

Human Rights Report 2022

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Declaration of Human Rights Management

HD Hyundai Heavy Industries (HHI) a leading pioneer in the global shipbuilding and offshore industry, hereby declares our commitment to fulfill social responsibilities to protect the rights of customers, employees, stakeholders and local communities by striving for actively adopting human rights management that recognizes and respects human dignity and values.

HHI strongly promotes the values of human rights, labor, environment, anti-corruption, and other issues presented by international human rights standards and norms, including Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights.

HHI rejects all forms of human rights violations in our business operations whether direct or indirect, and also ensures to establish a governance system that interwinds and connects the board of directors, the chief ESG officer, and relevant organizations on a regular basis. In addition, HHI implements a robust Human Rights Management Code to underpin our key values and principles which stipulates our human rights policy, operation of human rights management committee, human rights impact assessment, and remedial action for any human rights violations.

In particular, HHI sets utmost importance on health and safety of our employees, mutual prosperity with business partners, and contribution to the environment and local communities, all of which are the most prominent issues of the industry. HHI prioritizes these issues as we constantly monitor and manage relevant risks.

HHI will continuously dedicate itself to and thrive on strengthening human rights management. HHI's goal is to ensure that our human rights policy is applied and complied with by all stakeholders including customers, shareholders, business partners, local communities, and the government, as well as our employees.

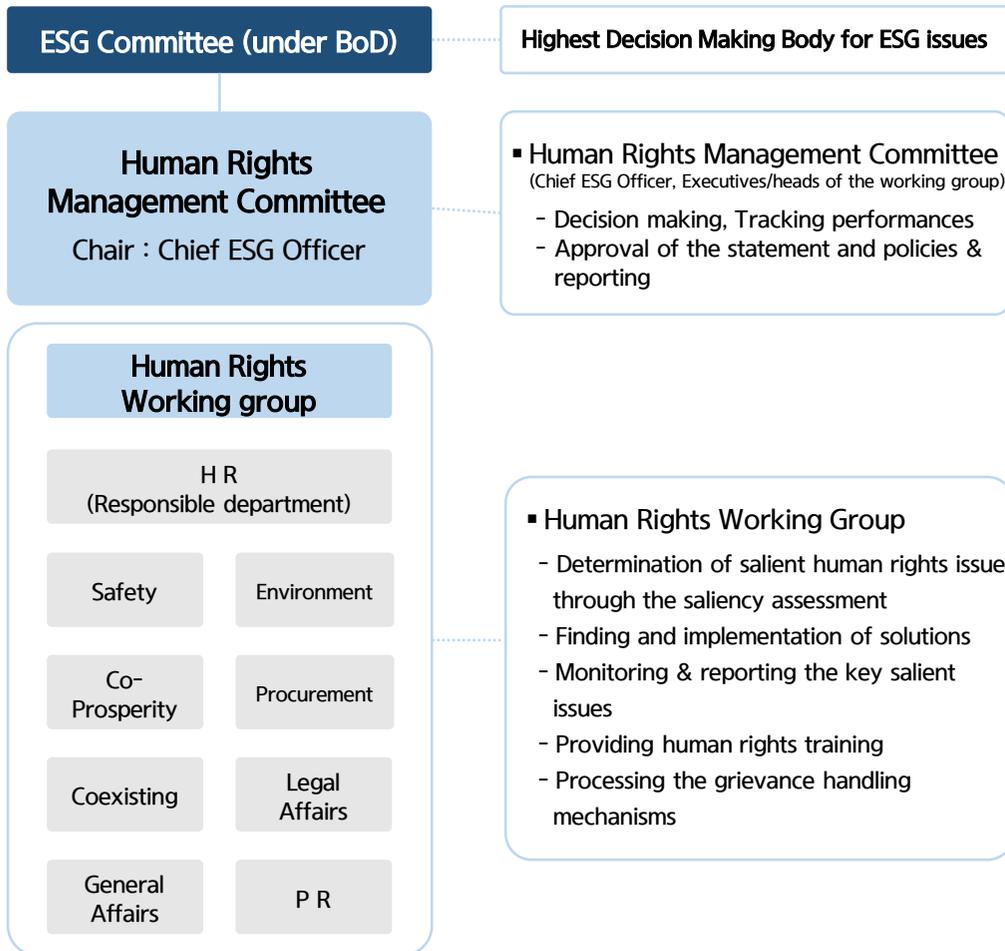
Thank you.

Lee Sang-kyun
President of HHI

S. K. Lee.

Governance and Accountability

HHI established the human rights management governance to protect the human rights of the stakeholders related to the operations. The Human Rights Management Committee has oversight for all human rights related issues, and the chief ESG officer holds the position of the chair. Also, key issues on human rights are reported to and approved by the ESG committee under the BOD to integrate the findings about human rights issue into the decision making process. The HR team is in charge of human rights management within our operations, working with the related departments including Safety, Environment, Procurement, Co-Prosperity, etc.



Guiding Principles for Human Rights Management

HHI has developed the Guiding Principles for Human Rights Management, management to make the systematic implementation of human rights management by protecting and enhancing the human rights of the stakeholders including our employee. In the process, they went through the reviews of the compliance team and the human rights management committee.

The guiding principles for human rights management consist of 6 chapters and 33 articles in total including the supplementary provisions.



Guiding Principles for Human Rights Management

General Provisions	General Principles	Human Rights Management System
<ul style="list-style-type: none"> Purpose & Scope Definitions of the terms 	<ul style="list-style-type: none"> General rules on the salient human right issues 	<ul style="list-style-type: none"> Commitment Governance Training
Human Rights Management Committee	Remedy for Human Rights Violation	Supplementary Provisions
<ul style="list-style-type: none"> Formation and Function Composition Human Rights Impact Assessment 	<ul style="list-style-type: none"> Remedial Procedures Whistle Blower protection 	<ul style="list-style-type: none"> Since May 16, 2022

Stakeholder Engagement and Communication

Category	Main Issues and Concerns	Key Communication Channels	Main Activities
Shareholders & Investors	<ul style="list-style-type: none"> • Management of human rights risks 	<ul style="list-style-type: none"> • Public announcement on the homepage 	<ul style="list-style-type: none"> • Public disclosure on ESG committee’s decisions regarding the human rights issues
Employees	<ul style="list-style-type: none"> • Fair evaluation and compensation • Enhancing benefits • Employee capacity building • Vitalizing labor-management relations and communication • Sharing the company management situation • Operation of a safe workplace 	<ul style="list-style-type: none"> • Labor-Management Council • Grievance handling and reporting system • Intranet and in-house newsletter • In-house CATV broadcasting • Meeting with the management • Management status briefing 	<ul style="list-style-type: none"> • Labor-Management Council quarterly held • Communications through CEO-employee meetings and company magazine • Operation of the communication channels through the intranet • Creation and operation of the Human Rights Management Committee • Operation of talent development programs
Partner Companies	<ul style="list-style-type: none"> • Promoting co-prosperity activities • Reinforcement of fair trade • Support for the capacity building of suppliers • Sharing market information and vitalizing communication 	<ul style="list-style-type: none"> • Labor-Management Council • Grievance handling and reporting system • Intranet and in-house newsletter • In-house CATV broadcasting • Meeting with the management • Management status briefing 	<ul style="list-style-type: none"> • Operation of Hi-PRO, the integrated procurement system • Assisting with on/off-line education and trainings • Providing financial / technical protection support • Quality evaluation and technical guidance for suppliers
Local Communities	<ul style="list-style-type: none"> • Vitalizing local communities • Increasing business attraction and recruitment in the region • Protecting and improving the environment of local communities • Social contribution activities centering around the communities • Communication with the local communities 	<ul style="list-style-type: none"> • Local government council • Visiting local public institutions • Meetings with local community civic/voluntary groups • Local community events 	<ul style="list-style-type: none"> • Employee participation-type social contribution such as volunteer activities • Formulation and participation in community councils • Operation of the local community talent nurturing programs • Investment support for community growth • Support and engagement in local community events
Customers	<ul style="list-style-type: none"> • Sharpening product and technology competitiveness • Developing green and high value-added products • Enhancing product quality and safety • Raising quality satisfaction 	<ul style="list-style-type: none"> • Fair · exhibition · forum • Overseas branches • Sales meeting and visiting clients • Customer satisfaction survey 	<ul style="list-style-type: none"> • Participating in fairs, exhibitions, and technology forums • Visiting customer companies and pitching technologies • Advancement of customer satisfaction management • Reinforcement of initial equipment/technology risk management

2022 Key Performances

Roadmap for Human Rights Management

HHI has been enhancing human rights management pursuant to the roadmap guidelines on business and human rights developed by the Ministry of Justice.

 **Current Status**

Category	Stage 1	Stage 2	Stage 3
Governance	<ul style="list-style-type: none"> Use the existing bodies and human resources 	<ul style="list-style-type: none"> Designate the person in charge of human rights management 	<ul style="list-style-type: none"> Form the human rights management committee Use working groups on human rights management
Declaration	<ul style="list-style-type: none"> Write the declaration of human rights management in a simple format 	<ul style="list-style-type: none"> Include human rights management in the sustainability report 	<ul style="list-style-type: none"> Establish guiding principles for human rights management by sub-topic
Public disclosure and training	<ul style="list-style-type: none"> Disclose the information on business activities with serious and negative human rights impact 	<ul style="list-style-type: none"> Include human rights management in the sustainability report 	<ul style="list-style-type: none"> Write a human rights management report (English version included)
	<ul style="list-style-type: none"> Include human rights in the education regarding the workplace sexual harassment 	<ul style="list-style-type: none"> Provide human rights education to management and employees 	<ul style="list-style-type: none"> Provide specialized education to employees with high-risks duties for human rights violation
Promotion	<ul style="list-style-type: none"> Make the most out of large firms in business relations, suppliers and associations 	<ul style="list-style-type: none"> Make efforts to expand human rights management to its subsidiaries and partner companies 	<ul style="list-style-type: none"> Make the efforts to expand human rights management to global supply chains
Risk identification & assessment	<ul style="list-style-type: none"> Use the checklists made by National Human Rights Commission, etc. 	<ul style="list-style-type: none"> Make a checklist suitable for each business investigated on human rights 	<ul style="list-style-type: none"> Develop effective investigation methods which help to identify comprehensive human rights impact
	<ul style="list-style-type: none"> Give the human rights impact assessment to those responsible for an investigation and departments 	<ul style="list-style-type: none"> Collect the opinions of stakeholders during the human rights impact assessment 	<ul style="list-style-type: none"> Fully understand the bottlenecks and grievances of a labor union, employees and stakeholders in the process of the human rights impact assessment, and deeply analyze the root causes in consultation with human rights experts.

2022 Key Performances

Human Rights Management Committee

Round (Date of meeting)	Agenda	Participants	Report to the ESG Committee
1st (May 26, 2022)	<ul style="list-style-type: none"> Approval of launching the Human Rights Management Committee Declaration of human rights management (HHI) Deliberation/Resolution of the HHI guiding principles for human rights management 	<ul style="list-style-type: none"> Chief ESG officer of HHI Committee members of each department (HR, Public Relations, Legal Affairs, General Affairs, Safety, Environment, Coexisting, Procurement, Co-Prosperity) Working group members 	X
2nd (Aug 26, 2022)	<ul style="list-style-type: none"> Reporting/Deliberation on the result of the human rights impact assessment 	<ul style="list-style-type: none"> Same as above 	X
3rd (Dec 02, 2022)	<ul style="list-style-type: none"> Reporting/Deliberation on the publication of the human rights report 	<ul style="list-style-type: none"> Same as above 	O (Scheduled)

Training & Awareness Programs

With the intention of reinforcing human rights education, the training sessions on workplace abuse and preventing human rights infringement are newly offered in addition to legal compulsory education. The new sessions are also mandatory to raise all employees' awareness for human rights.

Category	Training hours per employee			Remark
	2020	2021	2022	
Sexual harassment	1h	1h	1h	
Awareness of the disabled people	1h	1h	1h	
Workplace abuse	Introduced in 2022		1h	
Human rights infringement			1h	

2022 Key Performances

Revisions of Employment Rules

HHI frequently reviews the revisions of employment rules to reflect the domestic laws and the human rights trend at home and abroad. In 2022, revisions were made to the following articles by collecting both the managements and employees' opinions on employment policies.

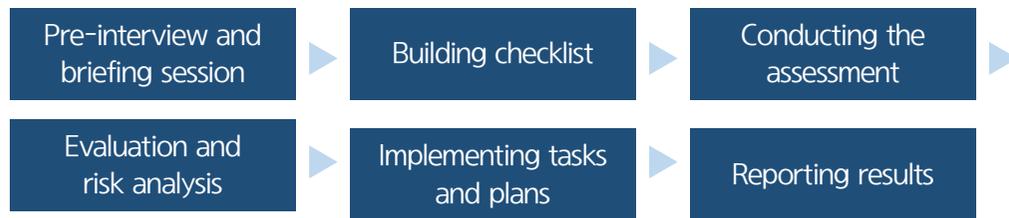
Classification	Revisions	Remark
Article 39 (Special Leave)	Extends the congratulation leave.	
Article 39 (Family Care Leave) Paragraph 2	Stipulates the details of the family care leave.	
Article 39 (Infertility leave) Paragraph 3	Stipulates the details of the Infertility leave.	
Article 45 (Overtime Work and Holiday Work)	Revised the previous statement to stipulate the details in the employment rules section.	
Article 85 (Education on Health and Safety) / Article 87 (Medical Check-ups)	Reflects the revisions made to the Occupational Safety and Health Act.	
Article 110 (Maternity Leave)	Specifies how to use maternity leave at separate times which has been previously granted.	
Article 113 (Parental Leave)	Revised the previous statement to stipulate the details in the employment rules section.	
Article 114 (Prevention of Workplace Sexual Harassment and the Prohibition of Violence)	Stipulates for whom to provide education for the prevention of workplace sexual harassment and how often to provide it.	
Article 116 (Definition of Workplace Abuse)	Stipulates the prohibition of workplace abuse.	
Article 119 (Actions for Workplace Abuse)	Stipulates the actions for workplace abuse.	
Article 120 (Organization to Prevent Workplace Abuse)	Makes it mandatory to operate an organization to prevent and respond to workplace abuse.	

※ The numbers of articles and paragraphs are put down based on the employment rules whose revisions are scheduled.

Human Rights Impact Assessment

HHI conducts human rights impact assessment every year to review the policies, procedures, and systems regarding human rights issues. HHI will make progress on the human rights management by identifying potential risks and upgrading the developed systems.

Impact Assessment Process



Assessment Overview

Area
Based on the National Human Rights Commission’s standard indicators, HHI revised some indicators to reflect the latest trends in human rights and the business status. HHI excluded such areas as forced labor and child labor which are unlikely in Korea, and consumer human rights less related to HHI. HHI also added the remedies of human rights violations, the guarantee of labor rights in the workplace.

Method
2022 was the first year HHI conducted a formal assessment, therefore HHI carried out the self-evaluations by the relevant departments to examine and identify the human rights risks and matters for improvement. Going further, HHI required the working group and the Human Rights Management Committee to review the assessments to enhance the objectivity and validity. In order to help the participants further understand the self-evaluations, HHI invited external experts and held a briefing session.

Category	Criteria	Score
Positive	•The content of the indicator is being sufficiently executed and the principle and evidential data are approved.	1
Need to be improved	•The content of the indicator is being executed, but the principle or evidential data are insufficient	0.5
Negative	•The content of the indicator has not been executed, and there is no documented plan.	0
No Information	•The indicator is claimed to have been executed, but the evidence cannot be verified.	Excluded
Not Applicable	•The indicator is not relevant to date and deemed to be of little relevance in the future	Excluded

Assessment Result

구분	내용
Assessment Result	93 points
Major tasks for improvement	HHI is faithfully complying with the relevant laws and regulations in all fields and practicing a relatively high level of human rights management. However, some items need to be improved.
① Human rights management system	Necessary improvement on the continuity of revising the human rights policies and performing human rights impact assessments, etc. → Supplements the work through continuous and regular performances each year.
② Guarantee of industrial safety	Insufficient constant management and monitoring of safety / hygiene → Toughen the monitoring process and constant management of ventilation, lighting, and drinking water, etc.
③ Guarantee of labor rights in the workplace	Insufficient working environments for the disabled people → Built convenience / safety facilities for the socially disadvantaged (pregnant females, the disabled people) in the Group’s new building (GRC).

Improvements in Assessment *Scheduled to be applied from the next assessment

- ① **Modification of the Assessment Indicators**
 - Add questions about human rights risks that are highly associated with the HHI’s unique business activities.
 - Reestablish the relevant departments for each assessment item (designate multiple departments for a single item, if necessary).
- ② **Improvement of the Assessment Procedures**
 - Form a small consultative body in each department consisting of a team leader, an executive director, and a department head, and make it carry out a self-evaluation to beef up the expertise and reliability of the assessment.
- ③ **Reflection of Opinions from the Outside Experts**
 - Include outside experts in the Human Rights Management Committee and conduct human rights impact assessment through the external institutions to monitor and manage HHI’s human rights risks from an objective perspective.

Salient Human Rights Issues

01 Prohibition on Discrimination

Guiding Principle :

“The Company respects diversity and prohibits all forms of discrimination based on gender, age, race, disability, religion, political affiliation, region of origin, and the like.”

UN SDGs :



Why it matters?

Discrimination refers to the act of unequally treating some members in a basically equal position according to the unfair standards and isolating them socially. Discrimination infringes the right to equality assured by the Constitution of the Republic of Korea and the UN Universal Declaration of Human Rights. It also affects the reputation and productivity of HHI by eroding the members’ commitment to the organization and work.

Who is impacted?

Employees of HHI and its partners may be subject to discrimination issues, and HHI recognizes that women and small company employees are more vulnerable to discrimination.

How is HHI managing the issue?

HHI prohibits any discrimination without justifiable reasons and respects diversity at the stage of a labor contract with all members. HHI guarantees welfare and benefits, and opportunities for education and departmental placement through bylaws such as employment rule. This rule is applied the same to all who have signed a labor contract with the company.

① Hiring

In the process of hiring new workers, HHI does not discriminate against factors with no relation to the applicant’s job competency (personal information such as gender, religion, physical conditions, age, and family relationships). In particular, HHI is striving to promote a more impartial process by educating all interviewers before the interview so that HHI can establish a fair recruitment process.

② Evaluation

HHI systematically manages the regular work of each individual through a task management system and executes quarterly and semi-annual assessments based on the performance data. Moreover, HHI works to ensure fairness and objectivity in an assessment through an objection procedure for the result. Evaluators always give feedback to those evaluated in an effort to make the evaluation result more persuasive and predictable.

③ Promotion

HHI transparently discloses the promotion review criteria and procedures to all employees and selects candidates in accordance with them. To that end, HHI operates a promotion points system, in particular, where points are accumulated (evaluation, reward, language, certificates, etc.) depending on the individual performance indicators. Under this system, if a member who satisfies the point criteria by position, he or she automatically becomes eligible for promotion. This means that HHI sets up a robust system in which promotion is not determined by the factors unrelated to individual performance and competence (gender / academic background / birthplace, etc.).

Salient Human Rights Issues

01

Prohibition on Discrimination

Guiding Principle :

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UN SDGs :



How is HHI managing the issue?

④ Work-family Balance Assistance

HHI assists with the workers who care for their children in various ways and does not allow any disadvantages to affect them.

Category	Details
Work hours before and after childbirth (Including miscarriage and stillbirth)	<ul style="list-style-type: none"> • Night and holiday work : Not allowed for workers who are pregnant or less than one year after childbirth • Overtime work : Not allowed for pregnant workers / Comply with limitations in the Labor Standards Act for workers under one year after childbirth • May reduce working hours in the early and late stages of pregnancy (2 hours/day)
Prenatal checkup	<ul style="list-style-type: none"> • Grant medical examination time according to the pregnancy period
Maternity leave (Before and after childbirth)	<ul style="list-style-type: none"> • Grant 90 days of leave before and after childbirth (120 days for multiple births)
Leave for miscarriage and stillbirth	<ul style="list-style-type: none"> • Grant leave according to the pregnancy period (up to 90 days)
Happy mom package	<ul style="list-style-type: none"> • Pregnancy: Provide a pass holder, waist protection cushion, stretchmark prevention cream, photo diary, etc. • Childbirth : 500,000 won in recovery support

Category	Details
Childcare leave and shorter work hours during the parenting period	<ul style="list-style-type: none"> • For employees with children who are 8 years old or in the second grade of elementary school and younger • According to the Sexual Equality Employment Act, parental leave is allowed on application. Even if a worker uses childcare leave, less work hours during childcare are available for one year, and the unused period of childcare leave can be spent on an additional reduction of work hours.
Childcare leave	<ul style="list-style-type: none"> • For employees with children who are 8 years old or in the second grade of elementary school and younger
Infertility leave	<ul style="list-style-type: none"> • Grant leave within three days per year (the first day is paid) for treatment such as artificial insemination or in vitro fertilization
Guarantee of feeding time	<ul style="list-style-type: none"> • Grant 30 minutes of paid feeding time twice a day to female employees with an infant less than one year old

What's next?

HHI frequently checks for discrimination issues via multifaceted channels. In addition, HHI plans to review internal regulations to revise the areas where discrimination issues may arise and to reflect what has already been in place but not stipulated. By doing so, HHI will make sure that all members know and exercise their rights.

Salient Human Rights Issues

02 Prevention of Workplace Abuse and Sexual Harassment

Guiding Principle :

“The Company recognizes workplace abuse and sexual harassment as illegal acts that negatively affect work enthusiasm and reduce productivity. All executives/employees actively engage in preventing and eradicating workplace abuse and sexual harassment.”

UN SDGs :



Why it matters?

Workplace abuse is the act of inflicting physical or mental pain on other workers beyond the appropriate scope of work or deteriorating the work environment by abusing a superior position or relationship of the employer or worker. Sexual harassment refers to any verbal or nonverbal behavior that causes sexual shame to other members. Both can destroy the character of the members, deeply wound the victims, and harm the diversity and inclusiveness of the organization in the workplace that requires mutual respect. They can also have a negative effect on the members’ sense of belonging, driving them to leave the organization.

Who is impacted?

HHI is well aware that the members of HHI and its partners are affected by bullying and sexual harassment at all business sites and that especially women, lower-ranking members, and partner members are more vulnerable to such wrongdoings.

How is HHI managing the issue?

HHI explicitly prohibits bullying and sexual harassment in the workplace through its guiding principles for human rights management and the Group’s code of ethics. HHI performs the following activities to effectively deliver on the relevant principles and discloses their results every year in the integrated report.

Training & Education

HHI provides online education for all members in order to forestall bullying and sexual harassment. Notably, in 2022, HHI additionally delivered offline workplace abuse education to the team leaders and higher-ranking members, and investigated workplace abuse among all executive directors and team leaders to raise awareness. What’s more, HHI made and distributed a workplace abuse guide for leaders so that it can be used anytime for reference.

Grievance Handling System

HHI mandated a grievance handling system be operated. The system is to check out the details and facts about complaints in all areas related to HHI, and to take disciplinary action against the perpetrators and offer necessary information and assistance according to the review results.

What’s next?

Not only HHI will keep on delivering education and the promotion of the grievance handling system and procedure so as to deepen the employees’ understanding and awareness of workplace abuse and sexual harassment, but also work to relieving victims by toughening personnel measures against the perpetrators. Besides, in the case that a new human rights issue emerges in our society, HHI will actively manage the risks by reflecting it in our education and grievance handling system.

Salient Human Rights Issues

03 Working Conditions

Guiding Principle :

“The Company complies with the statutory working hours of the countries in which it runs business. It also pays all executives/employees a reasonable remuneration for their work along with payslips.”

UN SDGs :



Why it matters?

The proper working conditions of HHI is the most fundamental factor that enables employees to enjoy work-family balance as well as life with dignity. In particular, fair and appropriate wages stabilize the workforce and contribute to the local economies. HHI provides diverse benefits including work hours and wages, and thereby pay attention and support to the lives of our employees.

Who is impacted?

The executives and employees of HHI at all business sites can be affected by its working conditions and welfare system.

How is HHI managing the issue?

HHI assures work hours, performance evaluation and wages, and a welfare system that does more than just meet the legal standards.

Work Hours

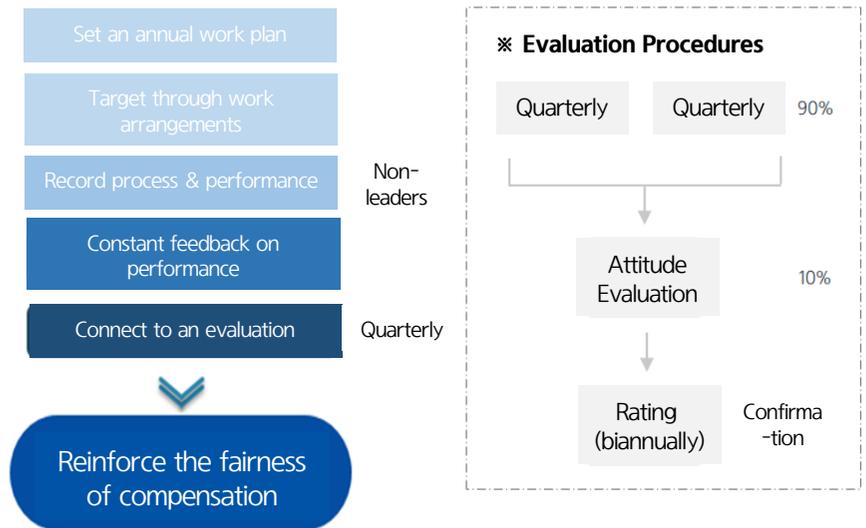
HHI observes the legal work hours of each country in which it operates. Domestic business sites limit work hours per week to 52 hours pursuant to the Labor Standards Act, and have put the ‘PC-OFF’ system in place that makes personal computers automatically come off when the planned hours are over.

On top of that, HHI operates flextime systems such as selective and flexible work hour schemes to support our members to align work hours with their lifestyle. The members can devise or freely change a monthly work plan in the HR system, and record or perform night / overtime work autonomously to reflect it in their wages.

Performance-based Compensation System

HHI promises equal pay for equal work. Compensation for each member must be fair and equitable, regardless of gender, race, or other personal characteristics. This principle applies to all forms of pay.

HHI pays all wages in full on a regular or pre-announced date, and all employees can check the HR system for their payroll statements including an account on legal deductions.



Human Resource Development

In 2022, HHI provided opportunities for all employees to receive proper training based on diversity and inclusion. Among others, HHI helps all executives and employees learn anytime, anywhere through a system that turns core in-house technologies into online content.

Salient Human Rights Issues

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UN SDGs :



① Opening of the Online Education Platform (HI-CLASS)

HHI opened Hi-Class, a renewal version of the existing online education platform. To increase the accessibility and convenience of training, HHI improved the login and classroom access conditions and interfaces, and integrated the content search methods. In addition, HHI provides courses for hobbies and self-development, such as Class 101 and Code-It, to create a self-driven learning culture in areas other than jobs. HHI also offers production techniques to its executives and employees to help create micro-learning video content themselves, and then compensates them according to the content quality. By doing this, HHI is actively developing its unique educational content and share it through the Hi-Class.

Category	Arrangements
HLC (HD Hyundai Group Leader)	· A 5-step training course to systematically nurture leaders with business insight
HTLC (HHI Technical Leader Group)	· A 2-step training course to develop the outfit and mindset for business innovation
Interdisciplinary Talent Course	· A training course to deliver 1) business management & economy education to the new hires of science and engineering majors and 2) basic engineering education to the new hires of humanities and business majors. · This aims to facilitate the understanding of the different job groups and foster interdisciplinary talent.
DT Talent Course	· Advanced technical training for innovating work methods based on data technology(DT) and improving work productivity
Job Expert Course	· A training course to nurture and secure employees with core technologies
Training Course for Outstanding Employees	· Provides excellent workers with opportunities to study at a renowned university at home and abroad while doing their job or to earn a master's and doctorate degree through short-term overseas study

② Training Program

HHI provides a variety of educational programs focusing on leadership education, job training, and global talent development to build up the capabilities of the executives and employees and yield greater performance.

③ Welfare and Benefits

HHI operates a welfare system that ensures practical support for various needs based on an equitable and fair operating system. HHI is committed to enabling decent work and life for executives and employees through a wide range of institutional assistance from the work culture to residential life, family life, leisure life, and post-retirement life.

Category	Arrangements
Residential life support	· Housing loan interest support, residential support for employees living alone
Family life support	· Support in the family events, the operation of daycare centers at work, children's school expenses support
Leisure life support	· Operation of self-development leave, leave support for workers with long-term service, leisure facilities support
Medical support	· Medical expenses support, family health check-up support
Post-retirement design support	· Post-retirement design support, operation of a retirement pension system, individual pension support
Advancement of a work culture	· PC-OFF system, smart work system, flextime system
Others	· Operation of a welfare mail, provision of psychological and legal counseling

What's next?

HHI will monitor the national trends of law and corporate culture every year, constantly discussing the adequate working conditions with members and maintaining the highest level of treatment in the same industry.

Salient Human Rights Issues

04 Freedom of Association and Collective Bargaining

Guiding Principle :

“The Company guarantees the freedom of association and collective bargaining under the Constitution of the Republic of Korea and laborrelated Acts. It does not take any unfavorable measures on the formation, subscription, or activities of a trade union.”

UN SDGs :



Why it matters?

The coexisting labor-management culture is an overarching driving force of corporate growth. HHI is cognizant that our future competitiveness lies in all our employees. Based on this firm belief, HHI have built a mutually beneficial labor-management relationship underpinned by mutual respect and trust. In particular, our focus is on the establishment of an advanced labor management culture through genuine communication.

Who is impacted?

The value of freedom of association and collective bargaining affects the employees of HHI and its partners at all business sites.

How is HHI managing the issue?

HHI intends to forge an employee-friendly culture. To do so, HHI carry out diverse activities to improve the labor-management culture apart from collective bargaining and labor-management council meetings.

Collective Bargaining and Labor-Management Council Meeting

HHI carries out annual wage bargaining between labor and management as well as collective bargaining every two years to actively discuss the issues between labor and management.

In accordance with Article 4 of the Act on the Promotion of Employee’s Participation and Cooperation, the Labor and Management Council is operated at HHI. On a quarterly basis, the representatives of each company and the representatives of the labor unions or employees have a meeting to discuss the ways of improving production efficiency, handling the grievances of the employees, and enhancing the working environment.

Year	Details
2021	<ul style="list-style-type: none"> • Explanation for the reformed wage system • Presentation of the relocation plan for the Global R&D Center • Information on the grievance handling process • Explanation for the division of the labor welfare fund according to the split-off in 2019 • Conversion of pep rally costs to the basic salary • Expansion of commute convenience for pregnant female employees (Allow vehicles to enter the Ulsan operation)
2022	<ul style="list-style-type: none"> • Allowing employees on long service to use leaves at separate times • Detailed disclosure of paid medical expenses • Improving the toilets of removable containers • Replacing the cabinets of the dressing rooms on sites • Raising the discounts applied to the Hyundai Art Center • Building convenience facilities (cafes)

Activities to Improve the Labor-Management Culture

HHI operates training courses for labor-management relations, regular management status briefings, leader meetings presided by CEOs / team leaders, a mentoring system to build on the work competency and collaboration culture, and Thank You Card and Collaboration Point systems.

In addition, HHI operates Hi-Square, a platform that allows employees to make anonymous suggestions so that the field department responsible for each proposal can respond directly.

What’s next?

HHI will further expand the communication channels to preemptively propose the agendas for the Labor-Management Council and reach an agreement on them.

Salient Human Rights Issues

05

Prohibition on Forced Labor, Child Labor, and Exploitation of the Labor Force

Guiding Principle :

“The Company prohibits all kinds of forced labor and denounces hiring minors to work.”

“The Company prohibits any act of recruiting, transporting, moving, hiding or receiving labor force as a means of exploitation, as well as coercion, kidnapping, fraud, or deception.”

UN SDGs :



Why it matters?

HHI engages in manufacturing business with a wide supply chain. To make our products sustainable, HHI should produce them in such a way that not only considers quality and the environment but also does not violate basic human rights and laws in the locality to which each business site belongs.

Category	Details
Forced labor	Forced labor refers to any labor or service of an individual by force, such as violence, intimidation or debt, storage of identification cards, and threats about accusation with immigration authorities. As this often results from unethical recruitment, it is crucial to establish an appropriate recruitment system and monitor it. Forced labor can happen anywhere in the supply chain.
Child labor	Korea’s Labor Standards Act prohibits the employment of people under the age of 15 (including those in middle school under 18). This is to limit all kinds of work that may harm safety, health, and physical / mental / moral / social development of children or interfere with their education.
Personnel exploitation	Personnel exploitation means recruiting, transporting, transferring, hiding, or accepting people through coercion, violence, fraud, or deception to have them work against their will and exploit them for profit.

Who is impacted?

Employees and partner members at all business sites may be subject to this issue. Migrant workers, women, and low-income child workers, in particular, are vulnerable to this negative impact.

How is HHI managing the issue?

Code of Conduct & Guiding Principles for Human Rights Mgt.

As stated in the ethics code of HD Hyundai Group, HHI prohibits forced labor and child labor, and reaffirmed it through HHI guiding principles for human rights management enacted in 2022. In addition, seek to prevent human rights violations in the supply chain by adding details on the prohibition on exploitation of the labor force to those principles.

Activities

Category	Details
Prevention of forced labor	HHI prepares our members’ labor contract in a language fully understandable for the parties. HHI neither require original personal documents, including an identification card, nor sign a labor contract with debt as collateral.
Prevention of child labor	Check the age of workers by looking into their age-related documentation (resident registration abstract, etc.) before hiring
Suppliers standards	Monitor whether suppliers comply with human rights management by incorporating relevant matters such as the prohibition of child labor in the code of conduct of suppliers.

What’s next?

In a complex global supply chain that procures materials from underdeveloped countries or conflict zones, individuals may be vulnerable to forced labor, child labor, or the exploitation of the labor force. HHI will always monitor whether inadvertent risks arise and try to prevent the related issues by factoring in human rights risks when expanding the business abroad.

Salient Human Rights Issues

06 Health and Safety

Guiding Principle :

“The Company creates safe and healthy working conditions to promote occupational health and safety.”

UN SDGs :



Why it matters?

HHI is making company-wide efforts to build an advanced safety culture by selecting safety and health management as its core values and constructing a systematic safety and health management system. With the firm recognition that “There is nothing more valuable than our lives,” labor and management become one, putting health and safety first.

Who is impacted?

Health and safety issues can arise beyond the boundary of work and divisions. Accordingly, all employees of HHI and suppliers are exposed to the areas of safety and health.

How is HHI managing the issue?

Under the banner of the “Safety is first” policy, HHI works to make safe workplaces by maintaining serious accidents at zero and an accident rate below 0.195% as its safety management target.

2022 Health and Safety Policies

- Building a safety culture of basics and principles
 - Build an advanced safety culture by toughening responsibilities and safety led by manufacturing
 - Establish the autonomous safety management system for suppliers
- Maintaining pleasant and healthy workplaces
 - Operate a preventive health management system
 - Consistently improve working conditions

2022 Health and Safety Targets

“Establishment of an Operability-Centered Health and Safety System”

- Achievement of Zero serious accidents and accident rate of 0.195% or less
 - Intensively manage the elements of serious accidents and settle the activities to fundamentally resolve the problems for safety improvement
 - Strengthen the system for risk evaluation based on the set of work standards
 - Reinforce experienced-based and practice-oriented educational content as well as safety training
 - Advance the accident prevention system with DT technology
- Promotion of employees’ health through preventive health management
 - Improve and expand health promotion programs
 - Establish an integrated health management system
 - Strengthen the field-oriented chemical management system

Salient Human Rights Issues

06 Health and Safety

Guiding Principle :

“The Company creates safe and healthy working conditions to promote occupational health and safety.”

UN SDGs :



How is HHI managing the issue?

Operation of the Securing Safety Authority (SSA) system

HHI operates the Security Safety Authority (SSA) system, which allows all field workers in the workplace to stop work and demand a higher level of safety in urgent and dangerous situations. In addition, HHI is trying to make it a habit to take safety measures against risk factors before work and create a culture of safety onsite work by using the right to demand safe work and rewarding excellent organizations and personnel.

Autonomous Safety System for suppliers

HHI continues to operate capacity-building programs to support the active safety and health activities of in-house partners, as well as redefining the safety management process of suppliers and improving the evaluation criteria for their safety management levels.

Category	Details
Selection of suppliers	<ul style="list-style-type: none"> Enhances safety and health assessment when selecting and expelling partners (Allocates more scores to the evaluation items about a safety and health level)
Support for safety management capabilities	<ul style="list-style-type: none"> Assists with the appointment cost of safety managers (140 persons) <ul style="list-style-type: none"> - Supports up to 3 million won/person per month Awards outstanding safety management partners (26 companies/year) <ul style="list-style-type: none"> - Reward 10 million won per company Safety manager training for partners (8 hours/year) Delivers technical support for the stronger safety management of partners (monthly)

Status of the ISO54001 Certification

HHI maintains the certification of ISO45001 (Occupational Health & Safety Management System). In order to fulfill its main requirement, HHI has been advancing the integrated Health, Safety and Environment (HSE) management system and strengthening its monitoring and feedback features. Also, the status of each division is investigated by the inspection team consisting of experts who completed the internal ISO auditor training and then is complemented under the guide of the team. By doing this, HHI is working to make effective system.

Crisis Management Manual for Emergencies

HHI established a manual for company-wide emergency situations to protect its property from serious accidents, natural disasters and environmental accidents, and minimize employees' damage. Also, HHI is taking the steps to have ISO22301 certified with the aim of making our disaster management system globally recognized.

Cardiocerebrovascular Disease Risk and Work Stress Assessment

HHI offers a lipid test every four years and a risk assessment of cardiocerebrovascular diseases according to the KOSHA guidelines to enhance employees' health. In addition, a work stress assessment was introduced to prevent health troubles caused by work stress.

Salient Human Rights Issues

06 Health and Safety

Guiding Principle :
 “The Company creates safe and healthy working conditions to promote occupational health and safety.”

UN SDGs :



Safety Training

HHI regularly provides health and safety training to the management and employees to enhance their safety mindset, and checks the results of the training. It also includes VR training, safety experience training to offer effective training programs.

※ Status of Safety Training Facilities(As of 2021)

Category	Facilities	Number of Trainees
Integrated Safety Training Center	11 Units	10,397
Safety Experiential Training Center	1388 m ²	6,755
VR Safety Training Room	3 units	Not offered due to COVID 19



Medical Facilities and Personnel Status

Category	Personnel Status
Health Promotion Center	In-house facility ·3 doctors, 6 nurses
	Physical / Rehabilitative therapy office ·4 physical therapists ·1 medical training therapist
Local Medical Office	8 offices ·8 nurses
Oriental Medical Center	3 rd floor of Culture Center ·2 oriental doctors, 2 nurses
Counseling Clinic	3 rd floor of Culture Center ·2 psychotherapists, 1 administrative staff

Counseling Clinic

HHI offers one-on-one and group counseling for its employees who suffer from mental health problems including depression or anxiety arising from home or work, work stress, interpersonal difficulties, marital conflicts, children’s problems, etc. through a counseling clinic. The clinic offers not only diagnoses and interpretation counseling by way of psychological tests, but also employee education.

Category	Details
Mind Garden	<ul style="list-style-type: none"> • Location: 4 clinics at a main Ulsan plant • Program: individual or group counseling, psychological tests, psychological education, workshops <ul style="list-style-type: none"> - The Mind Garden of the HRD Center offers services to employees’ families. - Phone / video counseling is provided to employees working in remote sites.
GRC Counseling Clinic	<ul style="list-style-type: none"> • Location: HD Hyundai Group’s Global R&D Center (GRC) • Program: [In-house] Counseling and therapeutic programs [External] face-to-face / virtual counseling

COVID-19 Emergency Management Office

An emergency management office is launched when the infectious disease crisis alert is raised to ‘Caution’ by the Ministry of Health and Welfare. To respond to the global pandemic, HHI formed the COVID-19 Emergency Management Office. Depending on the occurrence status of local communities where workplaces are located, the office took actions such as a work-from-home program for 30% to 50% of the total employees, a temporary shutdown of workplaces, the provision of COVID-19 test kits, etc.

What’s next?

HHI will identify, remove risks in advance and frequently monitor them to provide safe environments to all stakeholders. HHI will also offer full support for their mental and physical health.

Salient Human Rights Issues

07 Responsible Supply Chain Management

Guiding Principle :

“The Company conducts responsible supply chain management by treating its business partners with fairness and assisting the partners in practicing human rights management.”

UN SDGs :



Why it matters?

Climate change caused by the environmental destruction and deepening the inequality from employment discrimination is causing various social problems that the entire world needs to solve together. To improve these problems, many countries, companies, and stakeholders have stipulated their will to implement the improvement activities, establishing and strengthening the related management regulations. HHI and suppliers have also prepared and implemented policies to emphasize the importance of ESG management within our supply chain to meet these requirements and lead the global supply chain in the shipbuilding and offshore industry.

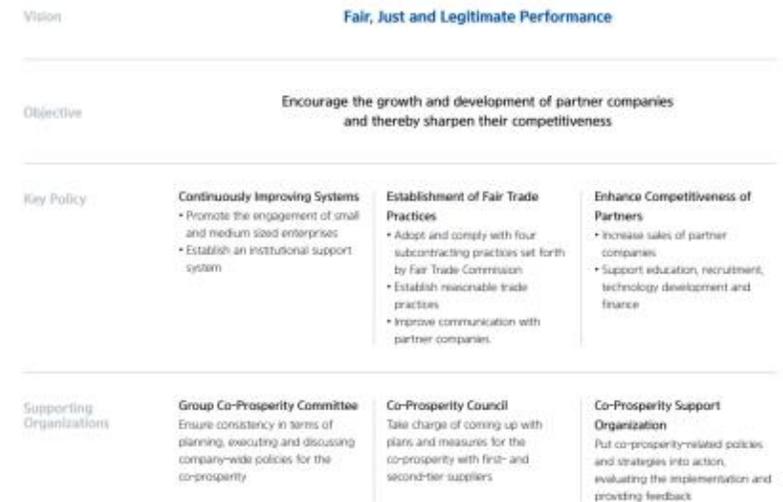
Who is impacted?

Various stakeholders, such as institutions, group companies, affiliates, and the employees of suppliers, are affected by our responsible supply chain management.

How is HHI managing the issue?

HHI has contributed to the growing culture of mutual growth and co-prosperity through fair trade agreements for subcontracting with the first-tier suppliers and established a transparent and fair-trade relationship by implementing the four subcontracting practices. HHI has also provided guidance to improve the ESG management for our suppliers by confirming their commitment to practicing the code of conduct and reviewing their compliance with HHI’s ESG guidelines.

Supply Management Control System



Supplier Code of Conduct Details

HHI stipulates that suppliers should respect human rights, create a safe working environment, protect the environment, and conduct ethical management (ESG management), and HHI also encourages its subcontractors to have an equal level of standards and responsibilities, contributing to the improvement of the ESG management quality throughout the supply chain. In 2022, HHI cut off business with 82 suppliers that did not express their commitment to compliance with the supplier code of conduct.

Salient Human Rights Issues

07 Responsible Supply Chain Management

Guiding Principle :

“The Company conducts responsible supply chain management by treating its business partners with fairness and assisting the partners in practicing human rights management.”

UN SDGs :



※ Supplier Code of Conduct

Category	Details
Human Rights Management	Non-Discrimination and Non-harassment / Freedom of association / Prohibit child labor / Freely chosen employment / Working hours / Wages and benefits / Humane treatment
Health & Safety	Health and Safety management system / Emergency preparedness and response / Occupational Injury and illness / Safety inspection / Machine safeguarding / Sanitation
Environment	Environmental management system / Air emissions / Water management / Hazardous substances / Energy consumption and GHG Emissions / Waste management / Noise and vibration management / Solid emissions
Ethical	Transparency in Business Relationships / Observance of Fair Trade / Disclosure of Information and Privacy / Protection of Identity and Non-Retaliation
Management System	Decision Making and Improvement / Stakeholder Communication / Responsible Sourcing / Risk Management

What's next?

ESG Consulting for suppliers

HHI established the HD Hyundai Heavy Industries ESG Guidelines with external expert agencies to improve the ESG management level of the suppliers, and in 2022, HHI conducted ESG management consulting programs for 400 suppliers by providing online training and conducting on-site due diligence on 30 key suppliers. HHI has plans to specify the scope of to-be-inspected suppliers and the method of due diligence and prepare continuous support measures to improve the level of ESG management of all suppliers.

Registration and Rating System for suppliers

HHI plans to check ESG management-related matters by applying the strengthened measures compared to the previous years in the registration process of new suppliers and the regular rating process of registered partners (once a year). HHI also plans to establish a system to help suppliers improve the level of ESG management on their own by sharing the inspection criteria in advance. Furthermore, HHI will also continue to strengthen business relationships through regular communications with suppliers.

Salient Human Rights Issues

08

Protection of the Human Rights of Local Residents

Guiding Principle :

“The Company takes heed of infringement upon the rights of local residents such as the right to health and safety, and freedom of residence.”

UN SDGs :



Why it matters?

Businesses have a variety of impact local communities. Since those influences could affect the matters related to the survival of community residents, such as land ownership, right of residence, and even health and safety, in-depth investigation and careful consultation are required.

Who is impacted?

HHI affects the human rights of residents in local communities.

How is HHI managing the issue?

In order not to violate the rights of local communities, HHI observes the relevant laws and continuously discuss with the rights holders.

Property and Residence Rights Protection for Local Residents

In terms of transferring land ownership for business purposes, HHI holds a prior consultation with the concerned party and third parties that may be affected by the transfer, which may include checking the various cadastral records and consulting with local governments. HHI also does not use coercive means to take property rights from community residents or engage in any inappropriate forced displacement. HHI does not make unfair profits from the residents who need to relocate, and if necessary, it reviews and pays the appropriate level of compensation.

Activities of HD Hyundai Group 1% Nanum Foundation

Category	Details
Main Activities	<ul style="list-style-type: none"> • Heating Fuel Sharing : Supports the neighbors suffering from waves of cold weather • 1% Meal Sharing : Offers free lunch to senior welfare centers across the nation • Dream Sketch : Supports emotional stability and independence for children in institutional care
Performance	<ul style="list-style-type: none"> • 2020 : KRW 4.66 billion / 2021 : KRW 3.92 billion • 2022 (up to 3Q) : KRW 5.2 billion

Corporate Social Responsibility (CSR)

HHI is doing CSR activities according to its management philosophy of contributing to the development of the country and local communities. Under the Group’s vision, ‘A Better World, A Bright Future,’ HHI conducts various CSR activities: 1) participatory activities engaging all of our employees in sharing, 2) sustainable activities shaping the future with HHI, and 3) empathic activities valuing the fulfillment of social responsibilities and sincerity. All this is to help the underprivileged and revitalize local economies and support the self-reliance of future generations.

Salient Human Rights Issues

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UN SDGs :



Volunteer Home Repair Work

‘Master Group,’ a volunteer group of skilled HHI technicians, is carrying out the activities centering around home repair for low-income families. As its name suggests, the Master Group comprises the masters with the national technical qualifications of Korea. As a group of certified technicians in each field, it has been volunteering to improve the residential environment for more than 20 years, such as inspecting and replacing facilities in low-income families, changing wallpapers and floorboards, and painting houses.



Delicious Wednesday with HHI

In September 2022, HHI held a launching ceremony for a volunteer group of executives and employees and signed a social contribution partnership agreement with the Dong-gu Social Welfare Center in Ulsan. The group aims at helping the marginalized in the community and creating a warm community where all the members give a helping hand to each other. Every Wednesday, it runs “Delicious Wednesday” at the Happy Restaurant in the Dong-gu Social Welfare Center.



What’s next?

Whenever our business provokes an issue that affects a local community, HHI will try to minimize risk through active consultation with the residents. Moreover, HHI will do our best to develop a new channel to communicate and assist local residents.

Salient Human Rights Issues

09 Guarantee of Environmental Rights

Guiding Principle :

“The Company complies with domestic and foreign environmental laws and endeavors to protect the environment and prevent pollution during the course of its business operations.”

UN SDGs :



Why it matters?

While a company’s production activities enable a convenient life by providing the resulting products or services, they can not only cause environmental pollution but also adversely affect human health due to air pollutants, wastewater, and waste generated in the production process. Therefore, companies should make the efforts to reduce these risks and conserve the environment to ensure environmental rights--the rights to live in a healthy and pleasant environment.

The eco-friendly management of companies to guarantee environmental rights is an essential management policy for sustainable management and climate change response and becomes of greater importance in step with a growing interest in the environment.

Who is impacted?

Pursuant to domestic and international environmental laws, companies and the government carry out strict management to prevent environmental pollution. Unexpected pollution during production activities, however, can affect nearby areas such as a surrounding ecosystem. If pollutants spread out of the workplace or environmental pollution accumulates through the incubation period, they can have long-term impact on a wider area.

Additionally, HHI-produced ships likely influence global warming and the environment of different regions while traveling around the world. Therefore, HHI is committed to improving raw materials and developing green ships that can minimize the environmental impact not only in the production stage but also in the product use stage.

How is HHI managing the issue?

Environmental Management

HHI set up an environmental management system according to the international standards, and obtained the ISO 14001 certification from an accreditation authority (Det Norske Veritas, DNV) to ensure the transparency and objectivity of the environmental management system.

Further, HHI established the declaration of environmental management with a focus on key tasks to move toward a sustainable global green company and is striving to put it into practice.

Systematic Collection and the Disclosure of Environmental Information

HHI methodically collects environmental information by developing our own computer system. Utilizing the integrated HSE management system (HiSEs), HHI manages the general status, workplace logs, and measurement data of air and wastewater discharge facilities, and operates the HHI Greenhouse Gas Management System (HGMS) to control energy use and greenhouse gas emissions at business sites.

The collected information is transparently disclosed to internal and external stakeholders in an integrated report and an environmental information disclosure system.

Minimum Emissions of Environmental Pollutants

HHI maps out environmental policies based on the environmental management system and evaluates compliance with environmental law so as to prevent pollution and minimize the risk of violating the law.

Salient Human Rights Issues

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UN SDGs :



Minimum Emissions of Environmental Pollutants

HHI installs optimal prevention facilities for the process that generates pollutants, and measures those contaminants periodically to manage their concentrations and emissions. HHI has implemented its particulate matter reduction plan following a voluntary agreement with the Nakdong River Basin Environment Office and Ulsan City Hall signed the ‘Voluntary Agreement to Reduce Particulate Matter’ and treated wastewater and waste in a legitimate manner considering the characteristics of each type.

Besides, HHI recognizes the significance of precautionary environmental management, working hard to fundamentally curtail environmental pollutants by recycling resources and improving processes and raw materials.

Activities and Education to Prevent Environmental Pollution

Taking part in the VALFS (Valve, Flange, Switch) Plus Chemical Safety Campaign, HHI conducts activities to prevent chemical accidents including regular inspection and improvement for high-risk handling facilities.

HHI also produced our own response manual to be fully prepared against a marine pollution accident and executes annual drills to forestall it. As for environmental education, HHI regularly provides safety education for the workers handling hazardous chemicals so that they can understand those substances well.

Activities for Environmental Improvement

HHI fulfills our social responsibilities and pursues co-prosperous development with local communities through activities to improve the environment. As part of waste reduction and resource recycling, HHI signed an MOU on ‘introducing eco-friendly work clothes for resource recycling’ and, adopted the work clothes made by recycling transparent PET bottles.

HHI conduct quarterly activities to purify rivers near our business sites. HHI also formed a ‘private voluntary environment patrol’ with major business sites in Ulsan to perform autonomous patrol every week for such purposes as preventing odors. In the event of a marine pollution accident, what really matters is autonomous control measures. Thus, HHI organized “HHI Dolphin,” a ESG “Civil Disaster Prevention Team,” to quickly cope with a marine pollution incident as a first response.

What’s next?

Establishment and Implementation of Quantitative Environmental Goals

To minimize the environmental impact, HHI set qualitative and quantitative, short- and long-term goals by major environment area and manages them. HHI has regularly managed performance against goals through the quarterly count of air pollutants, wastewater, greenhouse gases, and chemical emissions, and plan to carry out a wide range of reduction activities to achieve the goals every year.

Development of Eco-Friendly Technologies

HHI is using more eco-friendly paints and upgrading pollution prevention facilities and industrial processes to decrease pollutants in the production stage.

Since HHI has another ambition of cutting back pollutants emitted by our customers, HHI will speed up the development of eco-friendly ships ranging from the LNG Dual Fuel (DF) vessels, which are most widely commercialized, to the vessels powered by eco-friendly fuels like ammonia and hydrogen, which are drawing attention as green fuels.

Salient Human Rights Issues

10 Protection of Human Rights for Customers

Guiding Principle :

“The Company strives to protect customers’ health and safety as well as confidentiality of personal information.”

UN SDGs :



Why it matters?

In order to protect the customers’ human rights, a business needs to care about their health, safety, and privacy. It is critical not only to take responsibility for employees’ safety, but also to prevent safety incidents that may occur to our customers from ordering to the use of our products. As a global leader in shipbuilding, HHI is committed to presenting world standards in safety and quality by continuing to improve and complement the items.

Who is impacted?

The safety of the products and service provided by HHI affects all of the current and potential customers.

How is HHI managing the issue?

HHI is pursuing to observe the basic quality principles encompassing from sales to after-sales service to satisfy the customers’ expectation for their products and service.

Quality Policies

HHI sets its quality policies each year to seek systematic and consistent quality management. The 2022 policies intend to timely develop the unrivaled technologies, boost technological support for HD Hyundai Group affiliates, pursue new business opportunities based on ‘new growth engine’ technologies, and reinforce the activities to prevent the failure of initial products.

Customer Satisfaction Management

HHI conducts customer satisfaction surveys whose questionnaire areas are classified by process of shipbuilding and implements a stricter and more meticulous quality control by developing the improvement plans for the shipbuilding and delivery processes.

In addition, HHI conduct in-depth face-to-face interviews with the customers (ship owners’ on-site office, customer company visits, etc.) so that HHI can understand their requirements and improve them, seeking for optimized and tailored quality management. In 2022, HHI will build a platform for customer satisfaction management that is designed to analyze real-time online surveys and response data, thereby elevating the satisfaction level of our customers.

Customer Satisfaction Survey Area	
Shipbuilding Stage	After Delivery
Manufacturing Process <ul style="list-style-type: none"> · Design · Construction <ul style="list-style-type: none"> - Hull structure, Outfitting, Painting - Commissioning 	Ship Quality <ul style="list-style-type: none"> · Hull · Outfitting · Accommodation
Project Management <ul style="list-style-type: none"> · Quality · Contract / Administration 	Service Quality <ul style="list-style-type: none"> · After-sales Service <ul style="list-style-type: none"> - Handling procedure / Results - Service agent

Management Status by Human Right Issue

10 Protection of Human Rights for Customers

Guiding Principle :

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UN SDGs :



Principles of Product & Service Safety for Customers

In a devoted move to ensure customer safety and satisfaction, HHI has established a set of basic principles which applies to each work function and process ranging from design to development, manufacturing and after-sales activities. The principle is also applicable to our subcontractors, partner companies and suppliers. The principles relate to the responsibilities and obligation for customer safety, and quality. You can see the detailed information at the HD Hyundai Group’s ESG homepage.

Information Security and Privacy

In 2021, HHI recorded zero cases of customer data leaks. In an effort to protect information, HHI periodically trains management and employees who work with personal information according to its security and privacy management regulations. HHI also tests the employees with the simulation of malicious emails on a quarterly basis to raise security awareness.

HHI follows an internal security review process to check the vulnerabilities, network configuration, and the inclusion of critical information before launching all services. Annually, external professional agencies analyze the vulnerabilities through penetration testing.

Main Training Courses

- **Online Security Training** : Monthly offered to all management and employees
- **Training on National Core Technology Security** : Annually offered to national core technology experts
- **Security Training of Security Managers** : Annually offered to security managers in each department
- **Security Training of New Hires** : Each time new employees join the company
- **Privacy Protection Training** : Annually offered to employees who work with personal information

What’s next?

Developing Technologies for Customer Safety

HHI pursues prudent technologies to prevent the users’ safety accidents while developing future green technologies including autonomous navigation, zero-carbon ships, etc. HHI will move close to safe sailing by advancing technologies including on-board safe control, risk identification, etc. as well as optimal paths, sailing speed and collision avoidance based on AI. In addition, HHI will make every effort to secure customer safety by instilling DT capacity into customer communication and efficiently conducting contact-free inspection and process management.

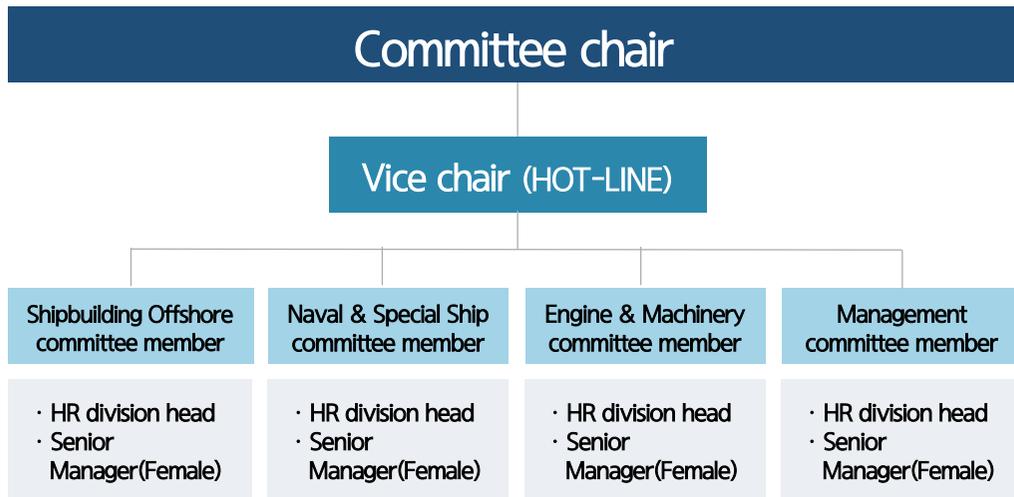
Promoting Information Security and Privacy

In response to intensifying data and security risks, HHI has established the company-wide data protection management system while providing relevant education and training for our employees. Going forward, HHI will draw up a long-term roadmap for data protection and expand the scope of management to all our business sites. Also, HHI will establish a roadmap to obtain domestic and overseas certifications (ISO 27001 → ISO 27701), and secure an additional seven experts on information protection.

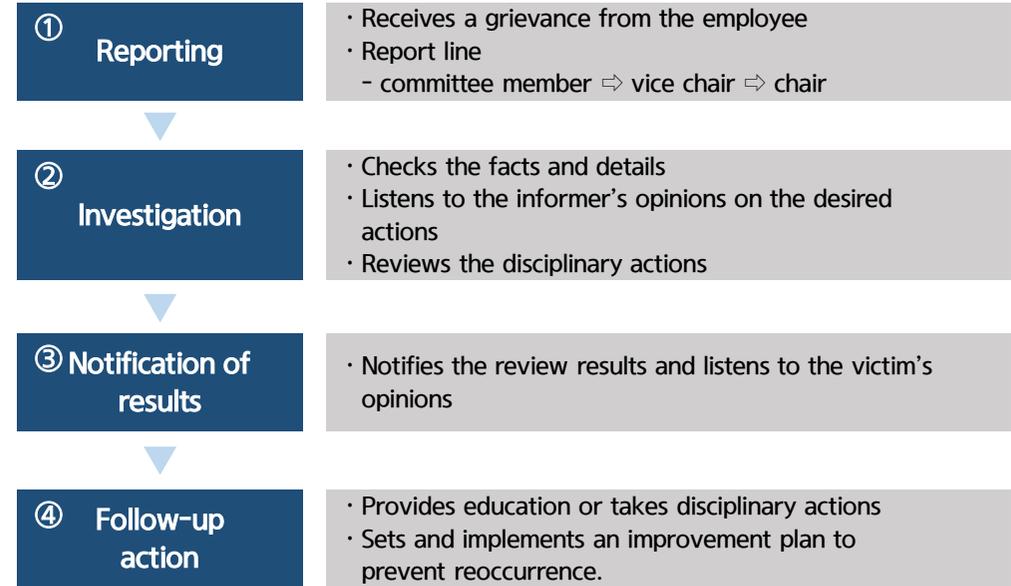
Grievance Mechanisms

HHI operates a grievance handling committee to receive employees' grievances including workplace abuse and sexual harassment, and handles the received case within 30 days to minimize the informer's damage. The grievance handling committee members receive grievances, listen to the victims' opinions, offer counselling, review personnel actions against violators, build a plan to prevent reoccurrence, monitor collateral damage to protect the victims.

Governance & Accountability



Grievance Handling Procedures



① Reporting

Every employee can report a grievance to a committee member through a desired route. Upon receiving a case, a committee member notifies the receipt to him or her and the committee chair.

② Investigation

The informer, the committee member and the chair are required to sign a non-disclosure agreement to fulfill the non-disclosure obligation. Also, if the informer is a female, a female committee member will investigate the case. When necessary, the informer is protected during counselling by avoiding the contact with the offender.

Grievance Mechanisms

Prioritizing the informer’s opinion, an informal or formal investigation is conducted to take personnel actions against the offender. Also, the committee provides useful information and support including psychological counseling, a leave, a department transfer, medical support, legal support, etc.

③ Notification of results / Follow-up actions

The investigation results are notified to both the informer and the offender in writing. After the completion of the case, HHI periodically monitors the case to prevent the reoccurrence or collateral damage. Also, it is strictly banned to give disadvantageous treatment to the informer.

When required, a special education is offered to all employees to raise their awareness on the related topics. HHI also make an announcement on the grievance handling committee on a regular basis.

Grievance Report

Category	Unit	KSOE			HHI			HMD			HSHI		
		2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Number of reports related to human rights violation	Cases	0	82	60	192	1,080	955	35	35	28	35	31	28
Number of reports handled	Total	0	82	60	192	1,080	955	35	35	27	35	31	28
	Representative organization of employees	0	100 (5/5)	0	100 (79/79)	100 (46/46)	100 (48/48)	100 (32/32)	100 (14/14)	91 (10/11)	100 (32/32)	100 (29/29)	100 (16/16)
	Intranet	0	100 (77/77)	100 (60/60)	100 (102/102)	100 (1,027/1,027)	100 (900/900)	0	100 (21/21)	100 (16/16)	0	0	0
	Hotline	0	0	0	100 (11/11)	100 (7/7)	100 (7/7)	100 (3/3)	0	100 (1/1)	100 (3/3)	100 (2/2)	100 (4/4)
	Offline	-	-	-	-	-	-	-	-	-	-	-	-

- Representative organization of employees : Reports received regarding wage / benefits, policies / systems, corporate culture, working hours, infra, safety environment, etc
- Intranet : Reports received regarding personnel / compensation / education, general affairs / fringe benefits, job, health and safety, computing system, etc
- Hotline : Reports received regarding workplace abuse, etc.
- Offline : The cases of meetings by department or individual consulting were excluded. Received cases were immediately handled or handled by the relative department.

Special Focus

Human Rights Embracing the World : Support for People of Special Merit from Afghanistan

Background

After the Islamic militant group seized Afghanistan on August 15, 2021, the residents of Kabul, the capital city, scrambled to escape out of the country via Hamid Karzai International Airport. In response, Korea evacuated 391 people on August 26, 2021 in cooperation with the United States, and the HD Hyundai Group decided to assist 157 people from 29 households at the request of the government.

Details

Support through the Hiring of suppliers

The HD Hyundai Group sought to provide the people of special merit from Afghanistan with the aids to help them build financial independence in the long term, rather than provide one-off assistance measures such as money or daily necessities. To this end, HHI helped 29 excellent human resources to join more than 10 suppliers under the HHI Engine Division. After receiving job training at each company, they have since engaged in plumbing and painting

Support for Residence

The people of special merit from Afghanistan have resided in the 29 units of Joong-ang Apartment in Ulsan that are owned by KSOE. The company provides the facilities to the people of special merit on a free lease, and their employer companies support a part of the maintenance fees. In addition, the employers plan to prepare houses of their own accord during the two-year lease period.

Support for Children

85 children of the people of special merit from Afghanistan were assigned to kindergartens and elementary, middle, and high schools in Ulsan. The HD Hyundai Group helped them adapt to school life by the end of April 2021. HHI offered school supplies such as school bags to the children who were about to enter school, and provided buses and guides in line with the schedules necessary for admission, such as the vaccination and customization of uniforms. From March to April 2021, HHI supported school buses for a month to help the children adapt to school.

Support for Resolving Religious and Cultural Conflicts

In the aftermath of the people of special merit settling in the Korean community, there arose inevitable mental conflict between the Afghans and the existing residents. Accordingly, the HD Hyundai Group is working to incorporate the people of special merit into the community as members by actively addressing the complaints received from the local residents. For this, HHI openly supports them to participate in activities in the community.

Activity	Time	Partner Organization
Support for children's outdoor activities (refreshments and promotional video shooting, etc.)	Mar. '22	-
Support for a Children's Day event and took family photos (including a meal)	May. '22	Korea Professional Photographer Association
Participation in the Ulsan Dong-gu voluntary patrol unit (every Saturday night)	Since Jun '22	Ulsan Dong-gu Multicultural Center
Support for environmental cleanup through trading volunteer activities (vehicles and refreshments)	Jun & Jul '22	Ulsan Dong-gu Multicultural Center
Support for watching soccer games (vehicles and refreshments)	Jul & Oct '22	Tiger FC
Support for an event to share Chuseok holiday rice cakes (place provided)	Aug '22	Korean Red Cross
Support for the operation of the Afghan / Korean family partner	Aug & Oct '22	Ulsan Dong-gu Multicultural Center
Support for cultural activities visiting Ulsan and Busan tourist attractions (vehicle provided)	Sep '22	Ulsan Dong-gu Multicultural Center
Delivery of gifts for the Chuseok holiday (refreshments and interviews about grievances)	Sep '22	-



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Future Plan

The HD Hyundai Group's support for the people of special merit from Afghanistan was not only philanthropy, but also the opportunity to provide excellent human resources to the Engine Machinery Division which had trouble with labor shortages. To fulfill corporate social responsibilities, the HD Hyundai Group will continue to support the government policy to assist the people of special merit from Afghanistan in settling down in Korea.

Appendix (1) UNGP Reporting Framework table

UNGPRF Questions		Location
Part A. Governance of Respect for Human Rights		
POLICY COMMITMENT		
A.1 What does the company say publicly about its commitment to?		·Governance & Accountability p.3-5
A.1.1	How has the public commitment been developed?	
A.1.2	Whose human rights does the public commitment address?	
A.1.3	How is the public commitment disseminated?	
EMBEDDING RESPECT FOR HUMAN RIGHTS		
A.2 How does the company demonstrate the importance it attaches to the implementation of its human rights commitment?		·Governance & Accountability p.4 ·Guiding Principles for Human Rights Mgt p.4 / p.32 ·2022 Key performance p.6-8
A.2.1	How is day-to-day responsibility for human rights performance organized within the company, and why?	·Governance & Accountability p.4
A.2.2	What kinds of human rights issues are discussed by senior management and by the Board, and why?	·Governance & Accountability p.4 ·Human Rights Mgt Committee p.7
A.2.3	How are employees and contract workers made aware of the ways in which respect for human rights should inform their decisions and actions?	·Guiding Principles for Human Rights Mgt p.4 / p.32 ·2022 Key performance p.6-8 ·Prohibition on Discrimination p.10
A.2.4	How does the company make clear in its business relationships the importance it places on respect for human rights?	·Governance & Accountability p.4 ·Responsible SCM p.20-21
A.2.5	What lessons has the company learned during the reporting period about achieving respect for human rights, and what has changed as a result?	·Human Rights Impact Assessment p.9 ·2022 Key performance p.6-8 ·Responsible SCM p.20-21
Part B. Defining the Focus of Reporting		
STATEMENT AND DETERMINATION OF SALIENT ISSUES		
B.1. State the salient human rights issues associated with the company's activities and business relationships during the reporting period.		·Human Rights Impact Assessment p.9
B.2. Describe how the salient human rights issues were determined, including any input from stakeholders.		
Part C. Management of Salient Human Rights Issues		
SPECIFIC POLICIES		
C.1 Does the company have any specific policies that address its salient human rights issues and, if so, what are they?		·Guiding Principles for Human Rights Mgt p.4 / p.32
C.1.1	How does the company make clear the relevance and significance of such policies to those who need to implement them?	·Governance & Accountability p.4 ·Training & Awareness Program p.7
STAKEHOLDER ENGAGEMENT		
C.2 What is the company's approach to engagement with stakeholders in relation to each salient human rights issue?		·Stakeholder Engagement and Communication p.5
C.2.1	How does the company identify which stakeholders to engage with in relation to each salient issue, and when and how to do so?	·Stakeholder Engagement and Communication p.5 ·Salient Human Rights Issues -Who is impacted
C.2.2	During the reporting period, which stakeholders has the company engaged with regarding each salient issue, and why?	·Salient Human Rights Issues -Who is impacted
C.2.3	During the reporting period, how have the views of stakeholders influenced the company's understanding of each salient issue and/or its approach to addressing it?	·Stakeholder Engagement and Communication p.5 ·Human Right impact assessment p.9

UNGPRF Questions		Location
Impact Assessment		
C.3 How does the company identify any changes in the nature of each salient human rights issue over time?		· Human Right Impact Assessment p.9
C.3.1	During the reporting period, were there any notable trends or patterns in impacts related to a salient issue and, if so, what were they?	
C.3.2	During the reporting period, did any severe impacts occur that were related to a salient issue and, if so, what were they?	
INTEGRATING FINDINGS AND TAKING ACTION		
C.4 How does the company integrate its findings about each salient human rights issue into its decision-making processes and actions?		·Governance & Accountability p.4
C.4.1	How are those parts of the company whose decisions and actions can affect the management of salient issues, involved in finding and implementing solutions?	·Governance & Accountability p.4 ·Human Rights Impact Assessment p.9
C.4.3	During the reporting period, what action has the company taken to prevent or mitigate potential impacts related to each salient issue?	·Salient Human Rights Issues - How is HHI managing the issue?
TRACKING PERFORMANCE		
C.5 How does the company know if its efforts to address each salient human rights issue are effective in practice?		·Coming in 2023
C.5.1	What specific examples from the reporting period illustrate whether each salient issue is being managed effectively?	
REMEDICATION		
C6 How does the company enable effective remedy if people are harmed by its actions or decisions in relation to a salient human rights issue?		·Grievance Mechanisms p.28-29
C.6.1	Through what means can the company receive complaints or concerns related to each salient issue?	
C.6.2	How does the company know if people feel able and empowered to raise complaints or concerns?	
C.6.3	How does the company process complaints and assess the effectiveness of outcomes?	
C.6.4	During the reporting period, what were the trends and patterns in complaints or concerns and their outcomes regarding each salient issue, and what lessons has the company learned?	
C.6.5	During the reporting period, did the company provide or enable remedy for any actual impacts related to a salient issue and, if so, what are typical or significant examples?	

Appendix (2) Guiding Principles for Human Rights Management

Guiding Principles for Human Rights Management

CHAPTER I GENERAL PROVISIONS

Article 1 (Purpose)

The guiding principles aim to set out the policy for protecting and promoting human rights of all stakeholders in HD Hyundai Heavy Industries (hereinafter referred to as the “Company”), and other matters necessary for the implementation thereof.

Article 2 (Definition)

The terms used in the guiding principles are defined as follows:

1. The term “human rights” means the dignity, worth, freedom and rights of human beings, granted by the constitution and law or recognized under international human rights treaties and customary international laws joined and ratified by the Republic of Korea
2. The term “human rights management” means preventing human rights violations by the Company and engaging in human rights friendly business activities. The Company is required to issue a manifesto for human rights management, fulfill its duty to practice and inspect human rights, and provide remedial procedures for the victims of human rights violations.
3. The term “executives/employees” means all members of executives and employees (including temporary employees) working in the Company.
4. The term “stakeholders” means persons related to the Company's business activities, such as executives/employees, investors, business partners, customers, and local communities.

Article 3 (Scope)

- ① The guiding principles are applied to all domestic and foreign executives/employees and stakeholders. The scope extends to executives/employees working abroad in accordance with local laws
- ② The Company's human rights management is governed by the provisions on this paper, except as otherwise provided in other laws or articles of association.

CHAPTER II GENERAL PRINCIPLES

Article 4 (Basic Principles)

The Company endorses and complies with the international standards and norms on human rights, including the United Nation's Universal Declaration of Human Rights.

Article 5 (Practice of Human Rights Management)

The Company complies with the general principles in this Chapter to prevent human rights abuse beforehand and make efforts to relieve damage.

Article 6 (Prohibition on Discrimination)

The Company respects diversity and prohibits all forms of discrimination based on gender, age, race, disability, religion, political affiliation, region of origin, and the like.

Article 7 (Working Conditions)

The Company complies with the statutory working hours of the countries in which it runs business. It also pays all executives/employees a reasonable remuneration for their work along with payslips.

Article 8 (Prevention of Workplace Abuse and Sexual Harassment)

The Company recognizes workplace abuse and sexual harassment as illegal acts that negatively affect work enthusiasm and reduce productivity. All executives/employees actively engage in preventing and eradicating workplace abuse and sexual harassment.

Article 9 (Freedom of Association and Collective Bargaining)

The Company guarantees the freedom of association and collective bargaining under the Constitution of the Republic of Korea and labor-related Acts. It does not take any unfavorable measures on the formation, subscription, or activities of a trade union.

Appendix (2) Guiding Principles for Human Rights Management

Article 10 (Prohibition on Forced Labor and Child Labor)

The Company prohibits all kinds of forced labor and denounces hiring minors to work.

Article 11 (Prohibition on Exploitation of the Labor Force)

The Company prohibits any act of recruiting, transporting, moving, hiding or receiving labor force as a means of exploitation, as well as coercion, kidnapping, fraud, or deception.

Article 12 (Safety and Health)

The Company creates safe and healthy working conditions to promote occupational health and safety.

Article 13 (Responsible Supply Chain Management)

The Company conducts responsible supply chain management by treating its business partners with fairness and assisting the partners in practicing human rights management.

Article 14 (Protection of Human Rights for Local Residents)

The Company takes heed of infringement upon the rights of local residents such as the right to health and safety, and freedom of residence.

Article 15 (Guarantee of Environmental Rights)

The Company complies with domestic and foreign environmental laws and endeavors to protect the environment and prevent pollution during the course of its business operations.

Article 16 (Protection of Human Rights for Customers)

The Company strives to protect customers' health and safety as well as confidentiality of personal information.

CHAPTER III HUMAN RIGHTS MANAGEMENT SYSTEM

Article 17 (Manifesto for Human Rights Management)

The Company proclaims a manifesto for human rights management to guarantee human dignity and worth in all business activities. All executives/employees of the Company incorporate the manifesto as a code of conduct and criteria for value judgements.

Article 18 (Governance)

- ① The Company devises an internal system for human rights management to respect human rights in all business activities. The Company's human rights management governance is composed of the ESG committee within the board of directors, the chief ESG officer(chairperson of the human rights management committee), and relevant departments.
- ② Roles and responsibilities of each organization are as follows:
 1. The ESG committee deliberates and approves the key issues associated with human rights as the highest decision-making body of human rights management.
 2. The chief ESG officer establishes the human rights management committee and assumes the chair to run the committee.
 3. The human rights management committee makes decisions on the key issues and reviews performance associated with human rights, solidly fulfilling human rights requirements.
 4. Relevant departments (Human Resources, ESG Team, Safety and Environment, Audit, Legal Affairs, General Affairs, Public Relations, Asset Management, etc.) perform practical business affairs for human rights management, including: identifying human rights risk and room for improvement; monitoring and reporting potential issues; filing internal and external reports and making public announcements; providing human rights education.

Appendix (2) Guiding Principles for Human Rights Management

Article 19 (Exclusive Organization)

- ① The Company designates one of the relevant organizations as an exclusively responsible organization for human rights management (hereinafter referred to as the “exclusive organization”), to ensure a systematic implementation of policy development, execution and education.
- ② The duties of the exclusive organization include:
 1. Planning and implementing human rights promotion on a yearly basis;
 2. providing human rights education
 3. conducting human rights impact assessment;
 4. addressing other matters deemed necessary by the Company or the chairperson of the human rights management committee.

Article 20 (Human Rights Education)

The Company provides human rights education to all executives/employees at least once a year.

1. The education is provided with multiple choices of time frame and methods such as online education, off-the-job-training, or handbooks
2. The Company may provide human rights education to other stakeholders, including dispatched workers and employees from partner companies.

Article 21 (Support for Human Rights Activities)

The Company may take necessary measures for better protection of human rights and values. It may provide support to human rights institutions, organizations, and business partners.

CHAPTER IV HUMAN RIGHTS MANAGEMENT COMMITTEE

Article 22 (Formation and Functions)

Human Rights Management Committee (hereinafter referred to as the “Committee”) is formed to deliberate on the following matters to protect and promote human rights of stakeholders including its executives/employees:

1. Enacting and amending Manifesto for Human Rights Management and the guiding principles for human rights management.
2. Designing primary plans for human rights management;
3. Matters of human rights impact assessment;
4. Matters of human rights education;
5. Proposals for improvement of human rights;
6. Remedial procedures for the reported cases of human rights violation;
7. Other matters concerning the protection and enhancement of human rights.

Article 23 (Composition)

- ① The Committee consists of no more than ten members, including one chairperson.
- ② The Committee is composed of the chief ESG officer and the executives or team leaders (department heads) of relevant departments. The chief ESG officer assumes the position of the chairperson.
- ③ The chairperson represents the Committee and oversees the entire operation. If the chairperson is unable to fulfill his/her duties for compelling reasons, the person designated beforehand by the chairperson acts on his/her behalf.
- ④ Advisory member may be appointed who specializes in human rights management if necessary
- ⑤ The Committee appoints one administrative secretary to oversee its general affairs. The team leader of the exclusive organization assumes the position of the administrative secretary

Appendix (2) Guiding Principles for Human Rights Management

Article 24 (meetings and Quorum)

- ① The Committee holds regular meetings twice a year. It may convene special meetings when the chairperson deems it necessary, or at the request of at least one-third of registered members.
- ② The Committee meeting requires the majority of the registered members in attendance, and resolutions are passed by a majority vote of the members present.
- ③ Making a resolution requires a meeting convened by the Committee in principle. However, written resolutions may be made if the agenda matter is minor or in urgency.
- ④ The administrative secretary is responsible for recording and storing minutes of the Committee meeting.

Article 25 (Hearing of Opinions and Request for Data Submission)

- ① The Committee may invite the persons directly involved or related to the meeting agenda to hear the opinions if necessary.
- ② The Committee may request data submission related to the meeting agenda from relevant departments and other stakeholders if necessary

Article 26 (Confidentiality)

Meeting attendees must not divulge trade secrets from their work.

Article 27 (No Conflict of Interest)

The Committee must exclude members whose interests conflict with certain agenda from discussing and resolving on the agenda.

Article 28 (Term of Office of the Committee Members)

- ① Internal members are ex-officio members.
- ② Advisory members hold office for three years. They may serve consecutive terms, in which case the term of office is limited to the incumbency of the first appointment.

Article 29 (Dismissal of Members)

The Company may dismiss a member prior to the termination of office under the following circumstances:

1. The member does not make a genuine effort to fulfill his/her duties;
2. The member divulges a secret that he/she has learned during the course of his/her employment;
3. The member fails to perform his/her duties due to illness or other factors;
4. The member engages in a human rights violation;
5. The member is an external member and changes occur in his/her position at the time of appointment;
6. The member is deemed inappropriate to perform his/her duties due to injury to dignity or other factors.

Article 30 (Human Rights Impact Assessment)

- ① The Company conducts human rights impact assessment at least once a year.
- ② The Company may conduct human rights impact assessment on issues that affect executives/employees and stakeholders such as company operation and main business.
- ③ The Committee may request the Chief Executive Officer to conduct human rights impact assessment when the Company plans to implement policies that may have a significant impact on the stakeholders' human rights including executives/employees.

Appendix (2) Guiding Principles for Human Rights Management

- ④ The exclusive organization may request relevant data from each department to supervise human rights impact assessment.
- ⑤ The Company may outsource human rights impact assessment to a specialized institution.
- ⑥ The results of human rights impact assessment are reviewed by the Committee and then submitted to the Chief Executive Officer
- ⑦ Human rights impact assessment is conducted on a separate plan with specific procedure and manner established to address each particular issue.

CHAPTER V REMEDY FOR HUMAN RIGHTS VIOLATIONS

Article 31 (Remedial Procedures for Human Rights Violations)

- ① Anyone who has experienced or discovered human rights violation may file a report to the exclusive organization.
- ② If the informer of the case wishes, the exclusive organization must report the case to the chairperson and set it as an agenda for the Committee to discuss remedial procedures
- ③ and other measures to be taken. The Committee may advise the infringer to refrain from further violations and may request for a disciplinary action under the Company policy. It may report the case to the
- ④ National Human Rights Commission of Korea or investigative agencies. Specific procedure and manner for the remedy follow detailed guidelines to be established

Article 32 (Guarantee of Informer Confidentiality)

The exclusive organization, the Committee members, and persons in charge must guarantee the confidentiality of the informer and take measures to protect the informer from any unfavorable action.

CHAPTER VI SUPPLEMENTARY PROVISIONS

Article 33 (Effective Date)

The guiding principles shall come into force on May 16, 2022.

