

Human Rights Report 2022

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Declaration of Human Rights Management

Korea Shipbuilding & Offshore Engineering(KSOE), 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.

KSOE 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.

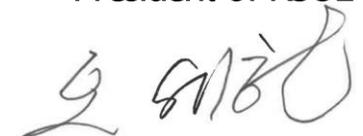
KSOE rejects all forms of human rights violations in our business operations whether direct or indirect, and also ensures to establish a governance system that interwinds and connects the board of directors, the chief ESG officer, and relevant organizations on a regular basis. In addition, KSOE implements 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, KSOE 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. KSOE prioritizes these issues as we constantly monitor and manage relevant risks.

KSOE will continuously dedicate itself to and thrive on strengthening human rights management. KSOE'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.

Oh Sea-hun
President of KSOE



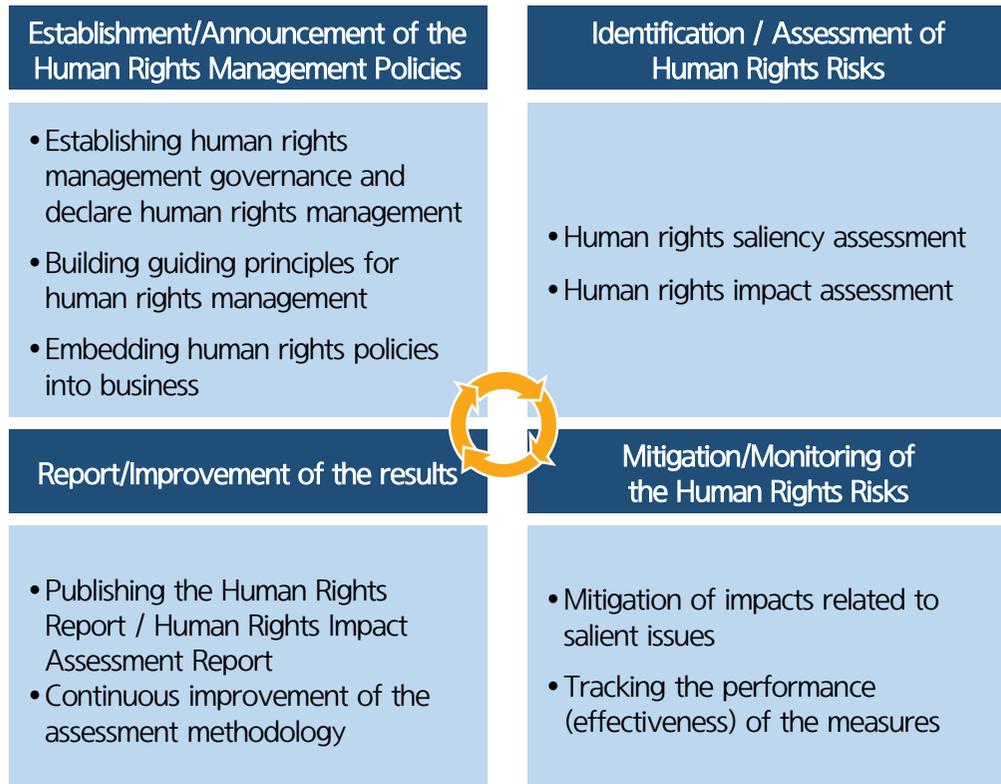
Our Approach to Human Rights

Our Vision

KSOE strives to value the human dignity and rights of all stakeholders who exchange an influence with itself, and based on the endeavor, to implement human rights management.

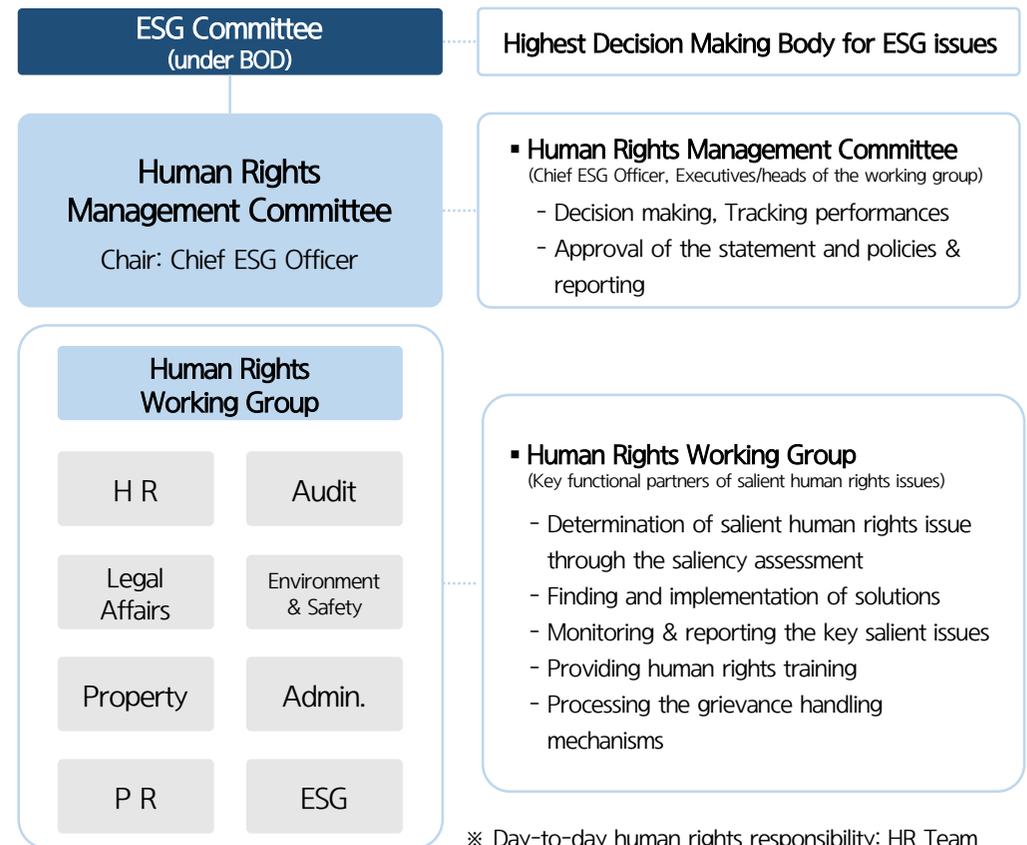
VISION	Build a society which embraces diversity and respects all stakeholders
GOAL	Set up a human rights management system and expand a culture of valuing human rights

Human Rights Management Process



Governance and Accountability

KSOE 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 Audit, E&S, ESG, etc.



Our Approach to Human Rights

Guiding Principles for Human Rights Management

We have 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 six chapters and 33 articles in total including the supplementary provisions.



Guiding Principles for Human Rights Management

General Provisions	General Principles	Human Rights Management System	Human Rights Management Committee	Remedy for Human Rights Violations
<ul style="list-style-type: none"> • Purpose & Scope • Definition 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 • Trainings 	<ul style="list-style-type: none"> • Formation and Functions • Composition • Human Rights Impact Assessment 	<ul style="list-style-type: none"> • Remedial Procedures • Whistleblower protection

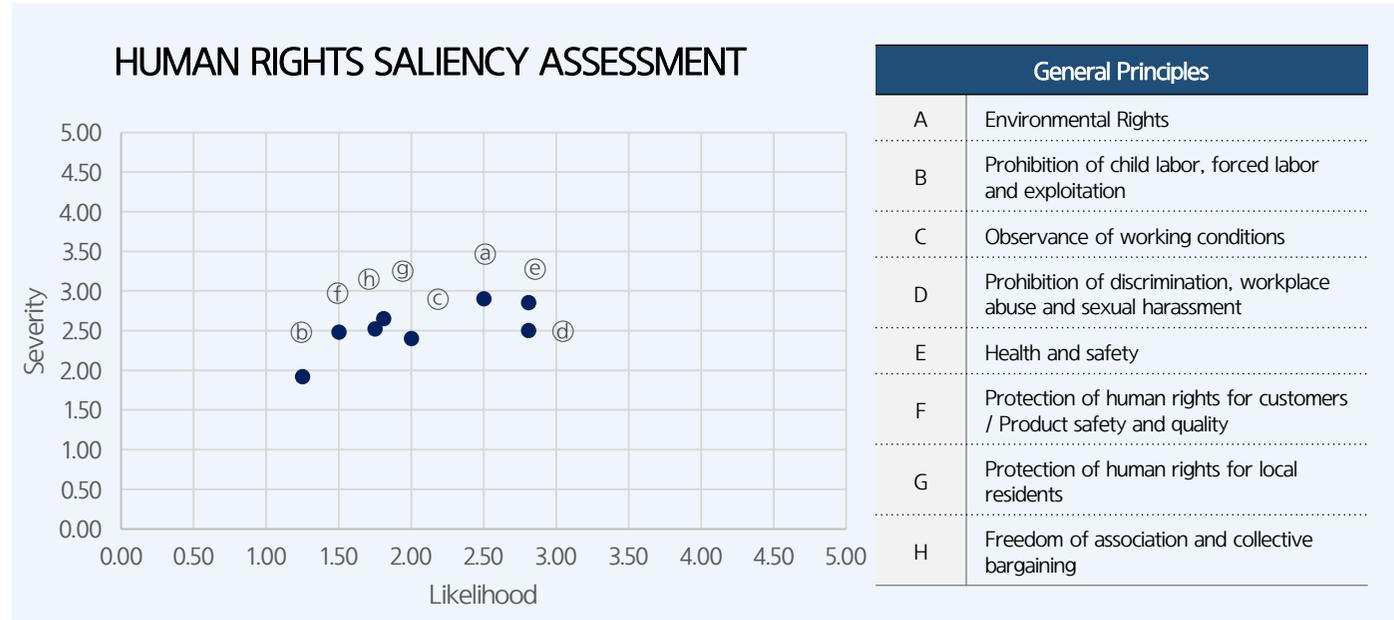
Stakeholder Engagement and Communications

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 and 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 partner companies 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 community Communication with the local community 	<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 visit to 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

Human Rights Saliency Assessment

Overview

KSOE conducted a human rights saliency assessment with the aim to identify and prioritize the most salient human rights issues. The assessment was given to the human rights management committee members and those responsible for the related duties as a survey type to collect their opinions on the probability and severity of each issue. Based on the assessment results, KSOE plans to present a detailed status of the human rights management according to each key issue and capitalize on the results to decide on the future direction of the human rights management and improve the checklist of a human rights impact assessment.



Methodology

The human rights saliency assessment is implemented to identify the likelihood and severity of each human rights issue. The survey of stakeholders was designed in reference to the reporting framework of the UN Guiding Principles on Business and Human Rights.



Likelihood

Likelihood	Description
Rare	Likely to arise, but no occurrence record
Low	No record with KSOE, but similar issues arose in the same industry
Average	Likely to arise given the business characteristics, with records existing
High	Presently arising, with records existing
Very High	Constantly arising

Severity

Severity	Rare	Low	Average	High	Very High
Scale	Very small	Small	Average	Large	Very large
Scope	No influence	Rare stakeholders	A few stakeholders	Most stakeholders	All stakeholders
Remediability	Very short time for recovery	Less than one year for recovery	One to three years	Three to five years	Unable to recover or more than five years for recovery

2022 Key Performances

Roadmap for Human Rights Management

KSOE and the shipbuilding subsidiaries have 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, partner companies and associations 	<ul style="list-style-type: none"> Make the 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 the 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
1 st (May 26, 2022)	<ul style="list-style-type: none"> Approval of launching the Human Rights Management Committee Declaration of human rights management (Group/ KSOE) Deliberation/resolution of the KSOE guiding principles for human rights management 	<ul style="list-style-type: none"> Group Chief ESG Officer, Chief ESG Officer of KSOE 7 Committee members (HR, PR, Legal Affairs, ESG, Audit, Admin, and HSE department) Working group members 	X
2 nd (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"> Chief ESG Officer of KSOE 6 Committee members (HR, PR, Legal Affairs, ESG, Audit, and Property department) Working group members 	X
3 rd (Dec 15, 2022)	<ul style="list-style-type: none"> Reporting/Deliberation on the publication of the human rights report 	<ul style="list-style-type: none"> Chief ESG Officer of KSOE 8 Committee members (HR, PR, Legal Affairs, ESG, Audit, Admin, HSE, and property department) Working group members 	O (Scheduled for 1Q, 2023)

Training & Awareness Programs

With the intention of enhancing human rights awareness, 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		
	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

KSOE 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 or scheduled to be made to the following articles by the year’s end by collecting both the managements and employees’ opinions on employment policies

Classification	Revisions	Revision date
Article 8 (Reason for a Leave of Absence) Subparagraph 6	Stipulates the detailed criteria of the reasons for family care leave.	Scheduled on December 31, 2022
Article 9 (Period of Leave of Absence) Paragraph 7	Stipulates the detailed criteria of the period of family care leave.	Scheduled on December 31, 2022
Article 42 (Family Care Leave) Paragraph 2	Stipulates the detailed criteria of family care leave and reduced working hours.	Scheduled on December 31, 2022
Article 43 (Overtime Work and Holiday Work) Paragraph 4	Revised the previous statement to stipulate the detailed employment rules.	Scheduled on December 31, 2022
Article 101 (Medical Benefits) Paragraph 3	Specifies infertility treatment leave which has been previously granted.	June 24, 2022
Article 106 (Maternity Leave) Paragraph 3	Specifies how to use maternity leave at separate times which has been previously granted.	Scheduled on December 31, 2022
Article 106 (Maternity Leave) Paragraph 4	Specifies nursing recesses which has been previously granted.	June 24, 2022
Article 106 (Maternity Leave) Paragraphs 8, 9	Specifies paragraphs stating that a pregnant female employee’s wage shall not be reduced for the reduced working hours. Also, making a request to change the work start / end time is included.	Scheduled on December 31, 2022
Article 109 (Parental Leave) Paragraph 1	Revised the previous statement to stipulate the employment rules.	Scheduled on December 31, 2022
Article 109 (Parental Leave) Paragraph 5	Newly added the paragraph stipulating the reduced working hours for childcare.	Scheduled on December 31, 2022
Article 110 (Prevention of Workplace Sexual Harassment and the Prohibition of Violence) Paragraph 2	Stipulates for whom to provide education for the prevention of workplace sexual harassment and how often to provide it.	Scheduled on December 31, 2022
Article 112 (Prohibition of Workplace Bullying)	Stipulates the prohibition of workplace bullying.	Scheduled on December 31, 2022

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

Family Friendly Management Certificate

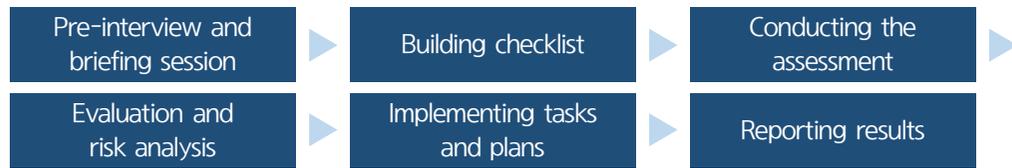
KSOE obtained the Family Friendly Certificate from the Ministry of Gender Equality and Family. The certificate is granted after reviewing the leadership of CEOs, family friendly systems, employees’ satisfaction with the company’s family friendly management, etc. We will continue to monitor the system with constant renewal and reapplication of the certificate.



Human Rights Impact Assessment

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

Impact Assessment Process



Assessment Overview

Area
KSOE's assessment follows the National Human Rights Commission's standard. Some indicators are revised to reflect the latest trend and the business status. With reference to the results of human rights saliency assessment, we excluded forced labor, child labor and consumer human rights and added the remedies of human rights violations and the guarantee of labor rights in the workplace. (9 areas, 29 items, and 127 detailed indicators)

Methodology
2022 was the first year we conducted a formal assessment, therefore we carried out the self-evaluations by the relevant departments to examine and identify the human rights risks and matters for improvement. Going further, we 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, we invited external experts and held a briefing session.

평가 기준	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

Result

Category	Descriptions
Result Overview	89 points (Positive 99, Need to be improved 14, Negative 6, No information 6, N/A 2)
Major tasks for improvement	KSOE 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 Responsible SCM	As KSOE does not conduct direct production activities, the company found itself relatively insufficient in the related systems such as a supply chain monitoring system. → Examines the construction of a supply chain management system in line with the transition to a business holding company.
③ Workforce labor rights	Business sites in Seoul and Bundang were difficult to address a lack of facilities for pregnant women and the disabled people because the buildings were owned by third parties. → GRC building of Hyundai Heavy Industries Group, which KSOE will enter by the end of 2022, is equipped with the relevant facilities.

Improvements in Assessment *Scheduled to be applied from next assessment

① Modification of the Assessment Indicators

- Add questions about company/industry-specific issues
- 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

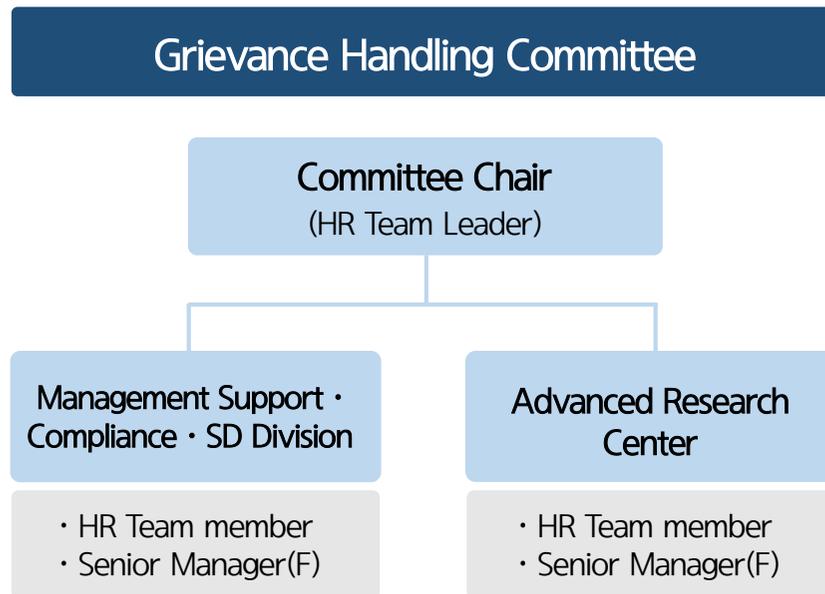
③ Reflection of Opinions from the Outside Experts

- Include outside experts in the Human Rights Management Committee and conduct human rights impact assessment through the external institutions to monitor and manage KSOE's human rights risks from an objective perspective.

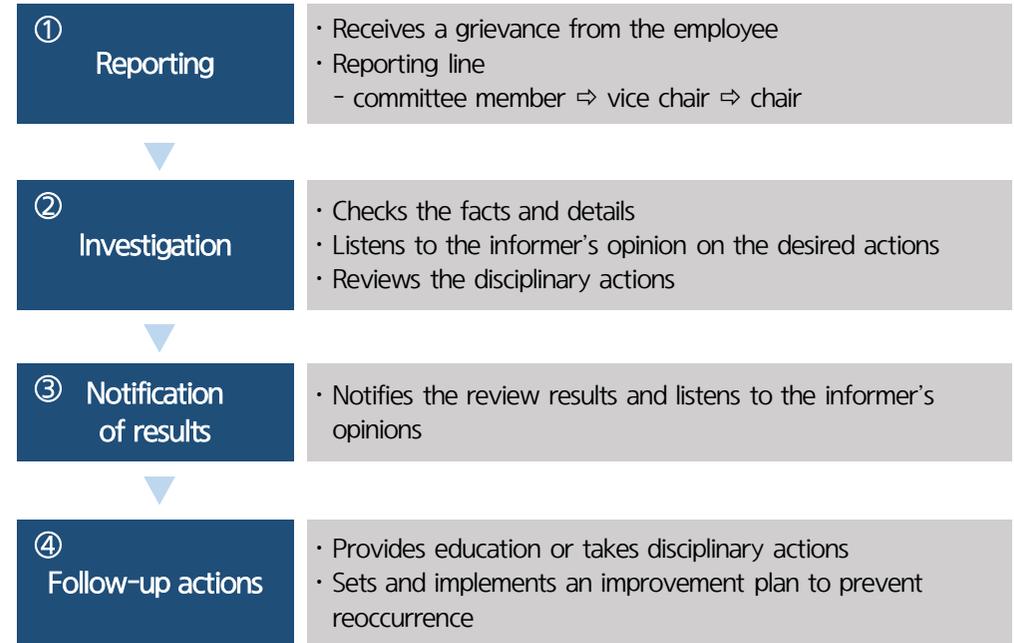
Grievance Mechanisms

KSOE operates a grievance handling committee to receive employees' grievances including workplace bullying 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, and then monitor collateral damage to protect the victims.

Governance & Accountability



Grievance Handling Procedure



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 the informer and the committee chair.

② Investigation

The informer, the committee member and the chair are required to sign a non-disclosure agreement to fulfill non-disclosure obligation. Also, if the informer is 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, we periodically monitor 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. We 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
Total Grievance Received	Cases	0	82	60	192	1,080	955	35	35	28	35	31	28
By Reporting channel	Total	0	82	60	192	1,080	955	35	35	27	35	31	28
	Representative organization of employees*1	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*2	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*3	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*4	-	-	-	-	-	-	-	-	-	-	-	-

1. Reports received regarding wage / benefits, policies / systems, corporate culture, working hours, infra, safety environment, etc.

2. Reports received regarding personnel / compensation / education, general affairs / fringe benefits, job, safety and health, computing system, etc.

3. Reports received regarding workplace bullying, etc.

4. Reports received regarding various grievances handled

5. The cases of meetings by department or individual consulting were excluded. Received cases were immediately handled or handled by the relative department.

* No report regarding discrimination

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 compromises the reputation and productivity of the company by eroding the members' commitment to the organization and work.

Who is impacted?

Employees of KSOE and its partners at all business sites may be subject to discrimination issues, and KSOE recognizes that women and small company employees are more vulnerable to discrimination.

How is KSOE managing the issue?

KSOE prohibits any discrimination without justifiable reasons and respects diversity at the stage of a labor contract with all members. The company 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, KSOE 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, the company is striving to promote a more impartial process by educating all interviewers before the interview so that the company can establish a fair recruitment process.

② Performance Appraisal

KSOE 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, we work to ensure fairness and objectivity in performance appraisal 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

KSOE transparently discloses the promotion review criteria and procedures to all employees and selects candidates in accordance with them. To that end, the company 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 the company set 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 :
 “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 :



How is KSOE managing the issue?

④ Work-family Balance Assistance

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

Category	Description
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	Description
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?

KSOE frequently checks for discrimination issues via multifaceted channels. In addition, we plan 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, we 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?

KSOE is well aware that the members of KSOE 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 KSOE managing the issue?

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

Training & Education

KSOE provides online education for all members in order to forestall bullying and sexual harassment. Notably, in 2022, KSOE conducted an additional offline bullying education to the executive directors and team leaders, and raised the awareness through self-evaluation. Furthermore, we made and distributed a workplace harassment guide for leaders so that it can be used anytime for reference.

Grievance Handling System

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



What’s next?

Not only will KSOE 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 bullying 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, we 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 KSOE are 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. We provide 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 KSOE at all business sites can be affected by its working conditions and welfare system.

How is KSOE managing the issue?

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

Working Hours

KSOE 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, KSOE 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 freely adjust their monthly work plans in the HR system, and record the hours of night-time or overtime work autonomously to reflect it in their wages.

Performance-based Compensation System

KSOE 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. KSOE 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 Resources Development

In 2021, KSOE and its shipbuilding subsidiaries provided opportunities for all employees to receive proper training based on diversity and inclusion. Among others, the company helps all executives and employees learn anytime, anywhere through a system that turns core in-house technologies into online content.

① Online Education Platform (HI-CLASS)

KSOE opened Hi-Class, a renewed version of the existing online education platform. To increase the accessibility and convenience of training, we improved the login and classroom access conditions and interfaces, and integrated the content search methods. In addition, we provide 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.

KSOE also allows its executives and employees create and share micro-learning video content through the Hi- Class. In doing so, we are actively developing our unique educational content by providing production techniques to the creators and compensating them according to the content quality.

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 :



② Training Programs

KSOE 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.

Category	Details
HLC (HHI Group Leader)	· 5-step training course to systematically nurture leaders with business insight
HTLC (HHI Technical Leader Group)	· 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

③ Welfare and Benefits

KSOE operates a welfare system that ensures practical support for various needs based on an equitable and fair operating system. We are 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	Details
Residential support	· Housing loan interest support · Residential support for employees living alone
Family 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
Advanced organizational culture	· PC-OFF system, smart work system, flextime system
Others	· Operation of a welfare mall, provision of psychological and legal counseling

What's next?

KSOE 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.

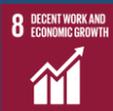
Salient Human Rights Issues

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 labor-related 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. KSOE and its shipbuilding subsidiaries are cognizant that our future competitiveness lies in all our employees. Based on this firm belief, we 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 KSOE and its partners at all business sites.

How is KSOE managing the issue?

KSOE intends to forge an employee-friendly culture. To do so, we 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 Meetings

In accordance with the Article 4 of the Act on the Promotion of Employee’s Participation and Cooperation, the Labor and Management Council is operated at KSOE and its shipbuilding subsidiaries. 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.

KSOE held quarterly labor-management council meetings and discussed the following agenda in 2021 and 2022.

Year	Agenda
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 site)
2022	<ul style="list-style-type: none"> • Presentation of the operation plan of rental recreation facilities for the summer • Discussion on a plan to elect new employees for the Labor-Management Council • Presentation of the performance-based payment plan for 2021

Activities to Improve the Labor-Management Culture

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

In addition, KSOE 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?

KSOE will further expand the communication channels to aggressively 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?

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

Category	Description
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.
Exploitation of the Labor Force	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 KSOE managing the issue?

Code of Conduct & Guiding Principles for Human Rights Mgt.

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

Activities

Category	Details
Prevention of forced labor, personnel exploitation	KSOE prepares our members’ labor contract in a language fully understandable for the parties. We 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
Supplier standards	Monitor whether partner companies comply with human rights management by incorporating relevant matters such as the prohibition of child labor in the code of conduct of partner companies.

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 personnel. KSOE 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?

KSOE puts priority on maintaining the physical safety and mental health of its employees. To that end, we provide them with the working settings more than enough to fulfill the legal standards for industrial safety and health throughout the value chain. Furthermore, now that COVID-19 is a public health issue with a broad community impact, our responsibility to control the disease has become more important than ever.

Who is impacted?

Safety and health issues are not limited to a specific task or organization. In this sense, KSOE members and partner members at all business sites are exposed to them.

How is KSOE managing the issue?

KSOE implements the business management principles centered on the people and the environment and endeavors to create a safe and pleasant work environment.

Establishment of the HSE Policy and Goal

KSOE formulated and has shared with our members the Health, Safety and Environment (HSE) Policy to provide employees with a safe work environment through the implementation and continuous inspection and improvement of the safety management system.

In 2022, we set up the HSE goal of “constructing a comprehensive and systematic safety and health management system.”

- | | |
|---|--|
| 1 | Maintain ZERO record of serious industrial accidents and civic accidents |
| 2 | Pursue the better health of employees through preventive health management |
| 3 | Realize sustainable eco-friendly management |

Laboratory Safety Management Committee

Purpose	To discuss a key safety agenda and develop an improvement plan
Frequency	Biannually
Composition	Less than 15 persons including a laboratory leader
2022 Agenda Items	Establishment of safety management policies, a safety inspection plan, a thorough safety inspection plan, safety budget status

Thorough Safety Inspection on Laboratories

Purpose	To identify the current safety status and remove the risk factors in advance through a thorough inspection [Pursuant to Article 15 (Implementation of a Thorough Safety Inspection) of the Laboratory Safety Act]
Scope	17 laboratories under the R&D Institute
Inspection Items	Safety in general and in sections of machinery, electricity, chemical engineering, fire-fighting, gas, and others; management of hazardous factors, etc.
Result	Grade 1 (All 17 laboratories achieved the highest grade)

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

KSOE quarterly provides health and safety education to the management and employees to enhance their safety mindset, and examines the results of the health and safety education.

It also includes VR training, safety experience training to offer effective education programs.

Category	Facility
Safety Training Center	11 units
Safety Experience Center	1,388 m ²
VR Safety Training Center	3 units



Medical Facilities and Personnel Status

Category	Status	
Health Promotion Center	In-house facility	·3 doctors, 6 nurses
	Physical / Rehab therapy office	·4 physical therapists ·1 medical training therapist
Local medical office	8 offices	·8 nurses
Oriental medical office		·2 oriental doctors, 2 nurses

Counseling

KSOE 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	·Location: 4 clinics at a main Ulsan plant ·Program: individual or group counseling, psychological tests, psychological education, workshops - The Mind Garden of the HRD Center offers services to employees’ families. - Telephone or video counseling is open to employees working in remote sites.
GRC Counseling Clinic	·Location: HD Hyundai Global R&D Center ·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. Responding to the global pandemic, KSOE 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?

In 2022, KSOE established the health and safety management regulations to build proper working environments and promote the safety and health of all employees. In addition, ISO45001 (Occupational Health & Safety Management System) will be certified within 2022

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. KSOE, its shipbuilding subsidiaries, and partner companies 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 partner companies, are affected by our responsible supply chain management.

How is KSOE managing the issue?

KSOE's shipbuilding subsidiaries have 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. We have also provided guidance to improve the ESG management by examining their commitment to practice the code of conduct and checking their conditions in compliance with the HHI ESG guidelines.

Management System

Vision	Fair, Just and Legitimate Performance		
Objective	Encourage the growth and development of partner companies and thereby sharpen their competitiveness		
Key Policy	Continuously Improving Systems <ul style="list-style-type: none"> Promote the engagement of small and medium sized enterprises Establish an institutional support system 	Establishment of Fair Trade Practices <ul style="list-style-type: none"> Adopt and comply with four subcontracting practices set forth by Fair Trade Commission Establish reasonable trade practices Improve communication with partner companies 	Enhance Competitiveness of Partners <ul style="list-style-type: none"> Increase sales of partner companies Support education, recruitment, technology development and finance
Supporting Organizations	Group Co-Prosperity Committee Ensure consistency in terms of planning, executing and discussing company-wide policies for the co-prosperity	Co-Prosperity Council Take charge of coming up with plans and measures for the co-prosperity with first- and second-tier suppliers	Co-Prosperity Support Organization Put co-prosperity-related policies and strategies into action, evaluating the implementation and providing feedback

Supplier Code of Conduct

HHI stipulates that partner companies should respect human rights, create a safe working environment, protect the environment, and conduct ethical management (ESG management), and the company 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, the company cut off business with 82 partner companies that did not express their commitment to compliance with the Code of Conduct for Partner Companies. HMD and HSHI are also striving for responsible supply chain management by introducing the Code of Conduct for Partner Companies.

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	Prohibit discrimination in hiring and harassment / Guarantee the freedom of association / Prohibit child labor / Ensure voluntary employment / Manage work hours / Provide wages and welfare benefits, etc.
H&S	Establish a safety & health management system / Respond to emergency situations / Manage industrial disasters and Control diseases / Diagnose safety / Comply with safety principles for the management of machinery, equipment, and facilities / Manage health / Provide safety & health education
Environment	Build an environmental management system / Manage air pollutants / Manage water resources and water pollutants / Manage chemicals / Control energy usage and GHG emissions / Manage waste / Manage noise and vibration, etc.
Ethical Management	Secure transparency in trade relationships / Create a fair-trade environment / Disclose information / Protect data / Safeguard identity and Prohibit retaliation, etc.
Management	Voluntary and independent decision-making and improvement / Communication with stakeholders / Responsible management of the supply chain, etc.



Supplier Code of Conduct

What's next?

ESG Consulting for Partner Companies

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

Registration and Rating System for Partner Companies

KSOE's shipbuilding subsidiaries plan to check ESG management-related matters by applying more strengthened measures than the previous years in the registration process of new partner companies and the regular rating process of registered partners (once a year). We also plan to establish a system to help partner companies improve the level of ESG management on their own by sharing the inspection criteria in advance. Furthermore, we will continue to strengthen business relationships through regular communications with partner companies.

Salient Human Rights Issues

08 Protection of Human Rights for 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?

Companies have a variety of impacts on the communities they are associated with in terms of geography and business. Since those influences could affect the matters related to the survival of community residents, such as land ownership, right of residence, and even safety and health, in-depth investigations and considerate consultations are required.

Who is impacted?

KSOE impacts the human rights of residents in the communities it is associated with in terms of geography and business.

How is KSOE managing the issue?

In order not to infringe on the rights of communities, KSOE complies with the relevant laws and continuously consults with the right holders.

Property and Residence Rights Protection for Local Residents

In terms of transferring land ownership for business purposes, KSOE 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. The company also does not use coercive means to take property rights from community residents or engage in any inappropriate forced displacement. The company 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 HHI 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"> •Year 2020: KRW 4.66 billion •Year 2021: KRW 3.92 billion •Year 2022 (up to 3Q): KRW 5.2 billion

Co-Prosperity Activities for Communities

Activity	Details	Performance in 2021	Participants
Care for the Marginalized	Rice giving	<ul style="list-style-type: none"> •KRW 88.63 million - A total of 1,326 bags of rice donated to 21 social welfare centers in Ulsan 	HHI
	Kimchi sharing	<ul style="list-style-type: none"> •KRW 48.42 million - Kimchi delivered to the underprivileged (2,000packs, 5 kg each) 	HHI, HMD
지역사회 상생	Blood donation	<ul style="list-style-type: none"> •Contributed to the stabilization of the blood supply during the pandemic 	1,969 employees engaged
	Support for the vulnerable in Seongnam	<ul style="list-style-type: none"> •Provided free breakfast and laptops •Improved the residential environment for senior citizen living alone 	<ul style="list-style-type: none"> •KRW 80.30 million - 20 children, 52 local children's center - 20 houses of senior citizens living alone

Salient Human Rights Issues

08

Protection of Human Rights for 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 :



Co-Prosperity Activities for Communities (Cont.)

Activity	Details	Performance in 2021	Participants	
Support the Independence of Future Generations	‘Hope ON’ support for heating costs in winter for low-income families	<ul style="list-style-type: none"> Supported the purchase of heating mattress pads and winter blankets for children from low-income 	<ul style="list-style-type: none"> •KRW 20 million •60 low-income households with children 	HMD
	Financial support for children without parents	<ul style="list-style-type: none"> •Sponsored children without parents to lead stable lives and focus on their studies 	<ul style="list-style-type: none"> •23 households 	HSHI

What’s next?

When conducting business, KSOE is determined to minimize the risk factors by actively consulting with community residents whenever issues that may affect local communities arise. In addition, we will also continue to develop new channels to communicate with and support local communities.

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?

The ocean is an arena for KSOE's growth, which is engaged in shipbuilding and maritime business, and at the same time, a place for future generations to live. Under the Group's ESG management vision, 'Future From the Ocean', KSOE is determined to be a 'FutureBuilder' with sustainable value beyond a 'Shipbuilder' that simply builds ships.

Ships built by KSOE and its shipbuilding subsidiaries sail around the world and influence each other with different stakeholders. In particular, the ships in operation produce exhaust gas and underwater noise, resulting in a wide range of effects on the air and marine environment. From the perspective of product responsibility, KSOE strives to reduce the environmental impact that may arise and protect the environmental rights of all stakeholders.

Who is impacted?

Employees of KSOE and local communities near Ulsan, Yeongam, and Gunsan, where the manufacturing plants of our shipbuilding subsidiaries are situated, are stakeholders who can be directly exposed to the environmental impact that our business activities may cause. Community residents and businesses near our workplaces may be directly affected by the harmful effects of various greenhouse gases and pollutants generated from our business sites.

In addition, if marine ecosystems are contaminated while operating the ships built by KSOE, it may cause direct or indirect damage to the employees from our ship-operating customers and numerous stakeholders depending on marine resources for their livelihoods.

How is KSOE managing the issue?

KSOE, an intermediate holding company in the shipbuilding sector of HHI Group, is enhancing its environmental protection capabilities by establishing governance to respond to climate change and developing innovative technologies to reduce the environmental impact.

Governance for Climate Change Responses

KSOE manages and oversees issues regarding climate change through the ESG Committee under its BOD. In addition, the ESG Committee has advisory groups composed of external experts in each sector to manage non-financial risks, including climate change, more professionally.

In addition, HHI Group has formed the ESG Council (composed of Chief ESG Officers from each subsidiary) to promptly and effectively address common issues such as climate change responses.



HHI Group's ESG Governance

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 :



Environmental Management System

KSOE announced our vision for low-carbon and green management through the declaration on environmental management. In addition, we have newly established the HSE Strategy Team, which is in charge of environmental management-related tasks, and are working to acquire the ISO14001 (environmental management system) certificate.

KSOE and its shipbuilding subsidiaries announced the vision for low-carbon and green management through the declaration on environmental management.

〈MANIFESTO FOR ENVIRONMENTAL MANAGEMENT〉

On the pathway to achieving green and sustainable growth through low-carbon and eco-friendly management that brings clean and hopeful futures for the next generation, we shall pledge to take our Seven Commitments of Environmental Management into real practices as follows:

• Seven Commitments of Environmental Management

- 1 We will achieve carbon neutrality to address climate change.
- 2 We will drive eco-friendly technologies for ships forward to low-carbon green growth.
- 3 We will comply with domestic and international environmental laws and regulations.
- 4 We will strengthen our key pillars of environmental management based on ISO 14001.
- 5 We will take the lead in efficient use of resources through saving and recycling.
- 6 We will minimize pollutants in the production process.
- 7 We will make transparent disclosure of environmental information and establish good corporate culture for environmental management.

Climate Change Responses

KSOE established a strategy to respond to climate change by analyzing risk factors that climate change may create and expanded the scope of GHG emission management by disclosing Scope 3 emissions data for the first time in the shipbuilding industry in Korea. If companies fail to take preemptive steps to respond to climate change, which is a factor that may incur enormous social and economic costs, they could encounter crises like the risk of asset loss. KSOE has established a strategic system to take preemptive actions to deal with the risk factors by classifying transition risks caused by climate change according to financial impact and affected period and identifying the risks and opportunities in each category.



2021 KSOE Integrated Report

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 :



R&D for Eco-friendly Ships

KSOE is concentrating its capabilities on developing technologies to commercialize low- and zero-carbon fueled ships. Furthermore, HHI Group will further spur the development of autonomous ships, leading the era of digital navigation that is safer and more eco-friendly.

We have made various efforts to develop and commercialize low-carbon / zero-carbon ships from 2021 to 2022.

Major R&D Achievements

- Obtained Approval in Principle (AIP) certificate related to conceptual design for eco-friendly ammonia fuel gas supply system (FGSS) co-developed with HHI for the first time in the industry (KR)
- Obtained Approval in Principle (AIP) certificate for 40,000m³ liquefied carbon dioxide carrier co-developed with HHI (DNV GL)
- Obtained Approval in Principle (AIP) certificate for 20,000m³ liquefied carbon dioxide carrier co-developed with HMD (ABS)
- Obtained Approval in Principle (AIP) certificate for ammonia-fueled ship and ammonia carrier co-developed with HHI (BV)
- Obtained Approval in Principle (AIP) certificate for the Liquid-hydrogen cargo handling system (KR)
- Obtained Approval in Principle (AIP) certificate for the next-generation LNG fuel gas supply system (DNV, LR)



Green Technology Development Roadmap

What's next?

With the aim to ensure stakeholders' environmental rights in the long term, it is essential to set a carbon neutrality target and develop concrete action plans to achieve it. Accordingly, KSOE has been running a project to build a roadmap for achieving carbon neutrality by 2050. It is scheduled to set an intermediate target and action plans in 2030. Also, we will work to promote the reliability of greenhouse gas emissions data by advancing Scope 3 greenhouse emissions data and an emissions target.

KSOE and its shipbuilding subsidiaries are jointly pushing forward the 'Future of the Shipyard (FOS)', a project to build an intelligent autonomous shipyard, zero-carbon (ammonia, hydrogen) and low-carbon (LNG, methanol, biofuels) fuel propulsion technologies and greenhouse gas reduction technologies through the improved energy efficiency of ships, an exhaust gas cleaning system.

Through all those efforts, we will contribute to preserving marine ecosystems and overcoming the global climate crisis.

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, we are committed to presenting world standards in safety and quality by seeking continuous improvement.

Who is impacted?

The safety of the products and service provided by KSOE and its shipbuilding subsidiaries affects all of the current and potential customers.

How is KSOE managing the issue?

KSOE and its shipbuilding subsidiaries are pursuing to observe the basic quality principles encompassing from sales to after-sale service to satisfy the customers’ expectation for their products and service.

Quality Policy

KSOE 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 HHI 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

KSOE and its shipbuilding subsidiaries conduct customer satisfaction surveys whose questionnaire areas are classified by process of shipbuilding, and implement a stricter and more meticulous quality control by developing the improvement plans for the shipbuilding and delivery processes. In addition, we conduct in-depth face-to-face interviews with the customers (ship owners’ on-site office, customer company visits, etc.) so that we can understand their requirements and improve them, seeking for optimized and tailored quality management. In 2022, we 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 	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

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 :



Principle of Product & Service Safety for Customers

In a devoted move to ensure customer safety and satisfaction, Korea Shipbuilding & Offshore Engineering (KSOE) and its shipbuilding subsidiaries have 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 duties for customer safety, and quality. You can see the detailed information at the HHI Group’s ESG homepage.



Principle of Product & Service Safety for Customers

Information Security and Privacy

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

We follow 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

We pursue prudent technologies to prevent the users’ safety accidents while developing future green technologies including autonomous navigation, zero-carbon ships, etc. We will move close to safe sailing by advancing technologies including on-board safe control and risk identification, etc., as well as optimal paths, sailing speed and collision avoidance based on AI technology. In addition, we 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, we have established the company-wide information security system while providing relevant training for our employees. Going forward, we will draw up a long-term roadmap for data protection and expand the scope of management to all our business sites. In addition, KSOE will establish a roadmap to obtain domestic and overseas certifications (ISO 27001 → ISO 27701), and secure an additional seven experts on information protection.

Special Focus

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

Background

After the Islamic militant group Taliban 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 in cooperation with the United States, and the HHI Group decided to assist 157 people from 29 households at the request of the government.

Details

Job Support by Engaging with Partner Companies

The HHI 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, we helped 29 Afghan talents to join 10 partner companies 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 Afghan people on a free lease, and their employers (KSOE's partner companies) support a part of the maintenance fees. In addition, the employers plan to prepare their own company housing 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 HHI Group helped them adapt to school life by the end of April 2021. We 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, we supported school buses for a month to help the children adapt to school.

Support for Resolving Religious and Cultural Conflicts

As the Afghan people of special merit settled in the Korean community, there arose inevitable conflict between the Afghans and the existing residents. Accordingly, the HHI Group helped the Afghan people to adapt to the local community by actively mediating the complaints from the local residents. We openly support the Afghans to participate in activities in the community.

Special Focus

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

Support for Resolving Religious and Cultural Conflicts (Cont.)

Activities	Time	Partner Organization
Support for children's outdoor activities (refreshments and promotional video shooting, etc.)	Mar. 2022	-
Support for a Children's Day event and family photos (including a meal)	May. 2022	Korea Professional Photographer Association
Participation in the Ulsan Dong-gu voluntary patrol (every Saturday night)	Since Jun. 2022	Ulsan Dong-gu Voluntary Patrol Unit
Support for environmental cleanup through trading volunteer activities (vehicles and refreshments)	Jun. & Jul. 2022	Ulsan Dong-gu Volunteer Center
Support for watching soccer games (vehicles and refreshments)	Jul. & Oct. 2022	Tiger FC
Support for an event to share Chuseok holiday rice cakes (place provided)	Aug. 2022	Korean Red Cross
Support for the operation of the Afghan / Korean family partner programs	Aug. & Oct. 2022	Ulsan Dong-gu Multicultural Center
Support for cultural activities visiting Ulsan and Busan tourist attractions (vehicle provided)	Sep. 2022	Ulsan Dong-gu Multicultural Center
Delivery of gifts for the Chuseok holiday (refreshments and interviews about grievances)	Sep. 2022	-



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Future Plan

The significance of HHI Group's support for the people of special merit from Afghanistan is not limited to charity, for it also helped manpower problems of the Engine Machinery Division. Fulfilling our social responsibilities, the HHI Group will continue to support the government policy to assist the people of special merit from Afghanistan to settle 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		• Our Approach to Human Rights 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 Management p.5 , p.35 •2022 Key Performance p.9
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 Management Committee p.9
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 Management p.5 , p.35 •2022 Key Performance p.9 •Prohibition on Discrimination p.15
A.2.4	How does the company make clear in its business relationships the importance it places on respect for human rights?	•Our Approach to Human Rights p. 3-5 •Responsible SCM p.22-23
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.11 •2022 Key Performances p.8-9 •Responsible SCM p.22-23
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 Saliency Assessment p.7
B.2. Describe how the salient human rights issues were determined, including any input from stakeholders.		•Human Rights Impact Assessment p.11
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 Management p.5 , p.35
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 Programs p.9
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 Communications p.6

UNGPRF Questions		Location
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 Communications p.6 •Human Rights Saliency Assessment p.7 •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.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?		•Our Approach to Human Rights 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?	•Our Approach to Human Rights p.4 •Human Rights Impact Assessment p.11
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 KSOE 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?	
REMEDIATION		
C.6 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.11-12
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 Korea Shipbuilding & Offshore Engineering (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.

Article 10 (Prohibition on Forced Labor and Child Labor)

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

Appendix (2) Guiding Principles for Human Rights Management

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.

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. The Company complies with the general principles in this Chapter to prevent human rights abuse beforehand and make efforts to relieve damage.
- ② The duties of the exclusive organization include:
 1. Planning and implementing human rights promotion on a yearly basis;
 2. providing human rights education

Appendix (2) Guiding Principles for Human Rights Management

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.

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.

Appendix (2) Guiding Principles for Human Rights Management

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.
- 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 IV HUMAN RIGHTS MANAGEMENT COMMITTEE

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 and other measures to be taken.

Appendix (2) Guiding Principles for Human Rights Management

- ③ 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 National Human Rights Commission of Korea or investigative agencies.
- ④ 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 26, 2022.

KSOE KOREA SHIPBUILDING &
OFFSHORE ENGINEERING