordance with the GRI Standards	· GRI Standards Guidelines Core Option		About this report	●
	102-55	GRI Content Index	· Reporting core disclosures of universal standards and at least 1 disclosure of topic-specific standards by signifcant aspects		92-98	●
	102-56	External assurance	· For the trust and responsibility of information disclosure, external assurance is provided by Lloyd's Register.		About this report, 100-101	●

Topic		Disclosure	Description	ISO 26000	Page	Assurance
Topic-specific Standards						
GRI 200: Economic Topics						
Economic Performance						
GRI 103: Management Approach 2017	103-1~3	Explanation of the material topic and its Boundary, the management approach and its components, and evaluation of the management approach	· About Hyundai Engineering, HEC Portfolios, Data Center		06-07, 10-19, 86	●
Economic Performance	201-1	Direct economic value generated and distributed	· Direct economic value · Hyundai Engineering generates direct economic value by receiving the orders of projects regarding process plant, energy plant, infrastructure & environment, and building & housing works. · Economic value distributed (Unit : KRW 100 million, 2015/2016/2017) -Dividends : 870/870/870 -Raw material procurement cost : 21,503/19,258/15,249 -Service cost : 34,611/32,185/29,814 -Amount for supporting shared growth : 227/303/310 -Salaries and welfare benefits : 6,942/6,968/6,800 -Corporate Tax : 1,017/1,247/1,153 -Donations and investment cost for social contribution : 14/12/6	6.8.1-6.8.3/ 6.8.7/6.8.9	06-07, 10-19, 86	●
Indirect Economic Impacts						
GRI 103: Management Approach 2017	103-1~3	Explanation of the material topic and its Boundary, the management approach and its components, and evaluation of the management approach	· Strategies for Sustainability Management, HEC Highlights in Sustainability, Delivering Hope to Our Neighbors		26-27, 28-37, 68-71	●
Indirect Economic Impacts	203-1	Significant indirect economic impacts	· Generaing indirect economic impacts by building training center, operating biogas plant facility, improving housing conditions of “”jjokbang”” village, etc. · HEC Highlights in Sustainability, Delivering Hope to Our Neighbors	6.3.9/6.8.1-6.8.2/6.8.7/ 6.8.9	26-27, 28-37, 68-71	●
Anti-corruption						
GRI 103: Management Approach 2017	103-1~3	Explanation of the material topic and its Boundary, the management approach and its components, and evaluation of the management approach	· Strategies for Sustainability Management, Governance, Ethics & Compliance Management		26-27, 74-77	●
Anti-corruption	205-2	Communication and training about anti-corruption policies	· Governance body are defined as executive difrectors and Steering Committee, which communicate sustainability issues. · Conducting ethics training for all employees and holding annual ethics seminars for partner companies.	6.6.1-6.6.2/6.6.3	26-27, 74-77	●
Anti-competitive Behavior						
GRI 103: Management Approach 2017	103-1~3	Explanation of the material topic and its Boundary, the management approach and its components, and evaluation of the management approach	· Strategies for Sustainability Management, Growing Together with Partners, Ethics & Compliance Management		26-27, 62-67, 76-77	●
Anti-competitive Behavior	206-1	Legal action for anti-competitive behavior, anti-trust, and monopoly practices	· Not applicable	6.6.1-6.6.2/ 6.6.5/6.6.7	94	●

Topic		Disclosure	Description	ISO 26000	Page	Assurance
Topic-specific Standards						
GRI 300: Environmental Topics						
Materials						
GRI 103: Management Approach 2017	103-1~3	Explanation of the material topic and its Boundary, the management approach and its components, and evaluation of the management approach	· Strategies for Sustainability Management, Going Hand in Hand with the Future Generation		26-27, 50-55	●
Materials	301-1	Materials used by weight or volume	· Data Center	6.5.4	50-55, 90-91	●
Energy						
GRI 103: Management Approach 2017	103-1~3	Explanation of the material topic and its Boundary, the management approach and its components, and evaluation of the management approach	· Strategies for Sustainability Management, Going Hand in Hand with the Future Generation		26-27, 50-55	●
Energy	302-1	Energy consumption within the organization	· Data Center	6.5.4	50-55, 90-91	●
Emissions						
GRI 103: Management Approach 2017	103-1~3	Explanation of the material topic and its Boundary, the management approach and its components, and evaluation of the management approach	· Strategies for Sustainability Management, Going Hand in Hand with the Future Generation		26-27, 50-55	●
Emissions	305-1	Direct (Scope 1) GHG emissions	· Data Center	6.5.5	50-55, 90-91	●
	305-2	Energy indirect (Scope 2) GHG emissions	· Data Center	6.5.5	50-55, 90-91	●
Effluents and Waste						
GRI 103: Management Approach 2017	103-1~3	Explanation of the material topic and its Boundary, the management approach and its components, and evaluation of the management approach	· Strategies for Sustainability Management, Going Hand in Hand with the Future Generation		26-27, 50-55	●
Effluents and Waste	306-2	Waste by type and disposal method	· Data Center	6.5.3	50-55, 90-91	●

Topic		Disclosure	Description	ISO 26000	Page	Assurance
Topic-specific Standards						
GRI 400: Social Topics						
Employment						
GRI 103: Management Approach 2017	103-1~3	Explanation of the material topic and its Boundary, the management approach and its components, and evaluation of the management approach	· Strategies for Sustainability Management, Realizing the People-centered Value		26-27, 56-61	●
Employment	401-1	New employee hires and employee turnover	· New employment(2015/2016/2017)(Unit: Persons) - Male: 1,353/928/808 - Female: 132/148/121 · Retirees(2015/2016/2017) - Male: 89/148/181 - Female: 11/10/23 *No specific data	6.4.3	56-61, 87	●
	401-3	Parental leave	· Childcare leave(2015/2016/2017)(Unit: Persons) - Childcare leave users(Female): 47/50/48 - Childcare leave users(Male): 3/4/11 - Returnees to work after using childcare leave: 22/50/36 - Number of employees with over one year of continuous service period after returning from childcare leave: 21/41/26 - Return rate: 44%/92.6%/72.2% - Rate of continuous service of over 12 months: 96%/82%/72.2% · Childcare Leave Recipient (As for Jan. 2018) - Male: 1,352 persons - Female: 48 persons	6.4.4	56-61, 87	●
Labor/Management Relations						
GRI 103: Management Approach 2017	103-1~3	Explanation of the material topic and its Boundary, the management approach and its components, and evaluation of the management approach	· Realizing the People-centered Value		59	●
Labor/ Management Relations	402-1	Minimum notice periods regarding operational changes	· Important notices concerning management change shall be notified at least 30 days in advance.	6.4.3/6.4.5	59	●
Occupational Health and Safety						
GRI 103: Management Approach 2017	103-1~3	Explanation of the material topic and its Boundary, the management approach and its components, and evaluation of the management approach	· Strategies for Sustainability Management, Keeping Workplaces Healthy and Safe		26-27, 32-33, 46-49	●
Occupational Health and Safety	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	· Data Center	6.4.6/6.8.8	88-89	●

Topic		Disclosure	Description	ISO 26000	Page	Assurance
Topic-specific Standards						
GRI 400: Social Topics						
Training and Education						
GRI 103: Management Approach 2017	103-1~3	Explanation of the material topic and its Boundary, the management approach and its components, and evaluation of the management approach	· Strategies for Sustainability Management, Realizing the People-centered Value		26-27, 56-61	●
Training and Education	404-1	Average hours of training per year per employee	· Average hours of training per person -2015: 56 hours -2016: 52 hours -2017: 56 hours *No gender specific data	6.4.7	56-61, 87-88	●
	404-2	Programs for upgrading employee skills and transition assistance programs	· Support for the operation of intra company community : In-house AI club, real estate development club, research group for unified Korea, and second-language club · Employee Training Program : Specialized Job Training, Leadership Training by Position · No pre-retirement program for intended retirees	6.4.7/6.8.5	56-61, 87-88	●
	404-3	Percentage of employees receiving regular performance and career development reviews	· Employee Performance Evaluation (Unit : %, 2015/2016/2017) - Male : 100/100/100 - Female: 100/100/100 - Regular: 100/100/100 - Non-regular: 100/100/100	6.4.7	87	●
Diversity and Equal Opportunity						
GRI 103: Management Approach 2017	103-1~3	Explanation of the material topic and its Boundary, the management approach and its components, and evaluation of the management approach	· Strategies for Sustainability Management, Realizing the people-centered value		26-27, 56-61, 78-79	●
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	· Governance body is identified with executive directors, and the diversity of employees refers to Data Center. · No specific data	6.2.3/6.3.7/ 6.3.10 6.4.3	26-27, 56-61, 74-75, 87	●
Non-discrimination						
GRI 103: Management Approach 2017	103-1~3	Explanation of the material topic and its Boundary, the management approach and its components, and evaluation of the management approach	· Strategies for Sustainability Management, Realizing the People-centered Value		26-27, 56-61	●
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	· No issues of discrimination raised.	6.3.6/6.3.7/ 6.3.10 6.4.3	97	●

Topic		Disclosure	Description	ISO 26000	Page	Assurance
Topic-specific Standards						
GRI 400: Social Topics						
Human Rights Assessment						
GRI 103: Management Approach 2017	103-1~3	Explanation of the material topic and its Boundary, the management approach and its components, and evaluation of the management approach	· Strategies for Sustainability Management, Realizing the People-centered Value		26-27, 56-61	●
Human Rights Assessment	412-2	Employee training on human rights policies or procedures	· Trainees for Sexual Harssment Prevention Training - 2015: 5,401 persons - 2016: 4,629 persons - 2017: 4,707 persons	6.3.5	87	●
Local Communities						
GRI 103: Management Approach 2017	103-1~3	Explanation of the material topic and its Boundary, the management approach and its components, and evaluation of the management approach	· Strategies for Sustainability Management, HEC Highlights in Sustainability, Going Hand in Hand with the Future Generation, Delivering Hope to Our Neighbors		26-27, 34-35, 50-55, 56-61	●
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	· Engaging the local community by conducting corporate social responsibility activities, social support activities, and medical service activities, and communicating with local communities and stakeholders through channels such as discussion session for residents, discussion session with stakeholder, and surveys.	6.3.9/6.5.1-6.5.2/6.5.3/6.8	26-27, 34-35, 50-55, 56-61, 68-71	●
Socioeconomic Compliance						
GRI 103: Management Approach 2017	103-1~3	Explanation of the material topic and its Boundary, the management approach and its components, and evaluation of the management approach	· Strategies for Sustainability Management, Growing Together with Partners, Ethics & Compliance Management		26-27, 66-67, 76-77	●
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	· 1 case of regulatory violation relating to the accounting standards (Fines imposed KRW 1.2 billion, Auditor Designation for 1 year)	4.6/6.7.1-6.7.2/6.7.6	98	●

Topic & Reporting Boundary

102-46, 102-47

No.	Materiality Issue	Headquarter	Domestic	Asia	Europe	N.America	S.America	Africa
1	Enhancing customer satisfaction	●●	●●	●	●	●	●	●
2	Talent development and strengthening professionalism	●●		●●				
3	Spread of workplace safety culture and safety management	●●	●●	●●	●●	●●	●●	●●
4	Fair employment and performance evaluation	●●						
5	Anti-corruption ethics management	●●	●	●	●	●	●	●
6	Improving work-life balance	●●						
7	Generating direct economic value	●●	●●	●●	●●	●●	●●	●●
8	Respect for human rights and non-discrimination	●●	●	●	●	●	●	●
9	Tightening quality management	●●	●●	●●	●●	●●	●●	●●
10	Strengthening environmental pollutants management	●●	●●	●●	●●	●●	●●	●●
11	Building cooperative labor-management relations	●●						
12	Social contribution activity	●●	●●	●●	●	●	●	●
13	Securing future growth engines through R&D	●●						
14	Fair trade and fair competition	●●	●	●	●	●	●	●
15	Shared growth with partners	●●	●●	●●			●●	●●

● Topic Boundary: Location of sites where the impacts of materiality issues of Hyundai Engineering rasied.
● Reporting Boundary: Reporting Issues in 2016-2017 Sustainability Repor

Impacts of Stakeholder

No.	Materiality Issue	Shareholders & Investors	Customers	Employees	Partners	Local Community	Government/ Media/Institutions
1	Enhancing customer satisfaction	●	●	●	●		
2	Talent development and strengthening professionalism	●		●			
3	Spread of workplace safety culture and safety management	●		●	●		●
4	Fair employment and performance evaluation			●			
5	Anti-corruption ethics management	●	●	●	●	●	●
6	Improving work-life balance			●			
7	Generating direct economic value	●	●	●	●	●	●
8	Respect for human rights and non-discrimination			●	●		
9	Tightening quality management	●	●	●	●		
10	Strengthening environmental pollutants management					●	●
11	Building cooperative labor-management relations			●			
12	Social contribution activity			●	●	●	●
13	Securing future growth engines through R&D	●					
14	Fair trade and fair competition				●		●
15	Shared growth with partners				●		

LRQA Independent Assurance Statement 102-56

Relating to Hyundai Engineering Co., Ltd.'s Sustainability Report for the 2016-2017 calendar year

This Assurance Statement has been prepared for Hyundai Engineering Co., Ltd. in accordance with our contract but is intended for the readers of this Report.

Terms of engagement

Lloyd's Register Quality Assurance (LRQA) was commissioned by Hyundai Engineering Co., Ltd. (HEC) to provide independent assurance on its '2016-2017 Hyundai Engineering Sustainability Report' ("the report") against the assurance criteria below to a moderate level of assurance using AA1000AS (2008), where the scope was a Type 2 engagement.

Our assurance engagement covered HEC's operations and activities in Korea specifically the following requirements:

- Evaluating adherence to AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness
- Confirming that the report is in accordance with:
  - GRI Standards1: Core option
- Evaluating the accuracy and reliability of data and information for only the selected indicators listed below:
  - GRI 200 (Economic): 201-1, 203-1, 205-2, 206-1
  - GRI 300 (Environmental): 301-1, 302-1, 305-1, 305-2, 306-2
  - GRI 400 (Social): 401-1, 401-3, 402-1, 403-2, 404-1, 404-2, 404-3, 405-1, 406-1, 412-2, 413-1, 419-1

Our assurance engagement excluded the data and information of HEC's suppliers, contractors and any third-parties mentioned in the report.

LRQA's responsibility is only to HEC. LRQA disclaims any liability or responsibility to others as explained in the end footnote. HEC'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 HEC.

LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that HEC has not, in all material respects:

- Met the requirements above
- Disclosed accurate and reliable performance data and information as all errors or omissions identified during the assurance engagement were corrected
- Covered all the issues that are important to the stakeholders and readers of this report.

The opinion expressed is formed on the basis of a moderate level of assurance and at the materiality of the professional judgement of the verifier.

Note: The extent of evidence-gathering for a moderate assurance engagement is less than for a high assurance engagement. Moderate assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a moderate assurance engagement is substantially lower than the assurance that would have been obtained had a high 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:

- Assessing HEC's approach to stakeholder engagement to confirm that issues raised by stakeholders were captured correctly. We did this through reviewing documents and associated records.
- Reviewing HEC's process for identifying and determining material issues to confirm that the right issues were included in their report. We did this by benchmarking reports written by HEC and its peers to ensure that sector specific issues were included for comparability. We also tested the filters used in determining material issues to evaluate whether HEC makes informed business decisions that may create opportunities that contribute towards sustainable development.
- Auditing HEC's data management systems to confirm that there were no significant errors, omissions or mis-statements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification. We also spoke with those key people responsible for compiling the data and drafting the report.

1) https://www.globalreporting.org

- Reviewing supporting evidence made available by HEC at their head office in Seoul, Korea.
- Checking that the GRI Content Index allows stakeholders to access sustainability indicators.

Observations

Further observations and findings, made during the assurance engagement, are:

- Stakeholder inclusivity: We are not aware of any key stakeholder groups that have been excluded from HEC's stakeholder engagement process.
- Materiality: We are not aware of any material issues concerning HEC's sustainability performance that have been excluded from the report. It should be noted that HEC has established extensive criteria for determining which issue/topic is material and that these criteria are not biased to the company's management. However, HEC should improve the materiality process by ensuring that the results from broader stakeholder engagement and impact assessments in place are reviewed and reflected when HEC evaluates economic, environmental and social impacts of the relevant issues.
- Responsiveness: HEC set up its human rights policy and disclosed it in the report. However, HEC should consider establishing more effective human rights management system that supports its commitment on human rights in a broad spectrum.
- Reliability: HEC has reliable data management systems for the indicators in the report. However, HEC should review its procedures regarding compiling data and determine where it needs to develop documented guidance to ensure more reliable data, and should also improve the data quality assurance procedures.

LRQA's standards, competence and independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for 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 HEC's certification body for ISO 9001, ISO 14001 and OHSAS 18001. We also provide HEC 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 HEC and as such does not compromise our independence or impartiality.

Signed Dated: 21st July 2018

Lloyd's Register

AA1000 Licensed Assurance Provider 000-11

17th Floor, Sinsong Building, 67 Yeouinaru-ro, Yeongdeungpo-gu, Seoul, Korea
LRQA reference: SEO00000311

Tae-Kyoung Kim, LRQA Lead Verifier
On behalf of Lloyd's Register Quality Assurance Limited

UNGC Advanced Level & Memberships in Associations

UNGC Advanced Level

	Topic	Description	Page	GRI Contents
1	Strategies and Operations	The COP describes mainstreaming into corporate functions and business units.	6-7, 10-19, 22-23	102-2
2		The COP describes value chain implementation.	6-7, 10-19, 22-23	102-2
3	Human Rights	The COP describes robust commitments, strategies or policies in the area of human rights.	61	103-1
4		The COP describes effective management systems to integrate the human rights principles.	61	103-2
5		The COP describes effective monitoring and evaluation mechanisms of human rights integration.	61	103-3
6	Labor Management	The COP describes robust commitments, strategies or policies in the area of labor.	59	103-1
7		The COP describes effective management systems to integrate the labor principles.	59	103-2
8		The COP describes effective monitoring and evaluation mechanisms of labor principles integration.	59	103-3
9	Environmental Management	The COP describes robust commitments, strategies or policies in the area of environmental stewardship.	50-55	103-1
10		The COP describes effective management systems to integrate the environmental principles.	50-55	103-2
11		The COP describes effective monitoring and evaluation mechanisms for environmental stewardship.	50-55	103-3
12	Anti-Corruption Management	The COP describes robust commitments, strategies or policies in the area of anti-corruption.	76-77	103-1
13		The COP describes effective management systems to integrate the anti-corruption principle.	76-77	103-2
14		The COP describes effective monitoring and evaluation mechanisms for the integration of anticorruption.	76-77	103-3
15	UN Goals and Issues	The COP describes core business contributions to UN goals and issues.	28-37	102-12~13
16		The COP describes strategic social investments and philanthropy.	28-37	413-1
17		The COP describes advocacy and public policy engagement.	28-37	203-1,2
18		The COP describes partnerships and collective action.	28-37, 102	102-13
19	Governance and Leadership	The COP describes CEO commitment and leadership.	5, 74-75	102-14
20		The COP describes Board adoption and oversight.	74-75	102-18
21		The COP describes stakeholder engagement.	80-83	102-40, 42, 43, 44

Memberships in Associations

102-13

Membership		
Korea Plant Industries Association (PEA Club)	Korea Facilities Maintenance Association	FED Union
International Contractors Association of Korea	Korea Institute of Registered Architects	Korea Housing Association
Construction Association of Korea	The Korean Railway Electricity Technology Association	Operating Committee of Korea Housing Association
Korea Electrical Contractors Association	Korea Railway Signal Engineer Association	The Korea Institute of Landscape Architecture
Korea Construction Engineers Association	Korean Association for Supporting the SDGs for the UN(ASD)	Korea Environment Construction Association
Korea Electric Engineers Association	Korean Council on Latin America & the Caribbean	Korea Industrial Technology Association
Korea Information & Communication Contractors Association	Fair Competition Federation	Korea Environment Construction Association
Korea Engineering & Consulting Association	Korea Institute of Plant Engineering & Construction	Korea Facility Management Association
Korea Fire Facility Association	Korea River Association	Korea Personnel Improvement Association
Korea Fire Safety Association	Korea Water and Wastewater Works Association	Association of Workplace Police Officers
Korea Association of Construction Engineering and Management	Korea Water Resources Association	Commanders Union of Workplace reserve forces
Seoul Chamber of Commerce & Industry	Korea Institute of Registered Architects	Emergency Planning Association
Environmental Influence Assessment Association	Korean Radioactive Waste Society	Korean Radioactive Waste Society Korean Association of Spatial information, surveying & Mapping
Korea International Trade Association	Korea Institute of Construction Engineering and Management	Korea Institute of Building Construction

STEERING
ON VALUES

2016 – 2017 Hyundai Engineering Sustainability Report

Team Strategy Execution Team, Business Strategy Office, Planning Group
E-mail heccsr@hec.co.kr
Tel 02-2134-1835
Website www.hec.co.kr
Address 75, Yulgok-ro, Jongno-gu, Seoul, Korea
Advisory THE CSR
Assurance Lloyd's Register
Design Qline

HYUNDAI ENGINEERING CO., LTD.