

# ABOUT THIS REPORT

## Report Overview

This report is the second Sustainability Report published by Halla Corporation, and it consists of the table of contents with a focus on six core areas to fulfill our sustainable management – ‘Environment’, ‘Technology Innovation’, ‘Safety/Human Rights/Labor’, ‘CSV/CSR’, ‘Value Chain’, and ‘Ethics’. Through this report, we intend to transparently disclose our economic, environmental, and social values as well as our efforts in creating a better tomorrow to our stakeholders.

## Reporting Standards

This report was prepared in accordance with the Core Option of the GRI (Global Reporting Initiatives) Standards, a reporting guideline for sustainability management, and reflected the SASB (Sustainability Accounting Standards Board) Index as well as the UN SDGs (Sustainable Development Goals).

## Reporting Period

This report covers our activities and achievements from January 1, 2021, to December 31, 2021. The quantitative performances are reported for three years starting from 2019 to 2021, while some significant achievements made in the first half of 2022 are also included.

## Report Assurance

This report was verified by a third-party assurance agency, the British Standards Institution (BSI), to ensure the reliability and fairness of the report. The assurance statement can be found on page 106~107.

## Reporting Cycle

Annually (Last published on July 19, 2021)

## Contact

289 Olympic-ro, Songpa-gu, Seoul, Republic of Korea

Green Management Team

Tel. +82-2-3434-5114

www.halla.co.kr



sustain.halla@halla.com








## Summary Background

Halla Corp. has simultaneously published a summary version of this report. The summary report is 56p, which is about half the content of this report. The summary report has been printed instead of this report. By using less paper as compared to last year, we have contributed to the reduction of CO2 emissions and energy use. Halla Corp. will continue to consider sustainability in every step of the way.

## Web-based Halla Corp. Management Information

Halla Corp. discloses management information on our corporate website regularly in a transparent manner. Information on our sustainability management is also provided through diverse channels including the official website, YouTube, Instagram, and Naver Post.

 Halla Corp. website  Sustainability Management  
Halla Corp. PR Center  
Halla Corp. Investors

 You Tube   
 Naver Blog   
 Naver Post   
 Instagram 



## Cover Story

The cover of this report expresses the UN SDGs related to Halla Corp.’s six major promotion strategies combined with a circuit board. The cover reflects the ESG management will and execution power of Halla Corp., which has been reborn as a construction company with a new concept of using the Digital Transformation of construction and IT convergence as a growth engine.

# CONTENTS

## Business Overview

CEO Message	4
About the Group	5
About the Company	6
Business Area	8

## ESG Strategy

ESG Strategy and Promotion System	13
-----------------------------------	----

## ESG Fundamental

Stakeholder Engagement & Communication	16
Materiality Assessment	18

## Change today & Make tomorrow

### Focus 1. Environment

Environmental Management	23
Environmental Control	28

### Focus 2. Technology

Technology Innovation	36
-----------------------	----

### Focus 3. People

Safety	42
Human Rights	49
Labor	52
Quality	57

### Focus 4. Community

Social Contribution	63
---------------------	----

### Focus 5. Supply Chain

Value Chain	68
-------------	----

### Focus 6. Ethics

Ethics	74
Governance	77
Risk Management	79

## Appendix

ESG Data Center	83
SASB	96
GRI Content Index	98
Halla Corp. UN SDGs Implementation Status	102
Halla Corp. Principles of Human Rights Management	104
Awards and Memberships	105
Independent Assurance Statement	106
Greenhouse Gas Emissions Assurance Statement	108

# CEO MESSAGE

**STRIDE**

toward Better Tomorrow !



In the midst of challenging business conditions arising from the Covid-19 pandemic over the last year, Halla Corp. has carried out various activities to secure absolute cost competitiveness, strengthen marketing capabilities, and ensure strict quality, safety, and environmental control under the management policy of Dynamic Halla. As a result, we have achieved great outcomes across most of our business areas including an upgraded credit rating to BBB+, and an all-time high level of order balances.

In addition to these achievements, Halla Corp. is realizing the values our stakeholders expect of us and is growing into a sustainable company through ESG management.

Halla Corp. established the ESG management mission of ‘Change Today & Make Tomorrow’, setting six core areas to fulfill the mission. Furthermore, we created an organization in charge of each area directly under the CEO to conduct activities for each area designed to practice sustainable management and thereby made continuous efforts to create ESG value.

Within the environmental sector, where corporate responsibility is increasing, we upgraded the system to implement environmental management policies in a more practical way. We took actions to reduce greenhouse gases voluntarily and had our greenhouse emissions assured by a third-party to respond to the climate crisis.

Moreover, with the increasing social demand for safety, we expanded the smart safety and health system, Hi-SMART Integrated Management System, to conduct preventive management of risk factors during work, while performing regular mock training exercises to quickly respond to unexpected situations that may occur at the workplace. We have also launched

our safety and health campaign led by the CEO for all sites and fostered a corporate culture that puts worker safety first, such as operating a risk reporting center at all sites for workers who need to self-report risks via a mobile system.

Additionally, we reorganized the Internal Transaction Committee, which was established to enhance management transparency, into the Integrity Management Committee to strengthen the sustainability management system. Furthermore, we appointed our first female independent director to secure gender diversity within the board of directors.

Under the management policy of “STRIDE TOWARD BETTER TOMORROW,” Halla Corp. will further solidify our foundation for sustainable growth by realizing continuous profits through high-quality sales activities and resolving uncertainties through meticulous risk management. We will also expand the driving force for new businesses, such as investments in M&A for blue-chip and startup companies, and secure new eco-friendly businesses and new technologies in consideration of future values.

Through the 2021 Sustainability Report, Halla Corp. promises to implement stakeholder-friendly management activities faithfully and share the results in pursuit of becoming a sustainable company while simultaneously promoting business growth. We would like to ask for your interest and support for the various sustainable management activities that we will promote in the future.

CEO of Halla Corp., **Lee Seok-min**

이석민

# HALLA GROUP

## Halla Group

Halla Group, established with the foundation of Hyundai International Inc. in 1962, is the first company in Korea to produce heavy equipment, which set a milestone in the Korean history of the heavy industry ranging from shipbuilding, heavy industry, construction, to automobiles. With rich expertise and technology, Halla Group has led many different industries including construction, automobile, and education. Today, Halla Group is growing into a global corporation through expanding its presence to the US, China, Asia, Europe, and Southern America.

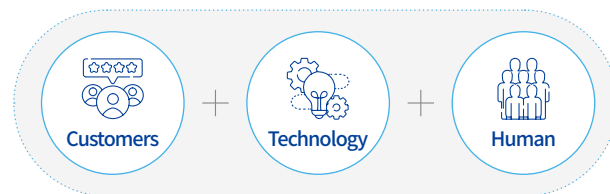
### Affiliates of Halla Corp. (Domestic 14, Overseas 29)

<b>Holdings Company</b>	Halla Holdings, Halla REITs Management
<b>Automotive Sector</b>	Mando, HL Klemove and Mando Brose
<b>Construction</b>	Halla Corp., Mokpo New Port Terminal, Halla OMS and Halla GLS
<b>Education &amp; Sports</b>	Halla University, Anyang Halla Ice Hockey Club and J.J. Halla

### Halla Group Vision

**Innovator Today, Pioneer Tomorrow**

### Management Philosophy



### Core Values



### Sustainability Management Directions

Financial Performance	Indirect Contribution to Economy	Eco-friendliness & Co-prosperity	Social Contribution
Business performance directly generated by economic activities of the company	Value indirectly contributed through the economic activities of the company	Value created by building a stakeholder-oriented ecosystem	Value created through philanthropic activities to social communities
<b>Growth/Profitability</b>	<b>Employment/Dividend/Tax</b>	<b>Eco-friendly/Shared growth</b>	<b>CSR 5-Together</b>

### Halla Way

The Halla Group's managerial objective is to become a permanent, sustainable company by coping with the rapidly changing domestic and foreign business environment and building customer trust. In order to accomplish this, the Halla Group will work properly and move toward a better future. We defined the road and direction in which the Halla Group will proceed: the Halla Way.

<b>Managerial Objectives</b>	Sustainability : Sustainable Growth / Profit
<b>Future-Oriented Halla Way</b>	Work properly : <b>Work Smart</b> Toward a better future : <b>Innovation</b>
<b>Preparation (frame)</b>	<p>Strategy : Strategy to make preemptive strategies for changes in the business environment Core competence Spirit : Driving force for perpetual Core competencies and Strategy Implementation (Corporate Culture/ Core Value/ Management Philosophy)</p>
<b>The four major tasks of the Halla Way</b>	<ol style="list-style-type: none"> <li>1. Select and Focus</li> <li>2. Establish a system to work</li> <li>3. Secure Resources</li> <li>4. Respected Corporate Culture</li> </ol>

# HALLA CORPORATION

## Halla Corp.

Since our establishment in 1980, Halla Corp. has carried out various construction projects both home and abroad, serving as the backbone for Korea's economic growth. Our outstanding capabilities are well recognized in civil engineering, construction, housing, plants, and environmental projects. From the national industrial infrastructure project to the prestigious residential space "Halla Vivaldi", our safety and quality have grown with our competitiveness. Going forward, we will not cease our efforts in challenging and transforming ourselves in pursuit of the environment and customer values as our foremost priority.

### Company Overview

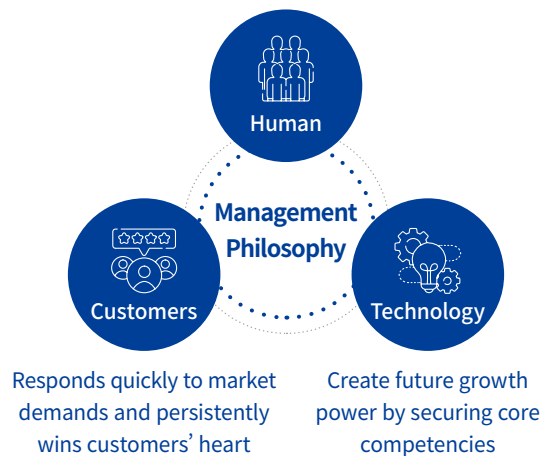
Company Name	Halla Corp
Date of Establishment	May 2, 1980
Date of Listing	August, 1994
CEO	Lee Seok-min
Address	289 Olympic-ro, Songpa-gu, Seoul, Republic of Korea
Business Areas	Construction (architecture, housing, civil engineering, plant), Non-construction (distribution, logistics, leisure, smart research, etc.)
Annual Sales	KRW 1.4753 trillion (as of 2021)
Number of Employees	1,160 persons <sup>(1)</sup> (as of December 31, 2021)

(1) Includes the number of regular, non-regular, and dispatched employees based on the 2021 annual report

### Management Philosophy

Halla Corp. designs products and services based on talents and technology with its heart and soul and makes contributions for the well-being of customers and others.

With the view, that "the company is the workforce", discover and nurture talents to create the future



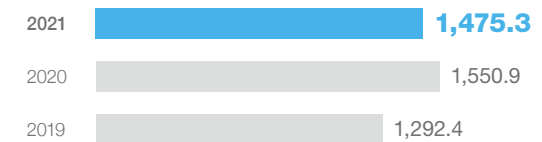
### A Permanent and Healthy Growing Company



### Major Financial Performance

(Unit: KRW billion)

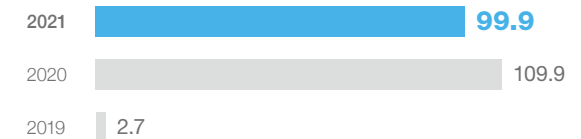
#### Sales



#### Operating Income



#### Net Profit



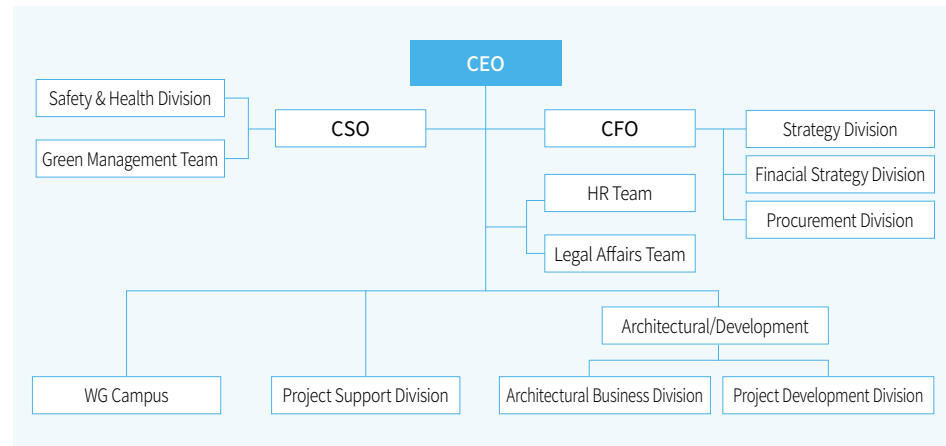
#### Order Backlogs

(Unit: KRW: trillion)



## Organizational Chart

Halla Corp. established ESG management organization system by creating the ESG office on May 1, 2021. The green management team was formed to establish and evaluate ESG management strategy and implementation tasks. Based on this, we have embodied the foundation for the transition to a sustainable company that is eco-friendly and future-oriented.

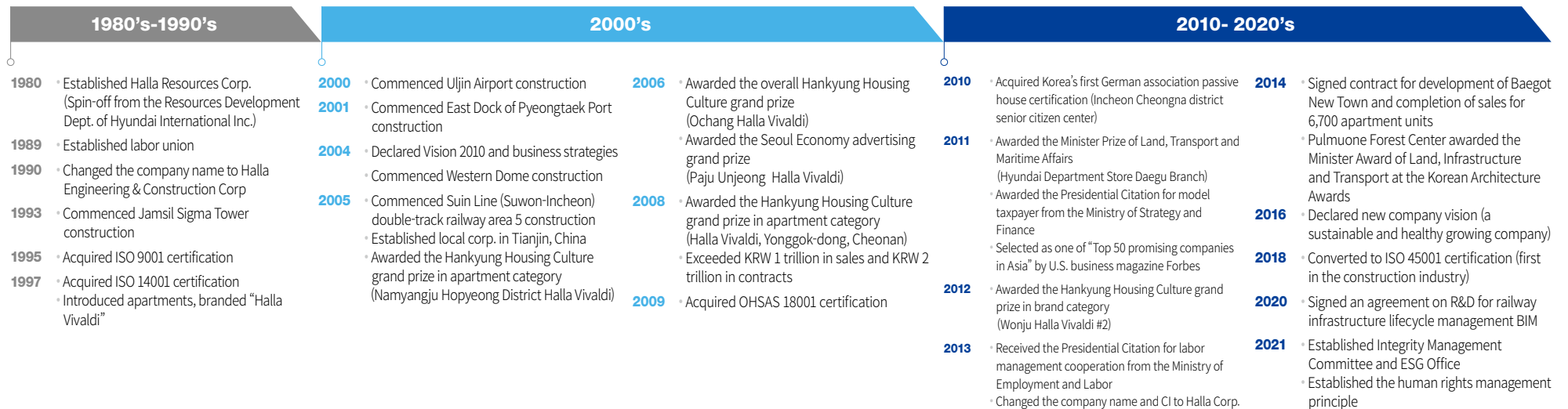


## Major Affiliates

Halla Corp. owns subsidiaries in various business fields such as logistics, ports, and environment. We strive to enhance profitability by constructing a diversified business portfolio and securing stable cash flow in the mid to long term.



## History



# Business Areas

Since our establishment in 1980, Halla Corp. has been recognized for our outstanding capabilities both at home and abroad by carrying out various construction projects including construction, housing, and infrastructure projects. With our differentiated engineering capabilities and advanced technology, we conduct projects in various parts of the country, including overseas countries such as Vietnam and Bangladesh. Moreover, we are expanding our distribution and non-construction business areas for the sustainable growth of the company. Additionally, we are actively promoting a combined business strategy with the IT sector, and are expanding investments in promising startups and M&As that combine construction and IT.

## GO BEYOND CONSTRUCTION



Secure competitiveness and strengthen ability to respond to economic fluctuations through portfolio diversification

### Construction



Architecture



Housing



Infrastructure

### Non-Construction



Logistics



Distribution



Leisure

### New-Business



Construction+  
Finance



Construction+ IT



Investment in  
Startups and  
M&A



# ARCHITECTURE

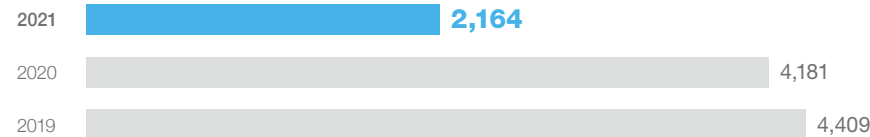
## ARCHITECTURE

### Halla Corp. is leading your changing dreams.

Halla Corp. has been leading a sustainable architectural culture by building high-quality buildings that harmonize with nature based on the trust built in various construction fields.

#### New Orders in the Architecture Sector

(Unit: KRW 100 million)



**Sejong Government Complex** (April 2020 ~ August 2022)

**Summary:** Gross floor space of 134,489.31m<sup>2</sup>, B3-15F, Business facility (Public building)



**Songdo Halla Western Park** (November 2017~January 2021)

**Summary:** Gross floor space of 107,220.55m<sup>2</sup>, B3-37F, two buildings, accommodation and neighborhood living facility



**Namyangju Hyundai Outlet** (December 2018~September 2020)

**Summary:** Gross floor space of 130,115.07m<sup>2</sup>, B1-5F, sales facility, cultural and assembly facility



**Samsung Electronics Pyeongtaek Campus** (July 2018~February 2020)

**Summary:** Gross floor space of 125,007.32m<sup>2</sup>, 1-6F, Parking lot and Over Bridge



# DEVELOPMENT

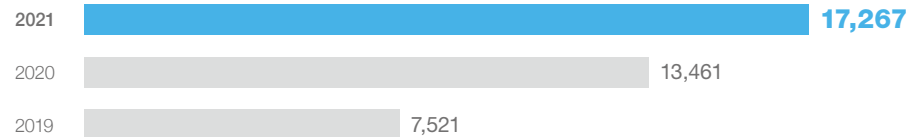
## DEVELOPMENT

**Halla Corp. dreams of creating a life in which humans, nature, and technology live in harmony.**

To further raise our reputation for premium housing, Halla Corp. is promoting redevelopment and rebuilding projects, while focusing on the development of eco-friendly and future-oriented residential spaces.

### New Orders in the Development Sector

(Unit: KRW 100 million)



**Sosa Station Halla Vivaldi Prestige** (January 2021~November 2023)

**Summary:** Gross floor space of 28,131,81m<sup>2</sup>, B5-36F, 2 buildings, 166 households



**Dangjin Sucheon Halla Vivaldi** (June 2018~November 2020)

**Summary:** Gross floor space of 116,429.50m<sup>2</sup>, B2-27F, 7 buildings, 839 households



**Gimhae Samgye Dugok Halla Vivaldi Centum City**

(December 2018~December 2021)

**Summary:** Gross floor space of 304,487.99 m<sup>2</sup>, B2-29F, 21 buildings, 1,936 households



**Yangpyeong Station Halla Vivaldi** (February 2021~September 2023)

**Summary:** Gross floor space of 241,157.27m<sup>2</sup>, B2-20F, 16 buildings, 1,602 households



# INFRASTRUCTURE

## Civil Engineering/Plant

**Halla Corp. makes continuous efforts to create a tomorrow that's more free and convenient than today.**

To take the lead in building the foundation of a life that everyone can enjoy with confidence, Halla Corp. builds infrastructure for the public with pioneering thinking, technology, systematic safety, and construction management.

### New Orders in the Infrastructure Sector

(Unit: KRW 100 million)



**Hyundai Oil Bank 19th Ferry wharf** (February 2019~September 2021)

**Summary:** Newly constructed 120,000 DWT Dolphin wharf 1 (1<sup>st</sup> Dolphin, 1<sup>st</sup> Service Dolphin, 1<sup>st</sup> Breasting Dolphin, 6<sup>th</sup> Mooring Dolphin)



**Dongbu Expressway extension construction (Zone 2)**

(December 2008~December 2012)

**Summary:** Road extension L=3.2km, 2 lanes → 3 lanes  
(Underground road L=2.99km 1 site, B=13.75~20.72m)



**Janghang Line Zone 3** (November 2014~August 2021)

**Summary:** Total extension L=7.2km (Earthwork L=0.9km, Bridge L=0.9km, Tunnel L=5.4km)

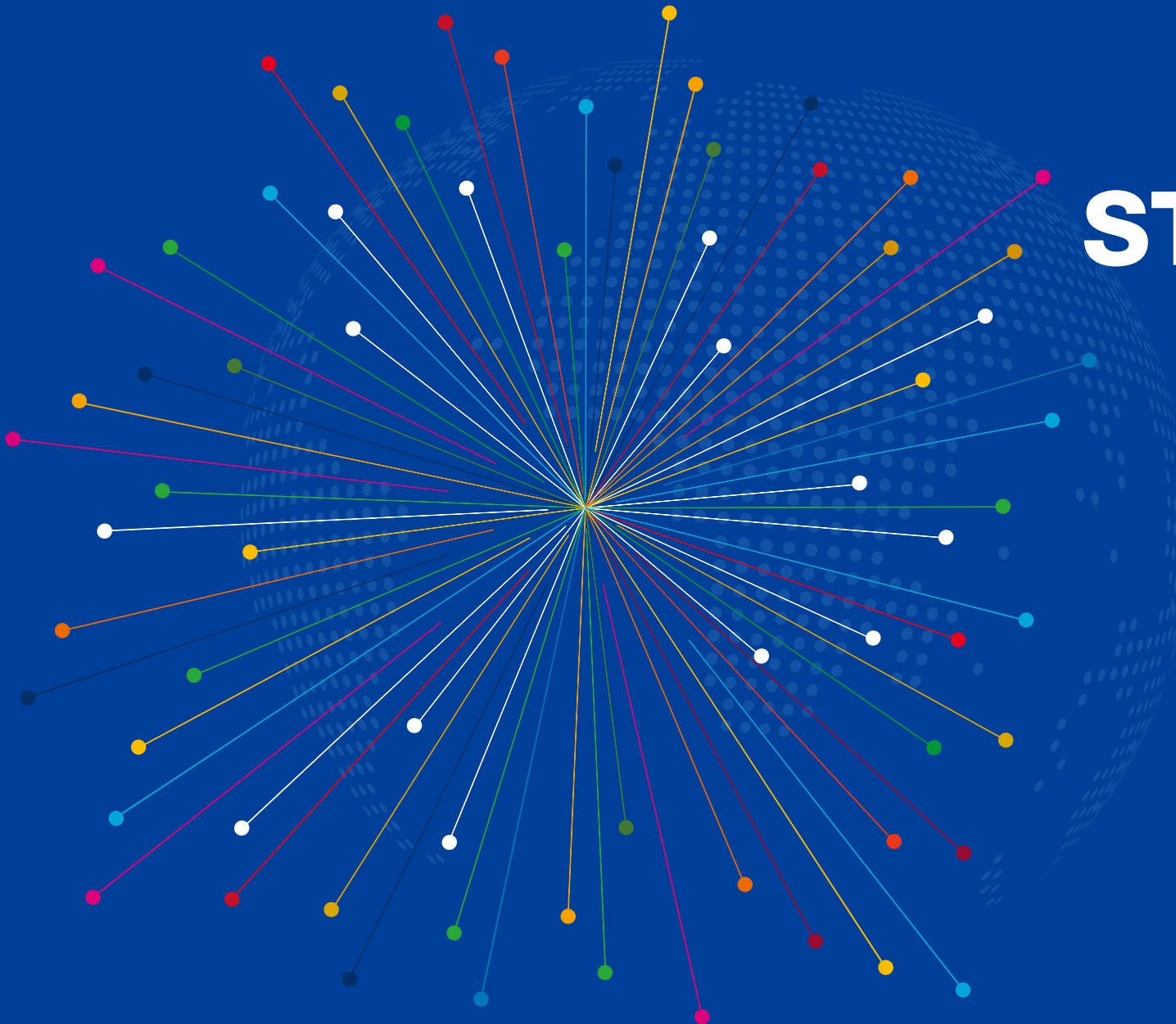


**Gyeongbu Expressway re-alignment construction (Zone 1, 2)**

(December 2016~June 2023)

**Summary:** L=2.9km (Underground road L=0.91km, Bridge L= 0.104km, Earthwork L= 1.886km)

# ESG STRATEGY

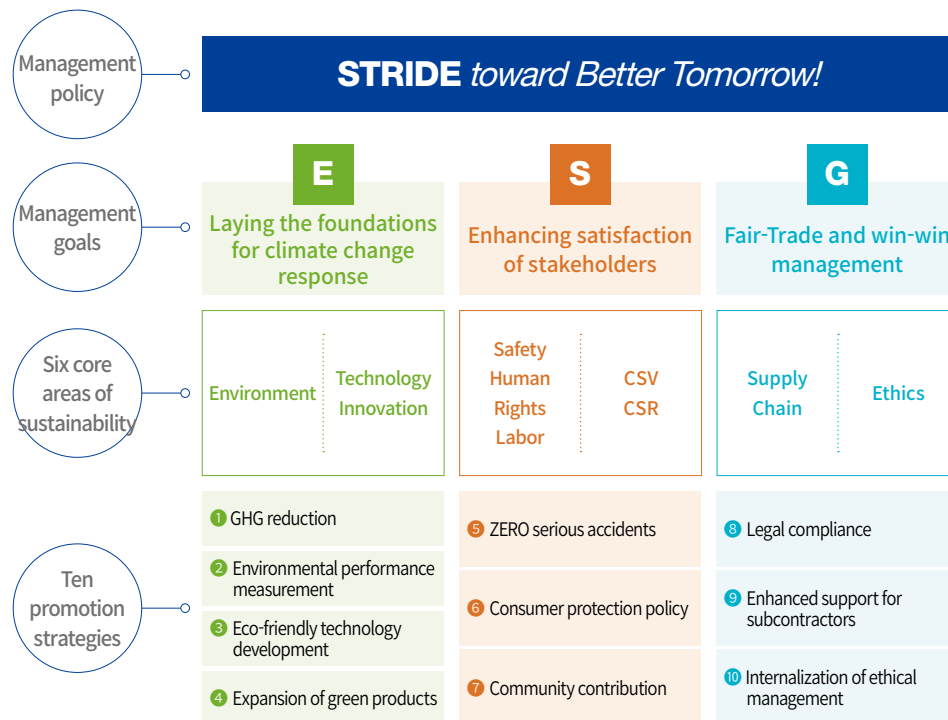


Halla Corp. ESG Management Strategy and Promotion System 13

# Halla Corp. ESG Management Strategy and Promotion System

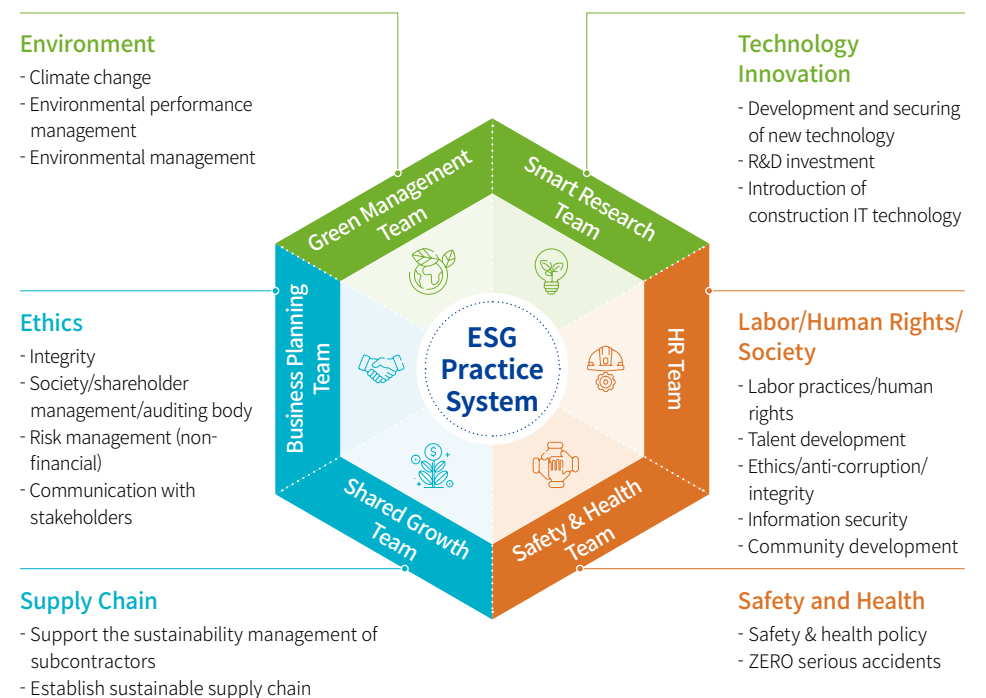
## Halla Corp. ESG Management Strategy

Halla Corp. has established our own ESG management strategy to move toward a better tomorrow. We set management goals for each area of Environment, Society and Governance, selecting six core areas that require intensive management to set and reach the goals (Environment, Technology Innovation, Safety/Human Rights/Labor, CSV/CSR, Value Chain and Ethics) as well as ten promotion strategies. We aim to fulfill our responsibilities for the sustainable development of society, including corporations, by practicing ESG management based on our promotion strategy since December 2021.



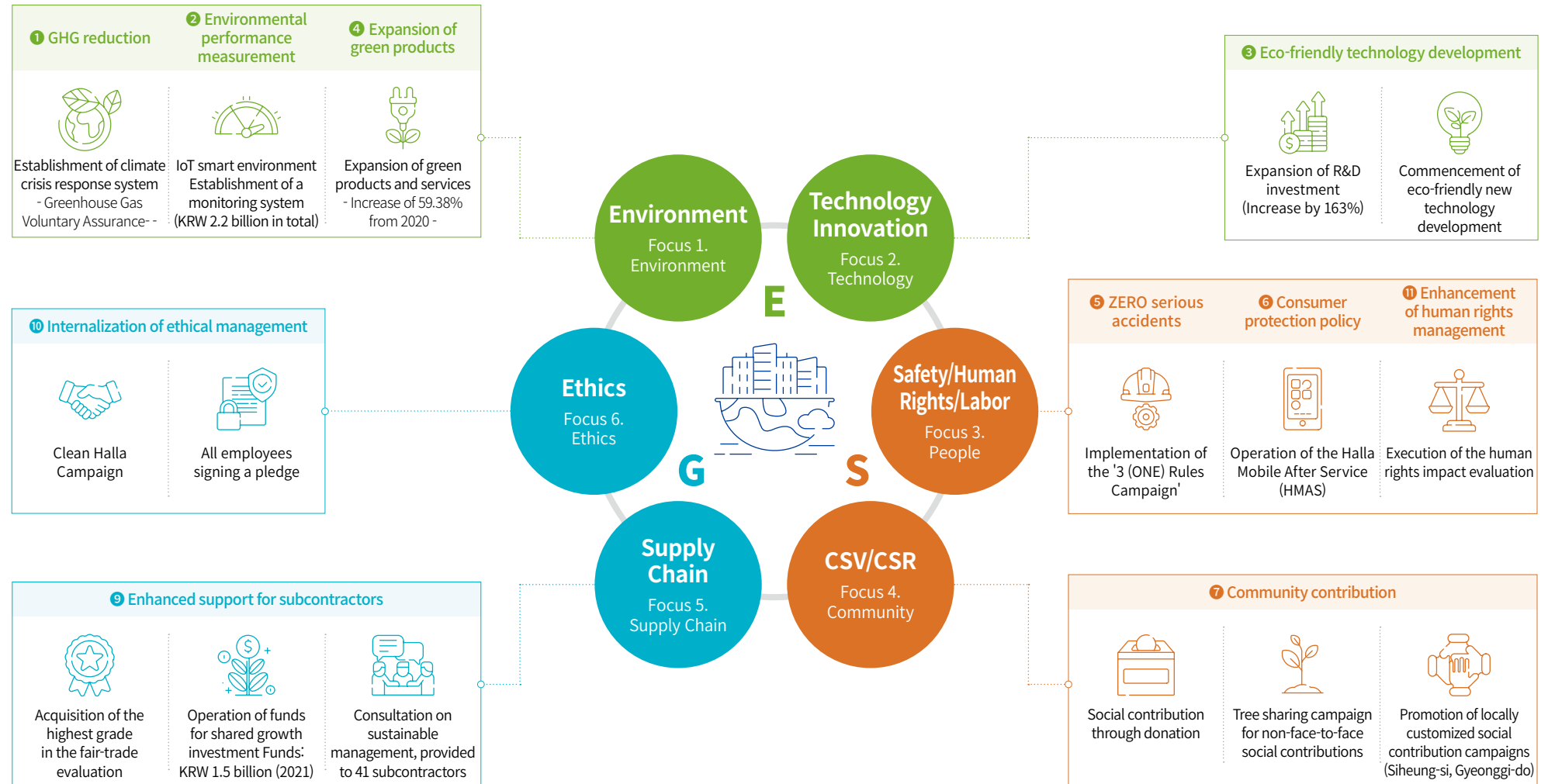
## Halla Corp. ESG Management Promotion System

Halla Corp. has reestablished the sustainability management system based on six core areas to systematically implement the established ESG management strategies. We have six teams in charge of each core area to respond to related issues while a dedicated organization for sustainability management, the Green Management Team, oversees those teams. Our organizations for ESG management promotion are operated under the direct control of the CEO. We have practiced ESG management since January 2022 under the reorganized promotion system.



## 2021 Key Achievements in Six Core

Halla Corp. has selected the following 6 core areas: Environment, Technology, People, Community, Supply chain, and Ethics as the focus themes of this report. As a result of our efforts to achieve the ten promotion strategies for the six core areas in 2021, we were able to achieve the following results. Additional information on our achievements and responses in sustainability management is available under the 'Change Today & Make Tomorrow' section of this report.





# ESG FUNDAMENTAL

Stakeholder Engagement & Communication 16

Materiality Assessment 18

# Stakeholder Engagement & Communication

## Stakeholder Engagement Channel

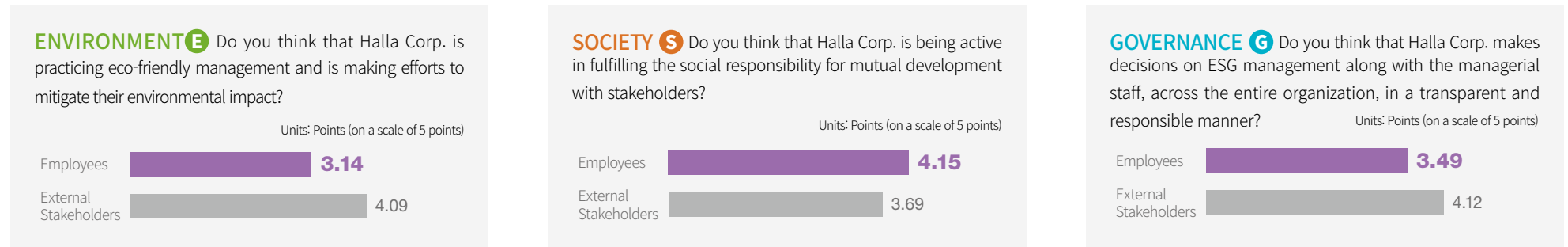
Halla Corp. identifies our major stakeholders surrounding the company as customers, shareholders and investors, subcontractors, employees, local communities, and the government/media/academia. We operate customized communication channels to collect opinions of stakeholders for stable communication across groups. In the future, we will continue to communicate with our stakeholders and incorporate their opinions in our management to become a better company.

Stakeholders	Customers	Shareholder and Investors	Subcontractors	Employees	Local Community	Government, Media, and Academia
						
Communication Channels	<ul style="list-style-type: none"> <li>Voice of customers</li> <li>Website for contractors</li> <li>Cultural events for prospective residents 'Together Halla'</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders' meetings</li> <li>Reports (business/audit/sustainability)</li> <li>YouTube</li> </ul>	<ul style="list-style-type: none"> <li>Hanwoolhoe (subcontractors' council for autonomous co-prosperity)</li> <li>Discussion meeting with new subcontractors</li> <li>Subcontractor proposal system</li> <li>Networking group for subcontractors</li> </ul>	<ul style="list-style-type: none"> <li>Online IR conference</li> <li>The Group's internal PR channel 'Hallo'</li> <li>Labor-management council</li> <li>Employee training and workshops</li> <li>Seminar for business plan briefings</li> </ul>	<ul style="list-style-type: none"> <li>Halla Corp. website</li> <li>Local volunteer programs</li> <li>Local welfare institutions</li> </ul>	<ul style="list-style-type: none"> <li>Reports (business/audit/sustainability)</li> <li>Diverse councils</li> <li>Industrial discussion meetings</li> <li>Off-line meetings</li> </ul>
Opinions from Stakeholders in Each Area	Environment	<ul style="list-style-type: none"> <li>Reduction of fine dust generated at the construction site</li> <li>Utilization of renewable energy in residential facilities</li> </ul>	<ul style="list-style-type: none"> <li>Response to strengthening environmental regulations</li> </ul>	<ul style="list-style-type: none"> <li>Waste recycling</li> <li>Continuous management of environmental pollution such as fine dust and noise</li> </ul>	<ul style="list-style-type: none"> <li>Response to strengthening environmental regulations</li> <li>Requirement to respond to environmental issues in consideration of the characteristics of the construction industry</li> </ul>	<ul style="list-style-type: none"> <li>Environmental protection activities for the local community</li> <li>Expansion of renewable energy utilization</li> <li>Expansion of investment to solve environmental problems</li> </ul>
	Society	<ul style="list-style-type: none"> <li>Safety management at construction sites</li> <li>Necessity for efforts in collecting opinions from local residents</li> </ul>	<ul style="list-style-type: none"> <li>Improvement of on-site culture for safety issue management</li> </ul>	<ul style="list-style-type: none"> <li>Prevention of construction delay through civil complaint management at construction sites</li> <li>On-site operation based on expertise and know-how</li> </ul>	<ul style="list-style-type: none"> <li>Talent development plan for site and business operation</li> <li>Exploration of preventive measures for employee safety accidents</li> </ul>	<ul style="list-style-type: none"> <li>Community sharing practice</li> <li>Solving local problems through communication with the local community</li> <li>Resolving conflicts with labor and local residents through smooth communication</li> <li>Strengthening safety awareness at construction sites</li> </ul>
	Governance/Business	<ul style="list-style-type: none"> <li>Transparent governance</li> <li>Securing quality competitiveness</li> </ul>	<ul style="list-style-type: none"> <li>Requirement in responding to the inherent ESG risk of the construction industry</li> </ul>	<ul style="list-style-type: none"> <li>Continuous investment in future driving force</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of investment in future driving force</li> <li>Governance risk management through implementation of integrity management</li> </ul>	<ul style="list-style-type: none"> <li>Reinforcement of ethical management</li> <li>Raising ESG awareness of internal employees</li> <li>Implementation of Halla Corp.'s distinct ESG management programs</li> <li>Preparation for increasing prices of raw materials such as cement</li> </ul>



## ESG Management Perception

In 2021, Halla Corp. conducted a survey of internal and external stakeholders to comprehend their perception of our ESG management and listen to their suggestions as well as expectations for ESG management. The results showed that external stakeholders had a more positive perception of Halla Corp.'s ESG management compared to the internal stakeholders-the employees. The employees showed high scores in the domain of Society while the external stakeholders showed high scores in the domain of Governance. We will take the lead in advancing the ESG management with our stakeholders by incorporating the opinions collected from the surveys.



## Stakeholder Value Distribution

(Units: KRW million)

Division	Shareholders		Subcontractors (Expenses for outsourcing domestic construction)	Employees (Total annual salary)	Local Community (Donations)	Government (Corporate tax payment)
	Dividend	Purchase of treasury stock (retirement) <sup>(1)</sup>				
2021	9,023	9,951	727,742	131,446	1,679	14,168
2020	28,467	29,993	819,557	120,750	1,241	20,472

(1) Dividends and treasury stock purchases were carried out from 2021 to 2022 with profits available for dividends for the 2020-2021 fiscal year

# Materiality Assessment

Halla Corp. conducted a materiality assessment to identify material issues within the areas of environment, society, and governance/business. We created a pool of ESG issues surrounding Halla Corp. that have been derived through analysis of stakeholder surveys, ESG international standards, benchmarking within the industry, and media coverage of Halla Corp. Based on the derived issue pool and analysis, we assessed the likelihood and impact of the issues and selected seven material issues of ‘Safety Management’, ‘Wastewater and Waste Management’, ‘Talent Management’, ‘Air Pollution’, ‘Environmental Laws’, ‘Response to Climate Change’ and ‘Local Community’. This report contains our responses and achievements on 21 ESG issues including seven material issues.



## Material Issues Selected in 2021

### Material Risk Matrix



In 2021, Halla Corp. expanded 16 issues for each ESG area to 21 compared by 2020, considering that internal and external environment is changing rapidly. In particular, we subdivided issues of the environment (E) area by reflecting the characteristics of the construction industry that affects the environment of the project's region in various way.

#### Material Issues in Order of Priority

#### Report Topics

#### Page

#### 1. Safety Management



- Safety and health management
- Safety and health management for subcontractors
- Safety management activities

42~48

#### 2. Waste Water and Waste Management



- Waste management
- Waste reduction activities
- Water resource management and water consumption reduction

32~33

#### 3. Talent Management



- Talent management system
- Reinforcement of employee competency
- Strengthening support for key talent
- Improvement of contract system
- Securing diversity and inclusion
- Work culture for employees
- Welfare program

52~55

#### 4. Air Pollution



- Measures to reduce scattered dust and fine dust
- Establishment of IoT smart safety environment monitoring system

29

#### 5. Environmental Laws



- Compliance and management of environmental laws

27

#### 6. Response to Climate Change



- Company-wide greenhouse gas emission management
- Expansion of solar power system
- Response to climate change

29~31

#### 7. Local Community



- LIVE TOGETHER
- GREEN TOGETHER
- MOVE TOGETHER
- IMAGINE TOGETHER

64~65

# CHANGE TODAY & MAKE TOMORROW

## Environment

Focus 1. Environment **21**

Focus 2. Technology **34**

## Society

Focus 3. People **40**

Focus 4. Community **61**

## Governance

Focus 5. Supply Chain **66**

Focus 6. Ethics **72**

## FOCUS 1.

# ENVIRONMENT

## Protecting the Environment Together

### 2021 KEY FIGURES 1

Expansion of green products and services

Increased by

**59.38%** (since 2020)

### 2021 KEY FIGURES 2

Establishment of IoT smart environment monitoring system

in Total KRW

**22 billion**

### 2021 KEY FIGURES 3

Establishment of climate crisis response system

**Greenhouse gas voluntary assurance**



[Link to UN SDGs](#)

### ISSUE IMPORTANCE

Since construction work directly impacts the local environment by discharging scattering dust, wastewater, and waste during the progression of projects, related laws and regulations have been gradually strengthened. With the increasing importance of responding to global climate change, it has also become a common task for companies, regardless of industry boundaries, to reduce carbon emissions. To this end, Halla Corp. is not just complying with environmental regulations, but is also acting in response to climate change through investment in green technologies and R&D, realizing the vision of eco-friendly construction through strict environmental control.

### RISK

- Reinforcement of domestic and foreign environmental laws and regulations
- Air delay and safety disasters due to abnormal weather

### OPPORTUNITY

- Securing industrial competitiveness through green technology development
- Reduction of construction period and waste through green technology

### HALLA STRATEGY

Halla Corp. has built a system for collecting environmental performance data to respond systematically to environmental issues, including climate change. Since 2021, Halla Corp. has established procedures for the management of greenhouse gases, resources, water, and waste, and conducted third-party assurance of GHG emissions to improve the objectivity and accuracy of our environmental data. Additionally, Halla Corp. conducts environmental education for employees on a regular basis to raise internal awareness, and to solidify our efforts to strengthen environmental management.

### TARGET

- Establishment of environmental management performance indicators
- Reducing Greenhouse gas voluntary

### NEXT STEP

- Program planning to raise awareness of employees related to environmental management
- Green technology development and investment enhancement

## INTERVIEW



Head of the Paju Business Division, Incheon Business Office, Korea Land and Housing Corporation (LH)  
**Jeong Sang-hoon**

It is essential for all companies, including companies in the construction industry, to establish and implement measures to fulfill ESG management. Even though environmental issues can provide challenges to corporate management, it can also be a chance to open doors to new markets through expansion of various environment-related industries. The environmental management activities that have been performed by Halla Corp., including third-party assurance of greenhouse gas emissions, reduction of energy consumption, use of eco-friendly materials, and efforts to minimize waste are indeed commendable. I believe that if Halla Corp. as a large construction company, can focus on the implementation stages of business such as the use of eco-friendly materials, efficient operation of equipments, etc., the interest and practice of environmental management will eventually spread to the subcontractors. Construction companies tend to perceive environmental management to implement greenhouse gas regulations. With an outstanding history and scale of business, Halla Corp., is a leading company for Korea's construction culture. Thus, I would like to ask Halla Corp. to continue to serve as an example to raise awareness that environmental management is our common obligation which must be pursued together.



CSO of Halla Corp.  
**Lee Yong-joo**

Environmental problems in ESG management cannot be resolved without mid-to-long term strategies and the efforts of all members of our society. In that climate change is the result of human economic results, Halla Corp. is currently engaged in economic activities, and we have an obligation to preserve the environment, and leave it for future generations. Therefore, Halla Corp's environmental management is key to environmental preservation and the response to increasing global environmental issues such as climate change, water shortage, and resource depletion.

We intend to contribute to the sustainable development of humanity and society by implementing the environmental management activities of all our employees. To create a world where nature and humans coexist in harmony, we are making efforts to minimize our environmental impacts and attain 'ZERO environmental problems'. Moreover, although we are not a company subject to energy target management system, we have set up a greenhouse gas inventory system since 2018 and have been conducting third-party assurance of our GHG emissions since 2020. Furthermore, we estimate our GHG emissions in each, Scope (Scope 1, 2, and 3) voluntarily as part of our efforts to reduce greenhouse gas emissions. In the future, we will improve our corporate reputation as an eco-friendly company through continuous environmental management efforts such as the use of eco-friendly raw materials, development of new green technologies, and potential environmental risk control with an aim to increase corporate values and practice sustainable management.

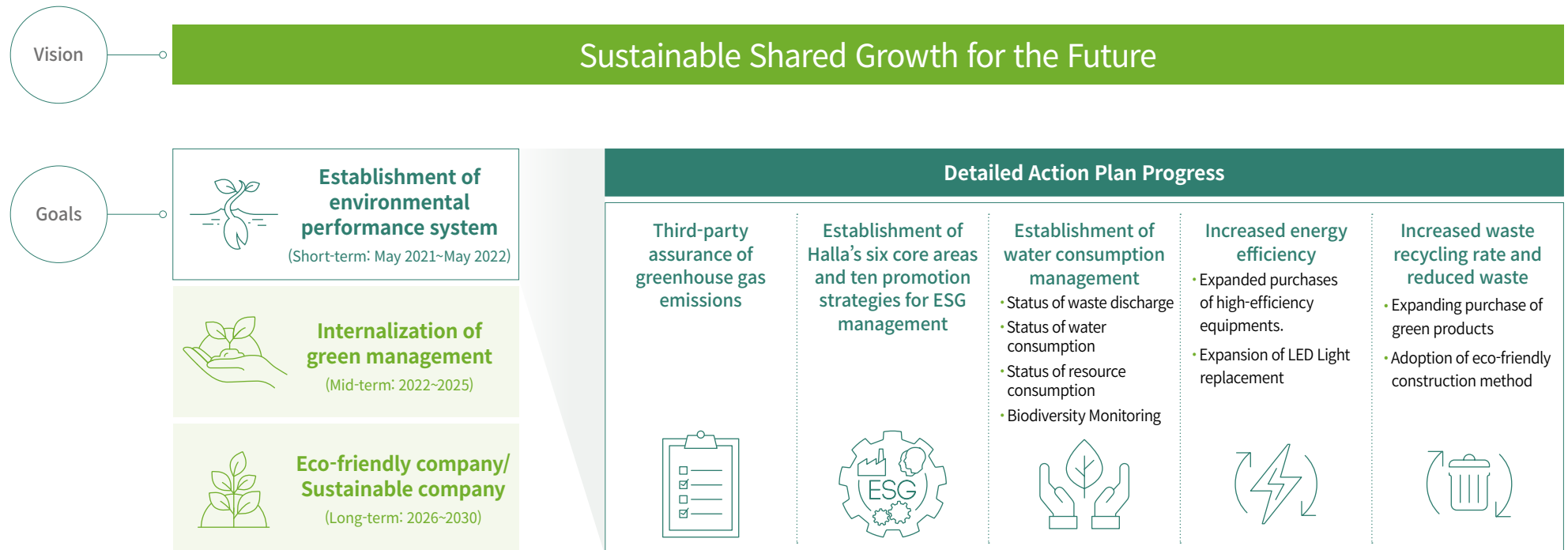
# Environmental Management

## Environmental Management System

### Mid and Long-Term Strategies & Implementation Status for Environmental Management

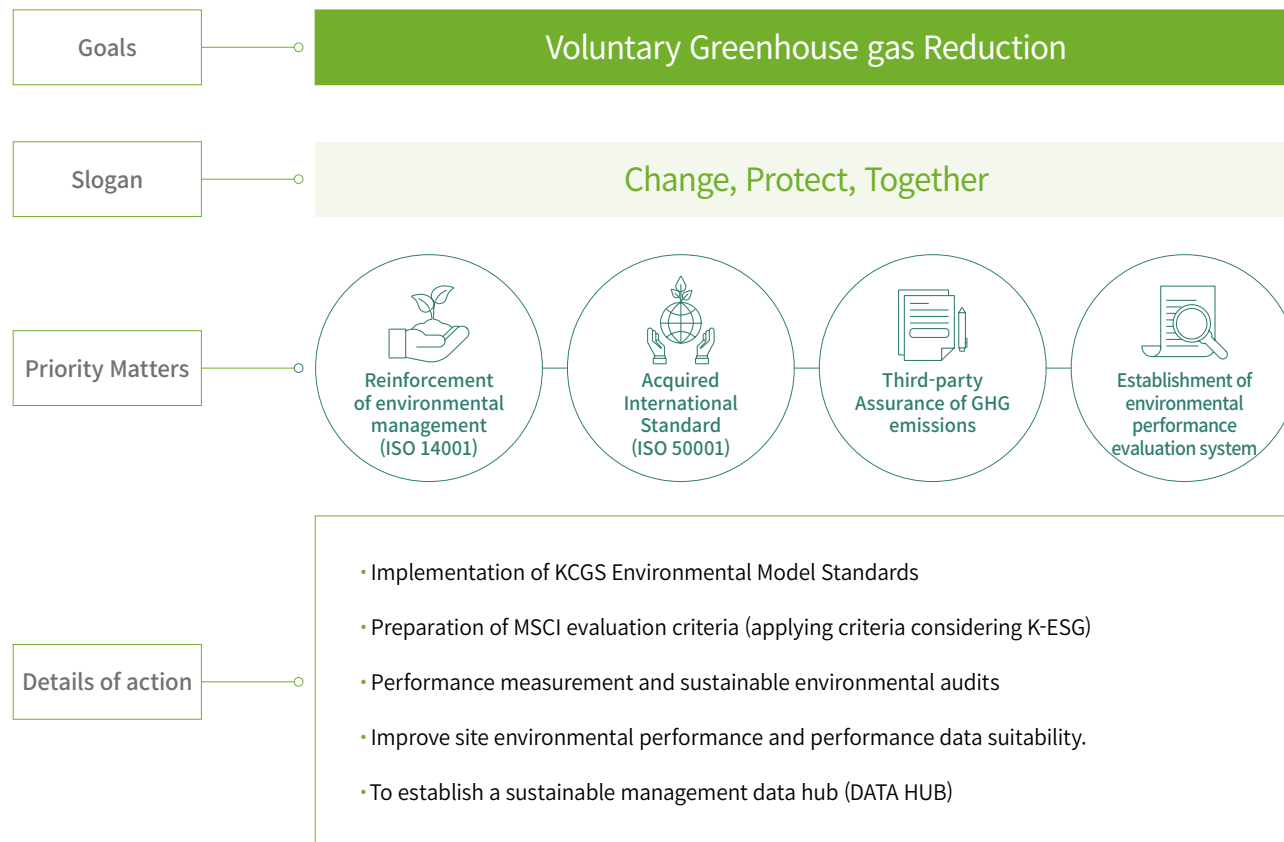
Having the vision of 'Sustainable and Shared Growth for the Future', Halla Corp. has established three environmental management goals: Establishment of environmental performance system (short-term), internalization of green management (mid-term), and eco-friendly/sustainable company (long-term). We developed five detailed action plans to achieve the short-term implementation goal of 'establishment of environmental performance system' (for May 2021 to May 2022). Moreover, we laid the foundations for ESG management, conducted third-party assurance of GHGs, and increased the recycling rate of waste.

### Mid and Long-term strategy roadmap



## Environmental Management System

Halla Corp. has established an environmental management manual and environmental policy in line with global standards to practice environmental management together with stakeholders, including our employees and subcontractors. We have also established a system that meets international standards by acquiring the ISO 14001 certification for the global environmental management system. Based on this system, we are striving to achieve 'ZERO environmental problems' at our operation sites both at home and abroad. Furthermore, we concentrate on raising environmental awareness and nurturing environmental experts by conducting continuous environmental education.





## Implementation of Environmental Management

### Environmental Education for Employees

Since the practice of environmental management begins with the right awareness of our internal employees, Halla Corp. continuously provides education on the environment for all employees to take the lead in practicing environmental management. We provided five types of training aimed at increasing awareness of ESG management while also building consensus. As for construction sites, a total of 527 employees completed the training over 46 sessions. Moreover, we intensively distribute on-site environmental management guidelines during the season (winter) that requires special management. In case environment-related issues arise, we make sure to share it with all our employees through notifying it on the in-house bulletin board.

### 2021 Educational Courses

구분	Course Name
Mandatory	ESG From Economic Value to Social Value
	ESG Participants
	ESG internalization, Environment-specific training
Optional	Our tasks to establish ESG management
	2021 Primary Agenda for Business Management

### Environmental Education Activities



### Employee Education for Subcontractors

Halla Corp. provides separately environmental education for directors and management supervisors of our subcontractors to strengthen their overall environmental management capabilities. To support subcontractors and build environmental management system, we visit newly opened sites and then provide customized education on environmental management matters that considers the characteristics of the site. In particular, we strive to strengthen the environmental awareness of our partner companies through training on site and surrounding management measures, groundwater management guidelines for construction sites, and scattering dust generation sites upon opening of a new site.

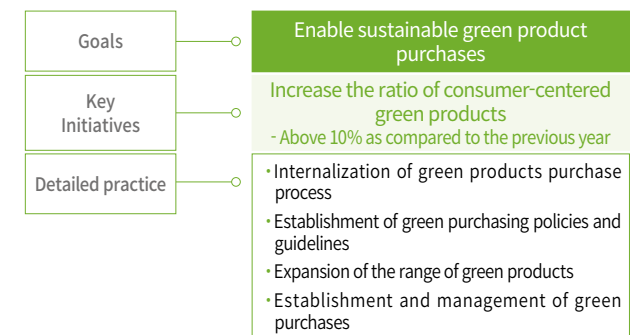


### Practicing the purchase of green products

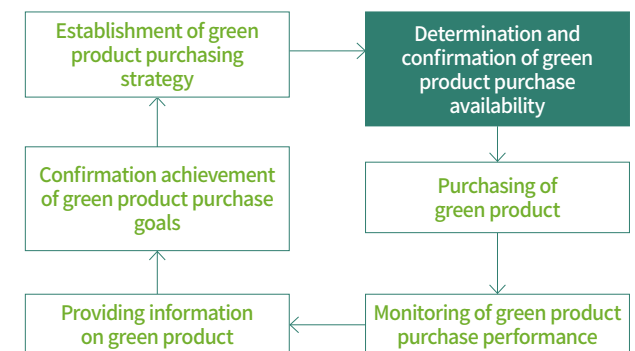
Halla Corp. formulates and manages a strategy for purchasing green products to minimize environmental impacts. To realize our vision of eco-friendly construction, we have expanded the number of eco-friendly material purchases from seven to ten in 2021. We purchased concrete pipes made of waste and industrial by-products and eco-friendly boilers with low nitrogen oxide (NOx) emissions. These new purchases were directly used in our construction sites. In the future, we will add more eco-friendly materials to our item purchase list to build a construction culture that thinks for the people and the environment while taking the lead in implementing sustainable management.

(1) In addition to the existing seven items (PF sidewalk, gypsum board, water tap appliances, toilet, recycled aggregate, ready-mixed concrete and asphalt concrete), three new items (concrete pipes, slag cement, and an eco-friendly boiler) were additionally purchased in 2021.

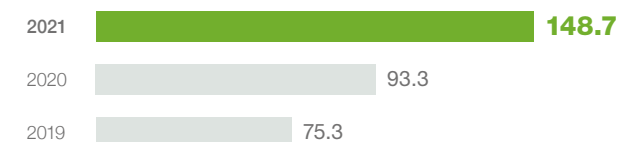
### Green purchase policy



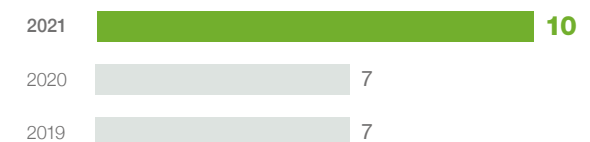
### Green Product Purchasing Process



### Purchasing of eco-friendly materials (Units: KRW 100 million)



### Number of eco-friendly material items (Units: no.)

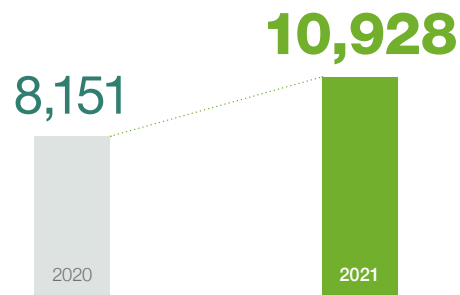


## Investments for a Sustainable Environment

To practice our environmental management, Halla Corp. implements the investment plan by classifying the environmental investment expenses into four areas i.e., Field environment management expenses, Environmental technology investment expenses, Eco-friendly new business investment expenses, and IoT smart environment monitoring system investment expenses. In terms of environmental management, we have invested in installation and operation of environmental pollution prevention facilities (scattering dust prevention facilities, noise vibration prevention facilities, waste treatment facilities, water pollution prevention facilities). Further, to invest in the development of new eco-friendly business, we invested in Airrane, a leading gas separation company in a hope to create a sustainable environment.

### Total Environmental Investments

(Units: KRW million)



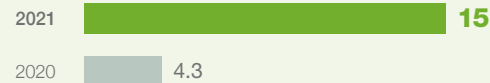
### Breakdown of Environmental Investments

(Units: KRW million)

#### Investments in Environmental Facilities



#### Investments in Environmental technology



#### Investments in New Eco-Friendly Businesses



#### Investments in IoT Smart Environment Monitoring System



## Environmental Preservation Activities with Stakeholders

Halla Corp. launched our 'One Site, One Green' campaign to protect the environment together with our stakeholders. The 'One Site, One Green' campaign is an initiative that aims to clean the natural environment around construction sites and public facilities, such as streets and parks, along with local governments and residents. This campaign is held once a month on a date designated by Halla Corp.

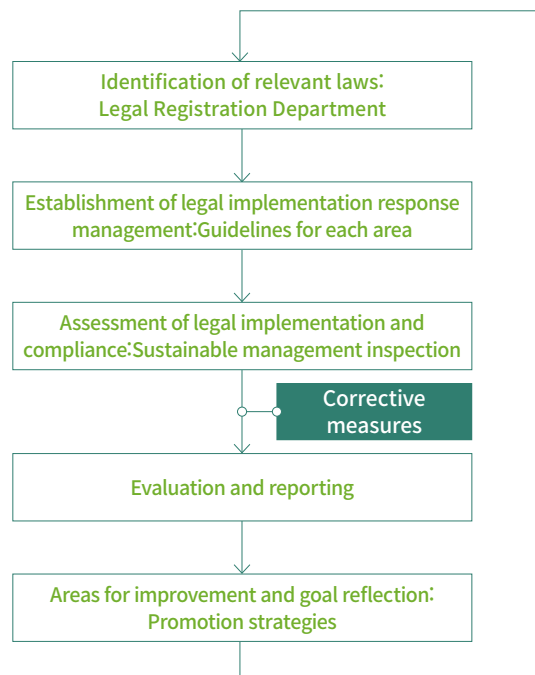
### 'One Site, One Green' campaign



## Compliance and Management of Environmental Laws

Preventing environmental accidents that may occur during business activities begins with compliance to environmental laws. Therefore, Halla Corp. preemptively identifies and manages relevant laws and stakeholder demands, etc. that must be followed during business activities. The person in charge periodically identifies monthly environmental management regulations and draws up implementation measures. Furthermore, the implementation plan is shared company-wide to review compliance with environmental laws at each site.

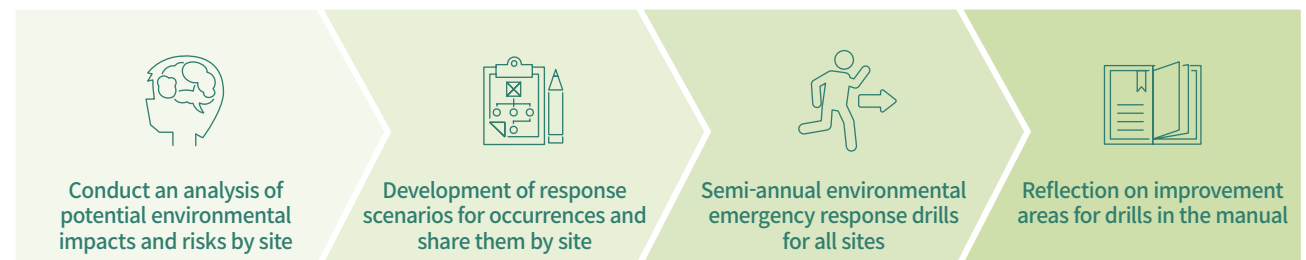
### Environmental Compliance Process



## Environmental Incident Response

In order to minimize the impact of environmental incidents, Halla Corp. established an environmental accident response system. We formulate response scenarios by type, considering the impact and risk of possible environmental incidents. Each site has enhanced its ability to respond immediately in the event of an actual incident through continuous education and semi-annual simulation training according to the scenario. Furthermore, we are doing our best to prevent damage to internal and external stakeholders due to environmental incidents by conducting simulation training that involves CEO and other executives quarterly.

### Environmental Incident Response Process



### Environmental Emergency Response Drill

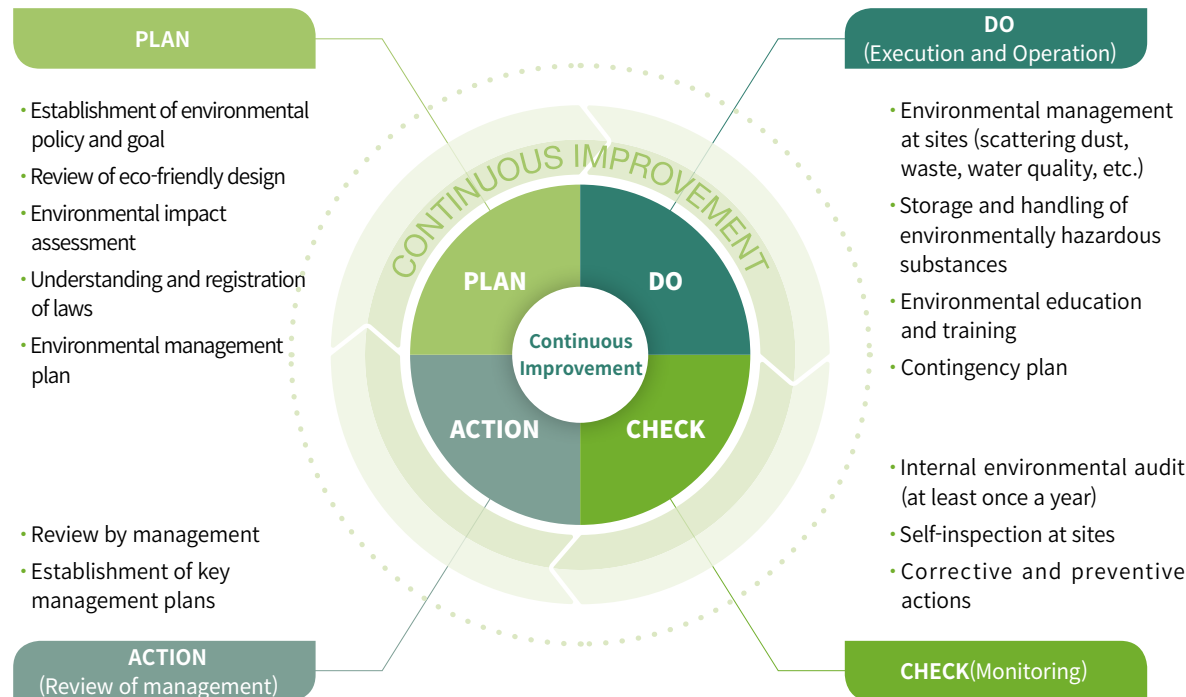


# Environmental Control

## On-Site Inspections for Sustainability Management




Halla Corp. conducts periodic environmental inspections on sites to prevent environmental incidents and to check for proper implementation of the environmental management system. In 2021, we conducted inspections at 46 sites from April to November (April 13 to November 19). In each environmental category of air pollution and noise, waste, and water quality, we identified the best practices and deficiencies per site and developed directions for improvement. We applied these improvement directions to each site, taking the initiative towards creating a site with ZERO-environmental-incident. To enhance the environmental management capabilities of the sites, we reflected the environmental management scores in the field evaluation and awarded the Quality Environmental Management Award to the excellent site. As such, we are encouraging compliance with environmental laws and is strengthening internal audit through increasing awareness of legal responsibilities.

### PDCA Process for Environmental Audit



Development of improvement direction through PDCA process

### 2021 On-site Improvements by Sector

 Air Pollution and Noise	<ul style="list-style-type: none"> <li>Utilization of mobile watering facilities</li> <li>Installation of movable sound barriers at noise sources</li> <li>Utilization of IoT safety monitoring system</li> <li>Provision of detailed training on license report and timely change report</li> </ul>
 Waste	<ul style="list-style-type: none"> <li>Ongoing worker training</li> <li>Installation of storage signs and arm-roll box tent covers</li> <li>Checking proper waste treatment once a month through the 'Allbaro' system</li> <li>Locker storage (for designated waste) by company</li> </ul>
 Water Quality	<ul style="list-style-type: none"> <li>Installation of a discharge pump at an elevated height</li> <li>Maintenance of monthly groundwater usage records</li> <li>Maintenance of water quality inspection record</li> </ul>



## Air Pollutant Management

### Measures to Reduce Scattered Dust and Fine Dust

Halla Corp. established a fine dust reduction response system to manage air quality at construction sites and is also carrying out tasks to better manage scattering dust. We particularly conduct a special inspection for fine dust during the winter season and distribute the 'Scattering Dust Management Manual' to all sites while posting on-site measures for each process on our website as part of our effort to preemptively manage the environment. Each site has taken measures to minimize dust scattering by installing a dust protection net, limiting vehicle speed, removing topsoil and filling gravel in areas where scattering dust occurs, and operating automatic wheel washers and high-pressure sprinklers. Furthermore, we have built an IoT system to conduct real-time fine dust monitoring and have installed fine dust measuring instruments and electronic displays to enhance the management of air pollutants.

### Measuring Process of Fine Dust Meter at Construction Site



## Establishment of IoT Smart Safety Environment Monitoring System

Halla Corp. has made it mandatory for new construction sites to apply the IoT-based safety environment monitoring system since 2021. Dust/noise sensors and electronic boards were installed at the boundary of the new construction sites to monitor the concentration of fine dust and noise data in real time from headquarters and site, enabling immediate sharing if necessary. We are currently operating this system in 13 sites and plan to continuously expand the system to more sites.

### IoT Smart Safety Environment Monitoring System

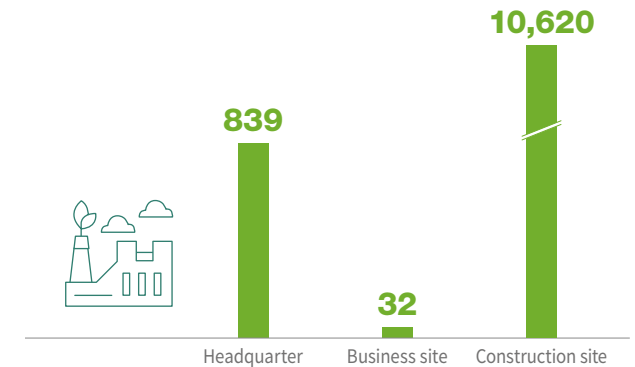


## Company-Wide GHG Emissions Management

Although Halla Corp. is not subject to the greenhouse gas target management regulations, we established a greenhouse gas inventory system in 2018 to voluntarily calculate our greenhouse gas emissions of Scope 1, 2 (domestic) and 3. We conduct third-party assurances on GHG emissions annually to reduce greenhouse gas emissions and report GHG emissions in accordance with legal requirements. Additionally, we disclose our GHG emissions and energy consumption figures transparently based on monthly greenhouse gas emission calculations and regular monitoring systems for each site as part of our effort to proactively reduce greenhouse gas emissions.

### Gas emissions in 2021(Scope1+Scope2)

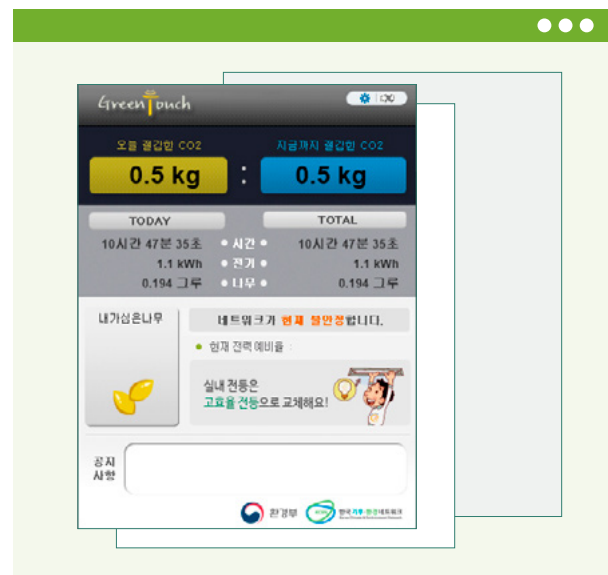
(Units: tCO<sub>2</sub>eq)



## Company-Wide Energy Reduction Activities

Halla Corp. is carrying out company-wide energy reduction activities to reduce greenhouse gas emissions. All employees at our headquarters engage in the following activities: installation of computer power saving program\*, switching lights off during lunchtime, turning off computers when leaving work, and turning off the air purifiers. In addition to power saving, rubber gaskets were installed in the partition of the office doors at sites to prevent energy loss, and temporary lights were replaced with LED ones to save on energy consumption. In the future, we will continue to push ahead with activities to save energy.

- (1) Saving 40kwh per hour when putting computers in minimum power saving mode  
 (Power consumption reduced by 160W for desktop PCs (120W for main body + 40W for monitor) (Source: Green Office Manual)



## Expansion of Photovoltaic System

Starting from 2021, Halla Corp. has installed photovoltaic power generation (renewable energy) facilities on the rooftops of all new apartments to enable self-generation of energy. In 2021, a total of 411kW worth of solar power systems were installed, which is expected to reduce 251.8 tons of carbon dioxide per year. Going forward, we will design eco-friendly buildings with photovoltaic facilities that can generate more than 2MW of photovoltaic power.

### Photovoltaic installation site



### Effect of installing a solar power system with a 411kW capacity in 2021



**251.8** tons of CO<sub>2</sub> reduced annually

= Environmental effect of planting about 120,000 pine trees

### Effect of replacing LED fluorescent lamp in 2021



**10** tons of CO<sub>2</sub> reduced annually

= Environmental effect of planting about 4,800 pine trees

### Effect of saving computer power consumption in 2021

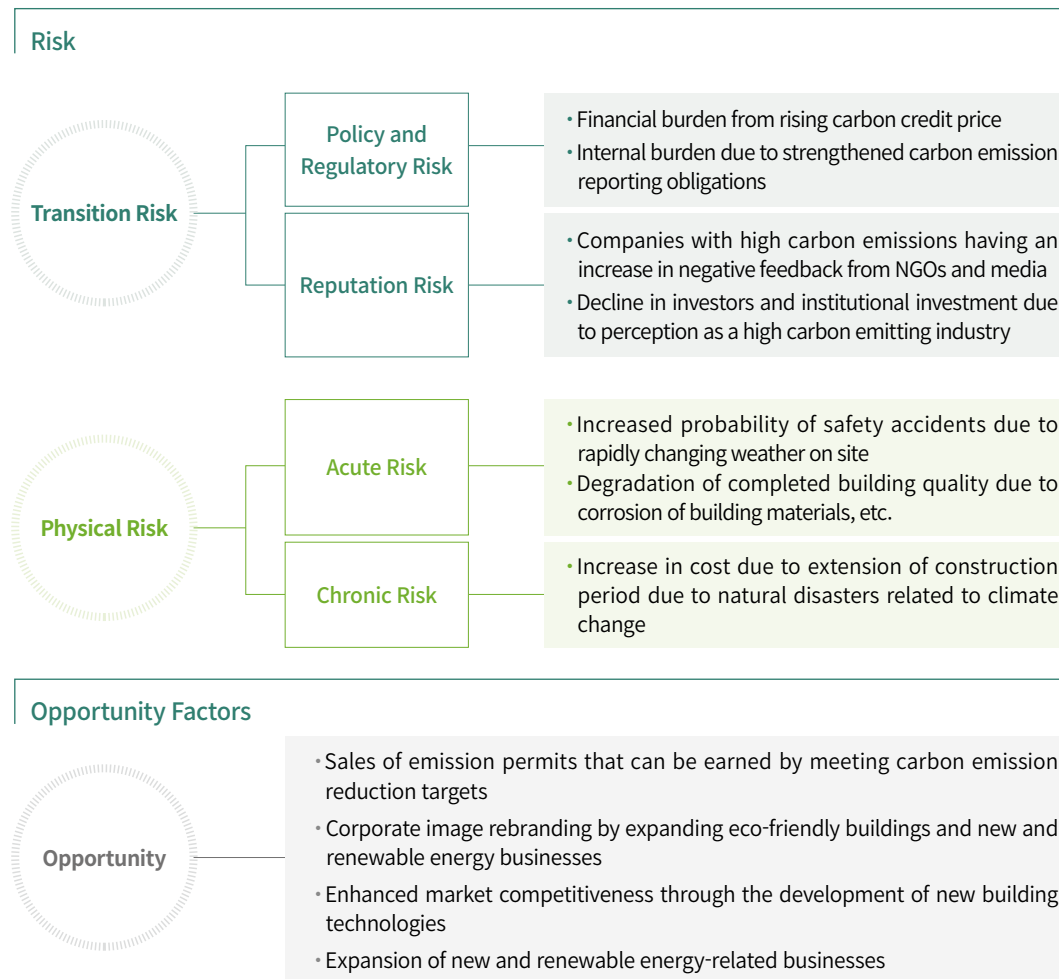


**16.8** tons of CO<sub>2</sub> reduced annually

= Environmental effect of planting about 8,000 pine trees

## Response to Climate Change

Halla Corp. applied the Task Force on Climate-Related Financial Disclosures (TCFD) framework to systematically respond to climate change and to derive risk and opportunity factors across the business. While preemptively responding to risk factors from climate change, we intend to use opportunity factors as a stepping stone to move toward new growth.



## Governance

Halla Corp. established the 'Integrity Management Committee' within the Board of Directors to make decisions on ESG-related issues, including climate change response. Additionally, we operate a dedicated unit, the Green Management team, to periodically analyze climate change risks and factors and, reflect them in decision making

## Halla Strategy

### Transition Risk Response

Halla Corp. established a management system for environmental indicators, including greenhouse gases in a systematic response to climate change and conducted a third-party assurance of our GHG emissions. The analysis of our GHG emissions indicated that 70% of the total emissions came from electricity use. Thus, we are currently running internal campaigns to reduce electricity use, some of which include, installation of computer power saving programs and turning off electronic devices when leaving the workplace. Moreover, we are also carrying out activities to reduce carbon emissions and save costs such as reduced use of consumables and a campaign for saving paper towels.

### Physical Risk Response

Natural disasters and abnormal weather conditions at sites caused by climate change may cause safety accidents and/or spread diseases to workers. Accordingly, Halla Corp. strives to enhance workplace safety management to prevent safety accidents while responding to declining employee productivity.

### Halla Corp.'s Response Plan by Opportunity Factor

Halla Corp. is pushing ahead with developing responses to climate change considering the characteristics of the construction industry. Moreover, we are also further developing technologies to improve energy efficiency of buildings (i.e. zero-energy buildings) and technologies related to zero carbon cities. In 2021, we made additional investments in an eco-friendly technology known as the 'gas separation membrane', which prevents carbon dioxide leakage.

## Resources

### Waste Management

Halla Corp. conducts an environmental impact assessment on site to develop systematic waste management while identifying the status of waste generation in consideration of the processes, equipment, and materials. The generated waste is classified into construction waste, business site waste, and designated waste and then is reported into the 'Allbaro system' (waste management system) so that waste discharge and recycling status can be managed. The treatment of discharged waste is 100% outsourced in a way that minimizes landfill and incineration. This way, we proactively prevent violations of relevant laws and regulations in advance, while also monitoring the total monthly amount and cost of waste processing of each site.

### Waste Treatment Process



### Waste Reduction Activities

Halla Corp. has applied various construction methods to reduce waste generated on site. As a result, we were able to reduce waste generated by 33,517 tons as compared to 2020. We applied the PC<sup>(1)</sup> method to the apartment site in the Golden Gwangyang area, which generates 80% less waste than the existing RC<sup>(2)</sup> method. This has not only dramatically reduced waste generation, but it has also minimized dust, waste, and noise. The site of Yangpyeong Apartment has introduced a PRS method that utilizes reusable plastic foam instead of plywood mold to minimize the environmental impacts.

Further, Halla Corp. has applied the system dry bathroom construction method among the off-site-construction (OSC) methods to Siheung Baegot New Town. This allowed for a realization of eco-friendly construction as it is a dry method that uses less materials and water during construction compared to the conventional wet bathrooms. The Gimpo Knowledge Industry Center reduced waste generation by applying the OS-beam (Non-disruptible Beam) method. Moreover, the BIM method was used to calculate excess design more accurately than the appropriate amount of building materials, thereby dramatically reducing the waste generation in advance. Halla Corp. will continue to grow into a company that thinks for the environment through researching & developing new technologies and smart construction methods.

(1) 0.030 Ton/M<sup>3</sup> per unit area

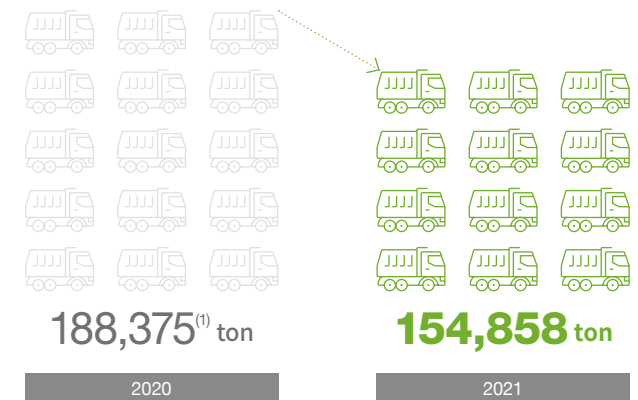
(2) Precast Concrete: Pre-built Concrete

### Cases of applying PC method to sites Cases of applying PRS method to sites



### Waste Generated (2020~2021)

**33,517 tons** of waste reduced compared to 2020



(1) The figure of waste generation in 2020 does not include the 160,000 tons worth of landfill waste.

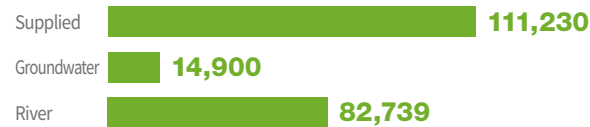


## Water Resource Management and Water Consumption Reduction

Halla Corp. has established and operated a water pollutant monitoring system to minimize environmental damage caused by water pollutants. To manage water pollution occurring on site, water quality inspections are conducted quarterly at the facility based on an internal standard that is stricter than the legal emission concentration standards. In addition, Halla Corp. makes it mandatory to install sprinklers, fog systems, and vehicle detection sensors in systems used for scattering dust suppression activities to prevent unnecessary water consumption.

### 2021 Water Consumption

(Units: Tons)



### COD Emission<sup>(1)</sup> Concentration

(Units: ppm)



### BOD Emission<sup>(1)</sup> Concentration

(Units: ppm)



### SS Emission<sup>(1)</sup> Concentration

(Units: ppm)



(1) Average emissions on site

## Hazardous Chemical Management

Halla Corp. has established and is preparing chemical substance management guidelines to safely manage hazardous chemicals. The guidelines stipulate general information of MSDS, target substances, handling standards, installation, and management standards of storage facilities, and prepare for risks that may occur when handling chemicals. In addition, designated waste storage facilities are selected and managed in accordance with the regulations to prevent soil pollution caused by designated waste leakage. Halla Corp. conducts monthly internal inspections of pollution prevention facilities and thoroughly manages pollutants to prevent leakage through regular inspections twice a year.

### Dangerous materials storage









## Biodiversity

### Biodiversity Management

Before undertaking any projects, Halla Corp. conducts environmental impact assessments on areas near our business sites to determine the status of endangered and legally protected species that may be located there. In 2021, we discovered and took action to protect five protected species, which included the eurasian hobby, boreal digging frog, seoul frog, spotless tree toad, and ranunculus kazusensis. As for the ranunculus kazusensis, we have installed a guide sign to protect their habitat, carried out migration/transplantation before the construction began and are following-up through continuous monitoring. Further, according to the results of the precise distribution survey, Seoul frog and Spotless tree toad were migrated to the selected alternative habitats with high population density. In case of other species, we are protecting their habitats and conducting continuous monitoring. We have also transplanted 1,260 trees that were on construction sites.

### Current Status of Endangered and Legally Protected Species

Sites	Protected Species	
West Sea Line Construction #10		Boreal digging frog
		Ranunculus kazusensis
Gimpo-Paju Road Construction #4		Seoul frog
		Spotless tree toad
Wondang-Taeri Metropolitan Road		Boreal digging frog
Luwon City Construction		Eurasian hobby

\*Source of photography: Boreal digging frog, Eurasian hobby, Spotless tree toad, Seoul frog (www.shutterstock.com), Ranunculus kazusensis(Google)

## FOCUS 2.

# TECHNOLOGY

## Technology that Transforms Architecture

### 2021 KEY FIGURES 1

#### Development of New Technology

- Certified for new disaster prevention technology
- Beginning the development of new green/construction technology

**KRW 1 billion**

### 2021 KEY FIGURES 2

Application of smart technologies on 18 sites (Hi-Smart, Hulan, etc.)

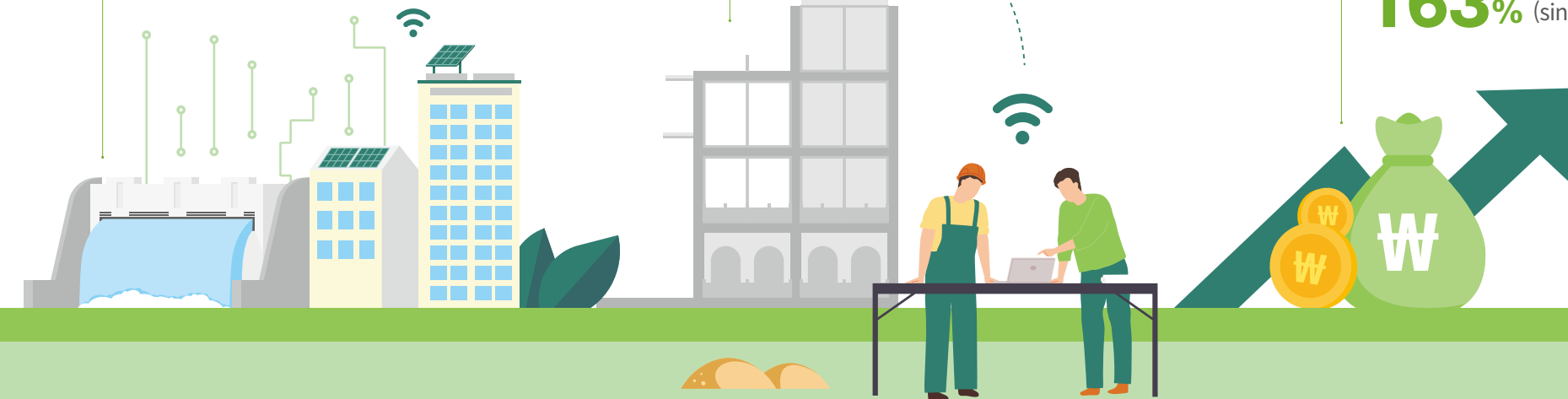
**18 sites**

### 2021 KEY FIGURES 3

Expansion of R&D investment

Increased by

**163%** (since 2021)



[Link to UN SDGs](#)

## ISSUE IMPORTANCE

With the increase in use of smart technologies represented by drones, artificial intelligence (AI), and big data, across the construction industry, from the designing phase to the actual construction work, the importance of developing and securing new technologies has grown. Additionally, due to COVID-19, the use of technology is being accelerated by the replacement of field personnel with AI robots to perform tasks. Due to the increase in the demand for smart technology within the construction industry, technological innovation has become a key to securing corporate competitiveness.

## RISK

- Rising research costs due to intensified competition for technology development
- Increasing difficulty in securing key talent for technological innovation

## OPPORTUNITY

- Reduction of construction period and construction cost by applying new technology
- Reduction of the likelihood of safety and environmental risks through technology application

## HALLA STRATEGY

Halla Corp. is taking the lead in securing new technologies by expanding investment in R&D and new technology development. We proactively introduce newly developed technologies to sites to improve on-site efficiency of operations as well as the work environment for employees through the technologies. Moreover, we seek to advance and continuously develop new technologies applied to sites based on-site feedback.

## TARGET

- Expansion of on-site smart technology applications
- Safety risk management through the upgrade of the Hi-Smart System

## NEXT STEP

- Securing additional eco-friendly and smart new technologies through investment expansion

## INTERVIEW



Professor of the Seoul National University of Science and Technology  
Koo Bon-sang

Although the Serious Accident Punishment Act has accelerated the introduction of 4th industrial technologies in the construction industry, there are still limitations related to those technologies. It is time to introduce intelligent service robots equipped with artificial intelligence-based environmental awareness, information acquisition, and autonomous actions to complement the limitations of existing technologies, while reinforcing on-site safety management systems. Furthermore, Halla Corp. can introduce an eco-friendly design that aims towards creating the smallest footprint possible through reflecting carbon capture technology in the design to achieve the ESG management visions while pursuing a construction technique that reuses a large amount of used and discarded temporary facilities during construction. To ensure safety and health, it is necessary not only to introduce smart construction technologies, but also to change the industry-wide perception of safety. Lastly, it is necessary to think about incentives, such as observing the 52-hour workday rule and providing opportunities for self-development, to induce the interest and attraction of future talent while increasing appeal for the construction industry with new technologies.



Managing Director of WG Campus of Halla Corp.  
Woo Kyung-ho

For the sustainable growth of Halla Corp. we must break away from the current business structure and transform ourselves into an advanced manufacturing company that is capable of planning and mass production of differentiated brand products to ensure a differentiated cost, quality competitiveness, as well as accurate deliveries. Such changes can be brought about with the innovation of on-site management technologies using BIM and digital on-site management systems.

To this end, Halla Corp. is focusing on laying the foundation for developing a digital site management system. To standardize on-site work, we plan to design and test a new WBS-based process management system and verify it through an on-site test project using a digital tool that can be modified. Additionally, we are working on reorganizing and digitizing the standard document classification system to reduce the offline documentation time required for workers at sites, while facilitating the use via mobile devices. Once this system is applied, we anticipate that we will secure differentiated cost and quality competitiveness while improving productivity.

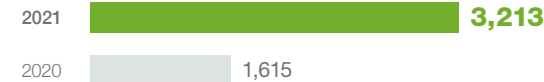
# Technology Innovation

## Investment in New Eco-Friendly and Technology and R&D for Environment

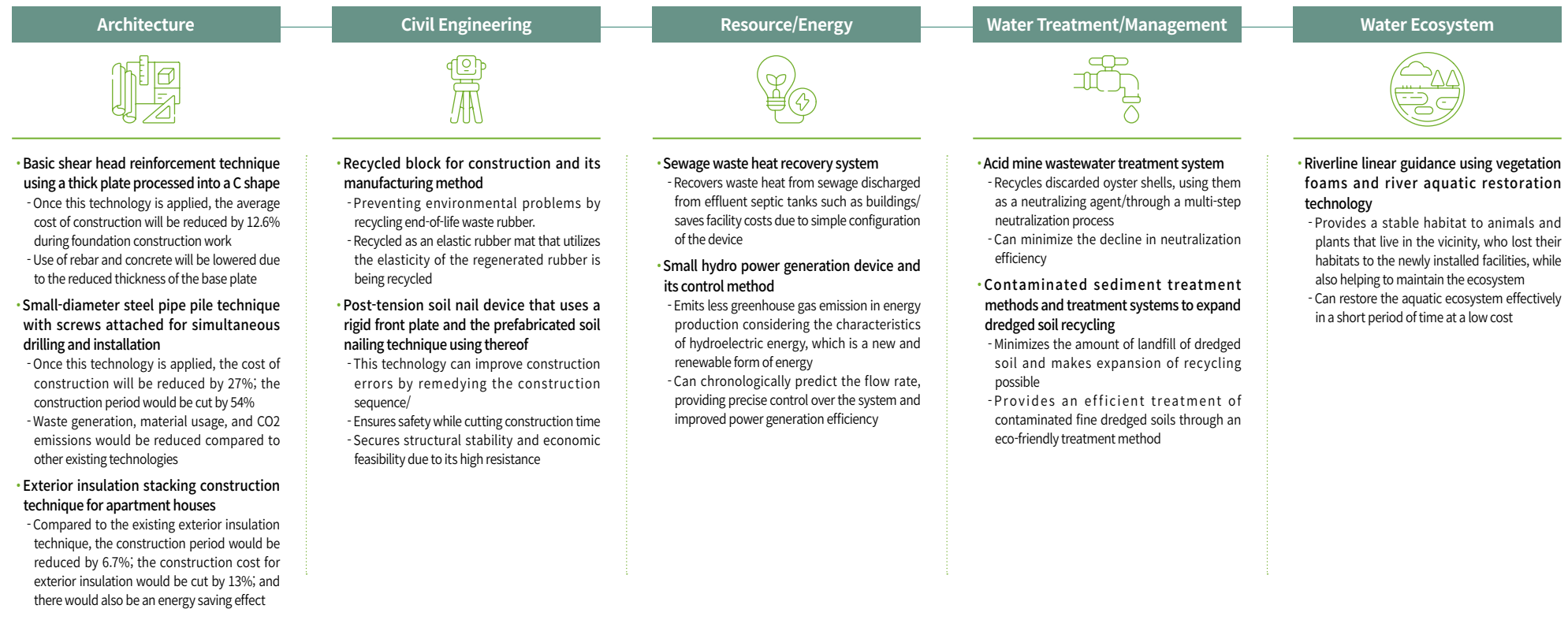
Halla Corp. has increased the investment in research and development by 163% in 2021 as compared to 2020, in hopes of strengthening corporate competitiveness by securing new technologies. Furthermore, we are taking the lead in implementing ESG management by applying the developed technology and construction techniques to the entire process, which includes civil engineering, materials, resources/energy, and water treatment and management.

### Expansion of R&D Investment

(Units: KRW million)



### Awarded Green Building Certification



## Application of Smart Technology at Sites

In 2020, Halla Corp. self-developed an integrated control/smart safety & health system, called Hi-SMART. The Hi-Smart system can transmit and receive the location of workers on site in real time, prevent workers from approaching danger zones, and measure the location of equipment to check safety hazards of the site at all times. Additionally, this system can control risk factors by sharing the risk situation to workers in operation by connecting with IoT devices. We will introduce the system to seven sites (as of Q1 2022), and will improve and expand its existing functions more conveniently in the future. In addition, we operate a risk reporting center where workers can report risks and prevent safety accidents through smartphones. Each site checked the details of the hazard reporting center and installed signs and posters to guide workers in places where workers can easily see them. Through this, we check harmful risk factors at the site and take immediate improvement measures to prevent serious disasters. In addition, by introducing an AI-based crack management system, we were able to not only prevent safety accidents at risk of falling, but also improve the accuracy of crack determination. Halla Corp plans to continue to introduce new smart technologies to the site.

### Main Functions of the Hi-SMART System



(1) Gas concentration sensor for enclosed spaces, displacement detection sensor, equipment collision detection sensor, etc.

### AI-based Crack Management System



Gyeongbu Dongtan zone 1 crack inspection process

Halla Corp. investigated and analyzed the external conditions of the lining and air duct slab of the Gyeongbu line underground road zone 1, 2 under construction using high-resolution imaging equipment and artificial intelligence (AI) based crack analysis software.

Using a tunnel scanner, we were able to determine the presence of cracks and defects. We also secured the exact location and video of the crack that were easy to miss with the naked eye. The AI crack analysis enables us to measure cracks as well as other defects and the investigation network degree is automatically calculated objectively and quickly. Through this, we not only reduced the cost of safety inspection due to the reduction of equipment input and manpower by simplifying the exterior appearance inspection, but also accurately analyzed the crack inspection. Halla Corp. will continue to expand the application of smart technology

### Interview with on-site employees applying the Hi-SMART system



**Lee Min-su**, Chief of Construction Site for Sejong New Government Complex

“When I pressed the Rescue button accidentally, the patrolman came over immediately to help. I’m always assured because I know that I can get help quickly whenever I need it”



**Lee Jin-min**, Pro of Construction Site for Sejong New Government Complex

“We are able to effectively grasp information on our workers at a glance and reduce the time required for paperwork and information sharing and delivery. This allows us to perform safety management processes quickly and accurate!”

### Interview with an on-site employee applying the Smart crack management system



**Lee Dong-shin**, Pro of Gyeongbu Dongtan zone 2 site

We were able to secure the investigator’s safety by replacing the existing crack inspection method that used high-rise workbench with the scanning system. We were also able to prevent defects after construction completion as we repaired the defects beforehand through precise inspection.



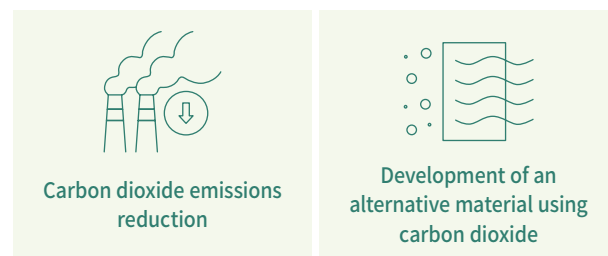
## Exploration and Promotion of New Businesses

The importance of exploring new businesses is on the rise to secure the competitiveness of a company. In 2021, Halla Corp. made an additional investment of KRW 1 billion (KRW 4 billion in cumulative investment) to Airrane, a leading company in gas separation membranes, to promote the development of a new business. We expect that our additional investment in Airrane will serve as a bridge for Halla Corp. in securing a foothold in the eco-friendly new technology market in the future. We will continue to increase our corporate competitiveness by investing in ESGs and exploring new businesses in consideration of sustainability.

### Gas Separation Membrane Technology of Airrane

The gas separation membrane technology of Airrane, which is attracting attention in eco-friendly businesses, can separate and capture carbon dioxide generating from electric/chemical plants/power plants to produce alternative ones such as carbonic acid and dry ice. To this end, the gas separation membrane technology can convert carbon dioxide, and when capturing carbon dioxide, it has an effect of reducing carbon dioxide emissions. This way, it is possible to reduce the cost of purchasing additional carbon credits in case of exceeding the allowed carbon emissions. Going forward, we will start the Carbon Capture Utilization & Storage (CCUS) business in earnest by combining Airrane's gas separation membrane technology with Halla Corp.'s ability to carry out large-scale projects.

### Effects of Gas Separation Membrane Technology



### Build Block's Global Mediation Platform Service

Halla Corp. has made an equity investment of USD 400,000 to Build Block Co., Ltd., a total real estate investment solution provider. Build Block Co., Ltd. is a platform that provides information on real estate in the US, as well as a safe brokerage service for legal purchases of overseas real estate properties, to domestic customers who find it difficult to visit the US. Halla Corp. plans to cooperate with Build Block, based on a network of small asset investment, through the various information and management techniques that the company holds when entering the US real estate industry in the future.

### Amount of equity investment

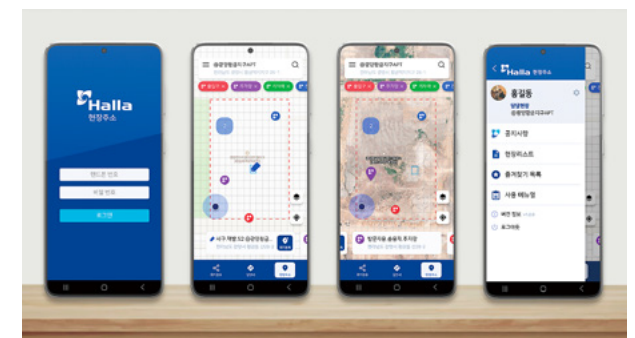


### Investments in New Eco-Friendly Technologies (Units: KRW million)



### Cooperation with Infoseed for Construction Safety and Construction Location Indication

Halla Corp. has cooperated with Infoseed Co., Ltd. to develop the 'Construction Site Address' platform, hoping to strengthen safety management and location management at sites. The 'Construction Site Address' platform is under development so that we may map the precise address for every 1m x 1m area at each location of all our construction sites, while also directly generating and utilizing digital addresses in the necessary locations for each construction site.



Application of construction site address platform

## R&D

### Corporate R&D Center - WG Campus

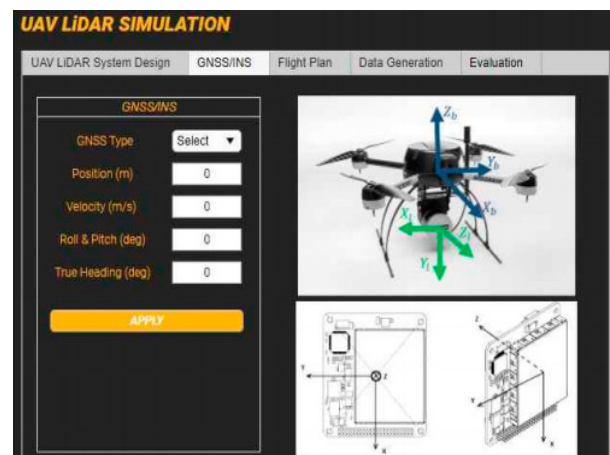
In 2020, Halla Corp. launched the WG Campus (Woongok Campus), which expanded and reorganized the existing research organization. The WG campus is a corporate research institute that aims to research technologies and discover new businesses that apply various technologies. The WG Campus has also laid the foundation for the internalization of new technologies such as BIM-based construction management software development, ICT safety management, and drone LiDAR surveying technology through national research projects. The center is carrying out a win-win cooperation project with SMEs by utilizing the shared growth investment funds.

#### R&D Personnel Status

(Units: Persons)



### Research and Development on Drone LiDAR Simulation



### Off-Site Construction for System Bathroom Construction

After reviewing the application of smart construction method (OSC method) to improve productivity, Halla Corp. has selected the system bathroom construction method as the first method. Unlike the existing method that required many workers to work in small spaces, making it difficult to manage quality, the OSC enables a single company to handle both construction and quality. Moreover, electricity and facility areas are also constructed under the supervision of the system bathroom company, so it is a differentiated construction method that results in excellent quality and reducing process.

### IoT Smart Construction System with Advanced Port Technology

Halla Corp. has been successfully carrying out port construction projects, like the Pyeongtaek Port project, Mokpo New Port project, the North Port Breakwater project at Ulsan New Port, and the Jeju Tapdong Breakwater project. In particular, we introduced a 'smart construction system that combines ICT & IoT' for the construction of the New Port West Container Terminal at Busan Port. Moreover, we also applied the on-site management system through location provision control for workers via GIS (geographic information system), drone surveying, and image analysis through CCTVs, and IoT sensors. We introduced the first F/D (Floating Dock) for ultra-large shipbuilding to construction sites and provided creative and smart designs to realize the modernization of the port logistics industry.

### IT Integrated ABC Platform for Design/Construction/Building

Halla Corp. has signed a 'joint business agreement on the IT Integrated ABC Platform for Design/Construction/Building' with the DA Group, an architectural designer, and Changsoft I&I, an IT company. This project aims to build a Building Information Modeling (BIM) brand to integrate the digital transformation process of the site. It is possible to check various construction-related data such as the progress of each construction stage, various issues, monitoring of inspection items, and real-time management of each construction stage through the ABC (Architecture-Building Information Technology-Construction) platform. We look forward to an effect of shortened construction periods, minimized risks, and saved construction costs by introducing the ABC platform.

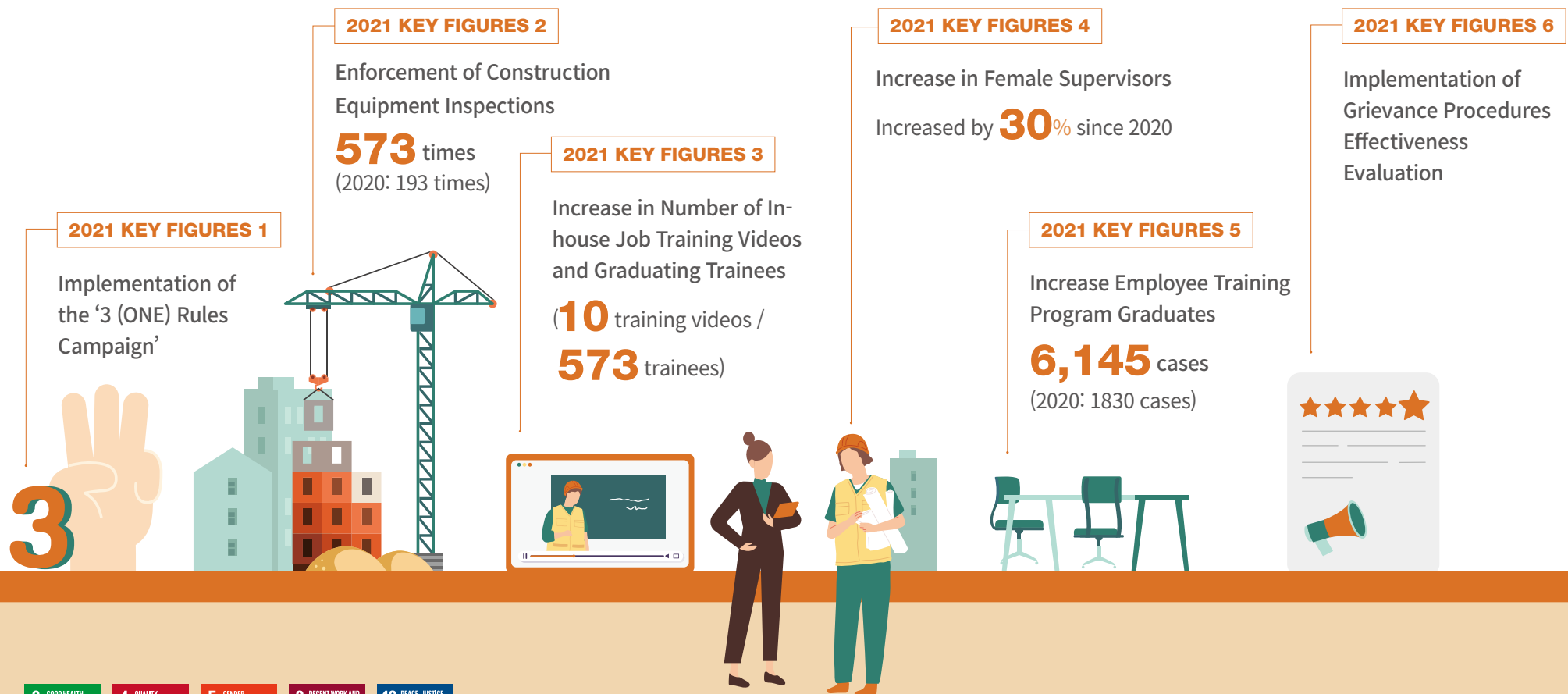
#### Signing of Joint Business Agreement on ABC Platform



### FOCUS 3.

# PEOPLE

## Uncompromisable Value


[Link to UN SDGs](#)



## ISSUE IMPORTANCE

A company's sustainable management begins with the 'people'. The key to ESG management is to create a corporate environment where stakeholders, including the employees, feel safe and respected. Accordingly, Halla Corp., categorizes 'Safety', 'Human Rights', and 'Labor' as key values for 'People' and carries out a diverse range of tasks to fulfill those values.

## RISK

- Enforcement of risk related regulations such as the Serious Accidents Punishment Act (SAPA)
- Enhancement in competition for talent acquirement

## OPPORTUNITY

- Improvement of work efficiency through creation of a safe work environment
- Procurement of corporate competitiveness through attracting talent

## HALLA STRATEGY

Halla Corp. has established a management system with an emphasis on the three values of 'Safety', 'Human Rights', and 'Labor', while carrying out a variety of activities to fulfill them. To create a safe environment for our construction sites, we conduct safety and health evaluations for our subcontractors and have expanded upon the safety education program that targets our employees as well as the employees of our subcontractors. In the area of human rights, we plan to identify points of improvement and supplement them by conducting a human rights impact evaluation as well as a grievance procedures effectiveness evaluation. Additionally, by establishing key tasks for talent management in 2021, we carried out a variety of activities to create a horizontal work culture while reinforcing the competencies of major talent, thus nurturing a corporate culture that promotes the happiness of all employees.

## TARGET

- Expansion of safety and health consultations for subcontractors
- Improvement of human rights management evaluation indicators and methods
- Increase of employee job satisfaction

## NEXT STEP

- Improvement of subcontractors' safety and health standards
- Establishment and promotion of tasks regarding human rights management internalization
- Guarantee of work-life balance for employees

## INTERVIEW



Sung Hoon Construction Co., Ltd  
Site Manager **Sung Young-jae**

Halla Corp. takes immediate action upon discovery of any risk factors that occur during construction in order to create a safe construction site without accidents. We, in particular, seek solutions regarding installation of safety facilities at sites together with our subcontractors, which is an effective way to induce their participation while also raising safety awareness.

To give an example, there was a case where a safety handrail, installed along the edge of the temporary facility, was blocking the view inside for our signalists on the ground. To deal with this, the opinions from on-site were reflected upon and a lookout tower zone for signalists was created, allowing for work to be carried out in a safe manner. Through on-site safety management tasks currently being performed by Halla Corp. as well as the process of continuous communication and feedback on the issue of safety with our subcontractors, our standards for safety are without a doubt increasing. I would like to ask for the continued efforts of all employees at Halla Corp. to ensure the safety of our construction sites in the future.



Safety & Health Division of Halla Corp.  
Managing Director  
**Jeong Hee-jong**

'Safety' is the cornerstone for the creation of an environment where employees can work in a healthy and happy state. Halla Corp. has established and implemented a safety and health management policy, as well as a safety and health system, under the goal of fostering a corporate culture that prioritizes safety and cares about the employees like family members. We host a monthly campaign known as the "CEO safety/health inspection and serious disaster eradication resolution conference" in order to communicate with each construction site; and the CEO, CSO, and employees of each business division, make visitations to the sites in order to check whether the safety and health system is operating appropriately. We operate a risk reporting center in order to listen to the voices of our employees, with the head office directly receiving and resolving the risk reports. We also introduced a reward system for reporters to encourage our employees to participate more in risk reporting while enhancing communication with the employees, listening to their real voices, and reflecting upon their feedback. Additionally, we are carrying out a wide range of safety and health promotion activities such as creating video content related to musculoskeletal disease prevention, CPR, or other tips that employees can use during their daily lives. In the future, Halla Corp. will continue to operate a proper safety and health system and closely monitor the overall management system until it is completely perfected in order to achieve zero accidents at all sites, in turn continuously providing a working environment where employees can work while being assured.

# Safety

## Safety and Health Management

### Goals and Policies for Safety and Health Management

‘Safety’ is the value that is highly prioritized by Halla Corp. We have newly established our goals and policies for safety and health management in light of the enforcement of the Serious Accident Punishment Act (SAPA), which emphasizes the importance of safety more than ever. Under the safety and health management goal of ‘safety and health as a core value and the participation of all employees’, we are creating a culture in which all employees participate in and implement activities to support safety and health together through joint labor-management safety inspections, meetings with workers, amongst other tasks.

### ‘3 (ONE) Rules Campaign’



#### First ONE

: (ONE) hour a day, of safety patrols conducted by all staff members



#### Second ONE

: (ONE) improvement a day, of an imperfection or action



#### Third ONE

: (ONE) person a day, being educated or preached on safety and health

Our field supervisors are taking the lead in forming safe construction sites by following the three (ONE) rules.

Safety and Health Management Goals

Safety and Health as a Core Value and the Participation of All Employees

VISION

Promptly, Precisely, Until it’s Done

Safety and Health Management Policies

To create a corporate culture that prioritizes health and safety, Halla Corp., seeks to create a pleasant working environment while removing hazardous risk factors to protect the lives of our workers. Furthermore, to reach our goal of ZERO serious accidents, with the advancement of the safety and health management system, we have established and are implementing the following management policies.

Establishment of a corporate culture that prioritizes safety while treating all workers like family

Construction of a safety and health culture participated and followed by everyone

Realization of preemptive risk prevention activities while complying with the basic rules and principles

Advancement of safety management through application of the smart safety and health system

Key Tasks on Safety and Health

- Establishment of safety and health goals to practice safety and health management in each business division and site
- Establishment of a safe construction culture through constant prevention and improvement tasks

- Promotion of all member participation in safety and health management and engagement in identifying and removing risk factors
- Reflection of safety evaluation in new registration and selection of subcontractors

- Vitalization of promotion and operation regarding the Worker Risk Report Center
- Vitalization of safety and health inspections participated by management
- Introduction of the mobile-based risk evaluation system

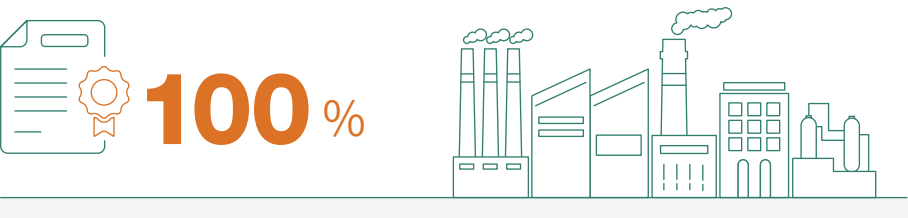
Safety and Health Slogan

Halla STRIDE, Safety and Health Participation, Implementation, by Everyone.

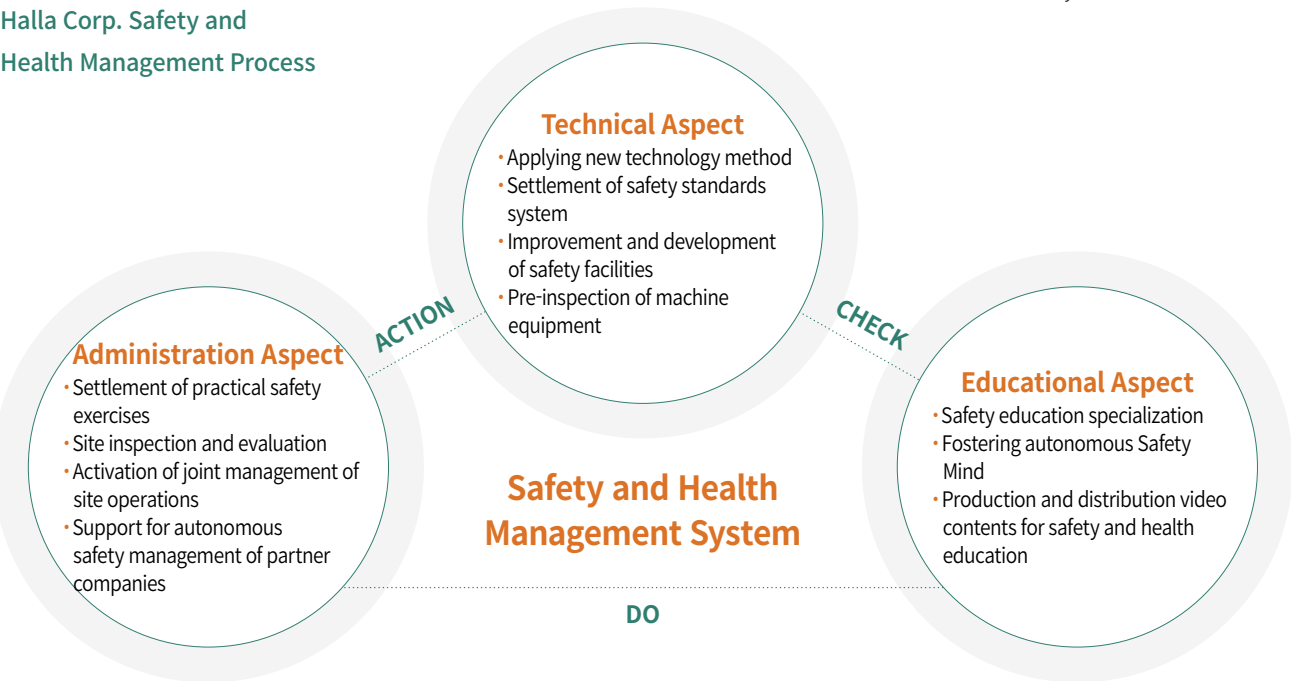
## Safety and Health Management System

Halla Corp. is accredited by the internationally recognized certification system, ISO 45001, and has since continuously maintained a safe working environment. Our safety and health system is intended for all employees and workers at our headquarters as well as sites, and we are currently sharing all our safety and health policies with all employees and subcontractors.

## Percentage of Sites Applying the Safety Health System



## Halla Corp. Safety and Health Management Process



## Safety and Health Management System ISO 45001 Certification<sup>(1)</sup>



(1) Validity: 2021.05.20-2024.05.19

## Safety and Health management activities of the top management

The CEO and CSO of Halla Corp. regularly visit the construction sites for a safety check and to raise the safety awareness of employees. In addition, the “Safety and Health Management and Workers’ Human Rights Declaration Resolution Conference” is held at all sites every month with the CEO and top management participating so that all employees can be aware of the safety and health management policy. The conference has been held since 2021 and all executives including the CEO participate to communicate with the field workers. In the future, Halla Corp. will continue to establish a corporate culture in which top management takes the initiative to practice safety and health first.

## 2021 Safety and Health Resolution with the CEO



Improvement of Gyeongueui Line Bridge

## Safety Inspection activities

Division	Description	No. of inspection
CEO safety inspection	Maximize the ripple effect of safety awareness among all employees by creating a safety culture led by the top management	16
Regular safety and health evaluation inspection	Safety and health evaluation scores are calculated for all sites and safety risks are reduced through on-site support (linked to KPI evaluation)	71
Technical safety inspection	Conduct safety inspections led by executives and employees on all sites and conduct improvement activities on the derived matters	23

## Safety Management Task

### Safety Risk Evaluation

Halla Corp. conducts our safety risk evaluation at sites to identify hazardous risk factors in advance while also establishing countermeasures accordingly. The risk evaluation covers most of the factors that are likely to affect the safety and health of our workers and is carried out following the implementation procedures in five steps. The identified risks are classified into three levels - high, medium, and low, and a countermeasure is implemented to lower the level of the risk while reducing the likelihood of their occurrence. In the future, we plan to build a mobile-based risk evaluation system to enhance managerial efficiency.

### Safety Risk Evaluation Process



### On-site Safety Management System

Halla Corp. is implementing various safety management programs to create a workplace where employees feel safe and assured. Workers assigned to risky tasks on-site are allowed to exercise the right to request for a suspension or refusal of the task. Additionally, we operate a Risk Report Center at all sites to make sure that workers may report any risk factors promptly. We have a system in place where any accidents that might occur during construction are reported to headquarters within an hour, followed by an investigation on the said accident. We analyze the causes of these accidents through investigations, establish measures to prevent recurrences, and share them throughout the company.



8 Cases of registered and processed cases in the Risk Reporting Center



Implementation of the right to stop work

### Strengthening Safety Management of Construction Equipment

Halla Corp. minimizes the risk of using old equipment by limiting the use of equipment that has been in use more than 10 years since its manufacture. To prevent major accidents caused by equipment defects, we also conduct consultation inspection by designated external specialized institutions in accordance with the cycle of internal regulations regarding the first entry of equipment such as crane, lift, and pile driver. Additionally, we are making efforts to improve the level of on-site equipment management by distributing the work slogan of '3GO! Plan GO, Review GO, Check GO' and the standard safety checklist for construction equipment.

### 2021 On-site Construction Machine Inspection Status

No. of sites conducted (unit: no)	No. of inspection (unit: times)
2021 29	2021 573
2020 29	2020 193
* Increased more than three times compared to 2020	

### Safety Accident Report and Response

Halla Corp. operates a systematic accident reporting and response process to rapidly establish measures to prevent recurrence of similar accidents, in an event of an accident outbreak. The outbreak of general accidents is reported to the CEO within an hour of recognition through the online disaster notification system. Emergency issues including serious accidents are immediately reported upon recognition through the reporting system. Whenever there is an accident, the person in charge of the safety and health team thoroughly manages all minor accidents, conducts an on-site investigation of the accident, and establishes as well as disseminates realistic measures through meetings to prevent recurrence.



## Safety and Health Advisory Committee Operation

Halla Corp. operates Safety and Health Advisory Committee quarterly to strengthen the sense of responsibility for safety and prevent serious disasters. The committee is directly supervised by the CEO and examines the appropriateness of the relevant team's working-level staff and the personnel and budget of the organization dedicated to safety and health. Furthermore, it evaluates the performance and planning of safety and health, and provides advice on other important safety-related issues.

## Safety and Health advisory Committee



## On-site Opinions Collection

Halla Corp. holds labor-management council meetings every two months for all sites to collect the opinions of workers. The labor-management council consists of site managers for each site, a manager from the subcontractor, and workers' representatives. The participants of the meeting exchange their opinions on risk factors and managerial measures for each type of construction process in the field and, once agreements are reached, apply them to the field.

## Safety and Health Education

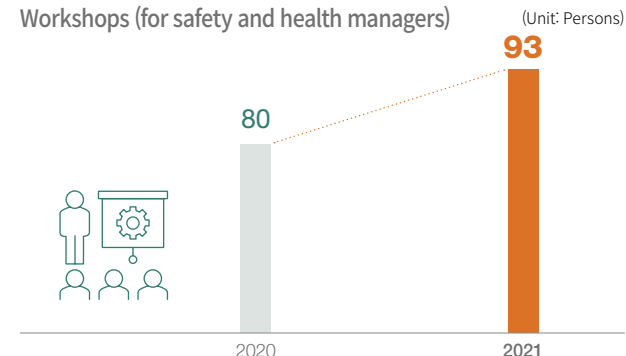
Halla Corp.'s safety begins with the high safety awareness of our on-site employees. We conduct trainings and meetings on external issues and legal revisions by implementing workshops for safety and health managers twice a year to strengthen their work capabilities and communicate between sites. Every year, we run programs such as e-learning education at the Korea Occupational Safety & Health Agency for management supervisors, and leadership and communication education for all managers from subcontractors. Each course contains information on the role and importance of supervisors as they were created by on-site safety and health managers. The educational videos are available on YouTube so that not only our employees, but also employees and workers of subcontractors may share them.

## Main Education Program

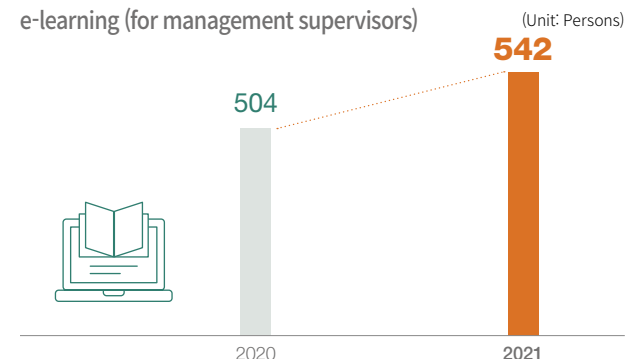
Items	Description
Technical Knowledge and Communication of Safety and Health Managers	<ul style="list-style-type: none"> <li>Safety and risk</li> </ul>
Key Policies and External Issues on Safety and Health	<ul style="list-style-type: none"> <li>Directions for reducing fatal accidents</li> <li>Issues related to SAPA</li> </ul>
Safety and Health Team Operation Plan	<ul style="list-style-type: none"> <li>Key projects and detailed action plans for the safety and health team</li> <li>Sharing major risk factors for each site and practical plans to control them</li> </ul>
Sharing Opinions on the Introduction of a Smart Safety and Health System	<ul style="list-style-type: none"> <li>Current status and plan for introduction of a smart safety and health system at each site</li> <li>Sharing opinions on the operation of a CCTV-integrated monitoring system</li> </ul>

## 2021 Safety and Health Training Status

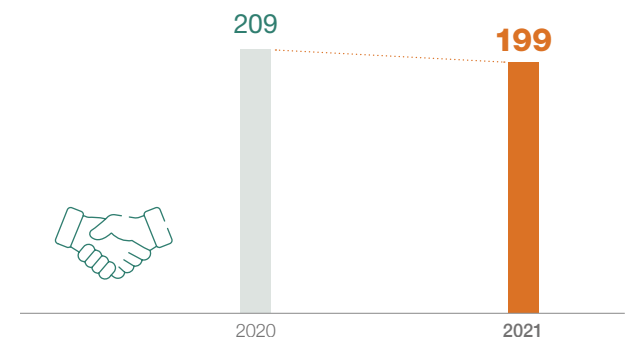
### Workshops (for safety and health managers)



### e-learning (for management supervisors)



### Subcontractors (for all managers from subcontractors)





## Workers Health Care Program

Due to the nature of the construction industry, on-site workers tend to work in environments surrounded by health risk factors such as fine dust and noise. Accordingly, Halla Corp. is providing various health care programs ranging from musculoskeletal disease prevention, respiratory/hearing protection, fine dust response, and healthcare in confined spaces to maintain and promote the health of our on-site workers. Primarily, after identifying sites and processes that are likely to cause health violations, we develop management policies for each factor, measure the working environment, investigate musculoskeletal hazards, and train workers. At the site, we are striving to improve workers' health by establishing standards for the operation of workers' shelters during vulnerable times, operating a hot break system and managing history for the elderly and the sick.

### Respiratory Protection Program



Halla Corp. has identified processes that may cause respiratory diseases and established a plan to prevent and control them. We protect our workers from harmful respiratory factors by providing safety education to them and carrying out improvement tasks for medical management and workplace environments.



Work types

**12**


Total participants

**110**

### Hearing Protection Program



Halla Corp. has conducted noise exposure tests for each site and construction type, in turn, establishing countermeasures for noise exposure that exceeds the standards. We protect our workers by providing a hearing protection program, which includes the provision of hearing protection equipment and regular hearing tests related to the harmfulness and prevention of excess noise.



Work types

**15**


Total participants

**290**

### Fine Dust Response Healthcare Program



Halla Corp. has built a response system to deal with issuances of high-concentration fine dust forecasts, outbreaks, warnings, as well as emergency reduction measures, and strives to minimize the occurrence of health problems for our workers.



All work types



All Participation in the entire field

### Musculoskeletal Disease Prevention Program



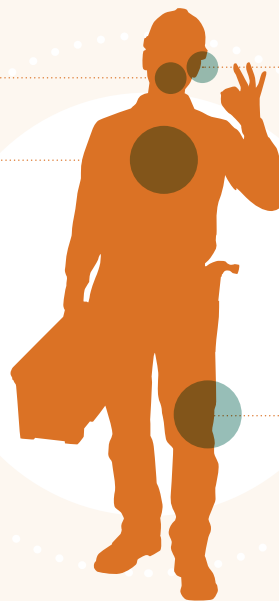
Halla Corp. classifies and manages tasks that place an unreasonable amount of burden on the musculoskeletal system of our workers. We identify hazardous factors through regular investigations to improve the environment while also providing medical care for workers, if necessary.



Work types

**27**


Total participants

**373**


## Safety and Health Management for Subcontractors

### Safety and Health Evaluation of Subcontractors

A safe environment at construction sites would not be possible without the help of all the subcontractors in partnership with Halla Corp. With an aim to create safer construction sites, we have established a safety and health evaluation system for subcontractors to determine the level of their safety competency. The safety competency assessment consists of five items, and by checking the scores of our subcontractors for each item, we can identify any deficiencies that they may have. Going further, we will improve the safety and health level of subcontractors through the safety and health evaluation of subcontractors and achieve our common goal of zero serious accidents at sites.

Purpose	
To establish a practical action plan in response to Serious Accidents Punishment Act (SAPA)	
Short-Term Goals	Mid- to Long-Term Goals
Establishment of safety and health evaluation system for subcontractors	Evaluation and support → Procurement of an appropriate standard of safety and health for subcontractors Construction of foundations for a virtuous cycle (to secure business continuity)
Goal Indicators	



Establishment of the entire system spanning from evaluation to support



Achievement of common goals through communication with relevant teams



Elimination of waste and improvement of work method



Cultivation of subcontractors through shared growth

### Key Evaluation Factors for Safety Competency



#### ● Safety Management

Management's level of awareness of safety and health management, safety and health education targets and cycle, etc.

#### ● Safety Infrastructure

Presence of guidelines and manuals for safety and health management, organization and personnel dedicated to safety management, etc.

#### ● Safety Plan

Establishment and operation of safety goals, accident prevention plans, emergency response plans, and safety budgetary plans, as well as the analysis of results, etc.

#### ● Safety Performance

Accreditation of safety and health management related systems, awards, industrial accident occurrence rate, etc.

#### ● Worker Safety

Appropriate attachment of safety signs, management of hazardous environments and harmful equipment, support for health examinations, etc.

## Safety and Health Evaluation Process of Subcontractors

The Halla Corp. safety and health evaluation process for subcontractors consists of three stages: 'bidding', 'contracting' and 'others (registration and management)'. During the bidding stage, we primarily select qualified subcontractors based on their self-assessment reports and safety competency assessment evaluations. Then, we conduct a construction due diligence on the selected subcontractors in the contracting stage. For any identified problems during the due diligence, we set up a plan to support and address them. During the others (registration and management) stage, the scope of disciplinary action for companies upon registration cancellation or bidding restriction is decided through the operation of a committee supervised by the CEO. Furthermore, we provide ESG safety consultations for subcontractors whose disciplinary action has been determined to help them secure the right standards for safety management.

### Conducting Safety Evaluation of Subcontractors



2021  
Subcontractors  
**384**

Rewards  
(Safety activities, Safety awareness)  
**3**

## Health and Safety Management Process of Subcontractors

Halla Corp. conducted a safety competency assessment on a total of 41 core tier-1 subcontractors and disciplinary companies. We are helping employees of subcontracts that had below average safety and health competency to better understand safety through providing ESG training. Moreover, we are also operating an external institution consultation support system to improve the activities and the management system of health and safety as well as to improve the overall level. Going forward, we aim to expand responsible and sustainable safety management to the entire supply chain by implementing safety competency assessment for all subcontractors.

## Improvement of Safety Kick Off Meeting

Halla Corp. provides support for new subcontractors to help them understand our safety and health standards through the Safety Kick Off Meeting (SKOM). The SKOM is attended by the CEO and the construction manager of subcontractor, the site manager, the construction manager, and the safety manager of Halla Corp. in order to communicate in regard to the safety processes. We hold the meeting before the commencement of construction to guide new subcontractors in identifying any possible issues that might occur at sites in advance while also establishing countermeasures voluntarily.

### Safety Kick Off Meeting (SKOM)



# Human Rights

## Implementation of Human Rights Management

### Establishment of the 2021 Human Rights Management System

In accordance with the growing demands for human rights protection and respect of companies, Halla Corp. has set 'Establishment and internalization of human rights management system for sustainable growth' as a goal. In 2021, we declared human rights management through publicizing the Human Rights Management Declaration, and a human rights management organization as well as a promotion system were formed centering on Halla Group's human rights management committee. To internalize human rights management, guidelines were established as well as conducted human rights impact assessment, human rights survey for the promotion of stakeholders' human rights, and evaluation of the effectiveness of the grievance procedures. Halla Corp. will advance the human rights management system across all our corporate activities based on the internalization activities conducted in 2021.

### Human rights policy

Halla Corp. supports the 'United Nations Universal Declaration of Human Rights' and 'United Nations Guiding Principles on Business and Human Rights' and seeks to prosper with our stakeholders and promote sustainable development based on the respect for human rights. Halla Corp.'s human rights policy includes human rights

and labor-related principles specified by UNGC such as prohibition of forced labor, child labor, and discrimination. We will continue to make efforts to establish human rights management through regular diagnosis of human rights status and operation of grievance process to resolve issues.

### Human rights grievance procedure

To not only internalize the culture of human rights management, but also to make a healthy corporate culture by handling employees' grievances, Halla Corp. is running a 'Human rights grievance procedure' that is organized by the labor-management council. Any employee that is aware of bullying in the workplace, is allowed to report it to the HR team or the labor-management council. The report that has been registered through email, call, or in writing is thoroughly secured to protect the affected employees and actions are taken through the 'grievance procedure committee' in accordance with the regulations.



### Prevention of bullying and sexual harassment

With 'ZERO bullying and sexual harassment at the workplace' as a goal, Halla Corp. has established provision regarding 'prevention and prohibition of workplace bullying' and announced it on the in-house bulletin board. In order to prevent the recurrence of bullying, we have formed countermeasures and are conducting various preventive programs to create a culture in which employees respect and care for each other.

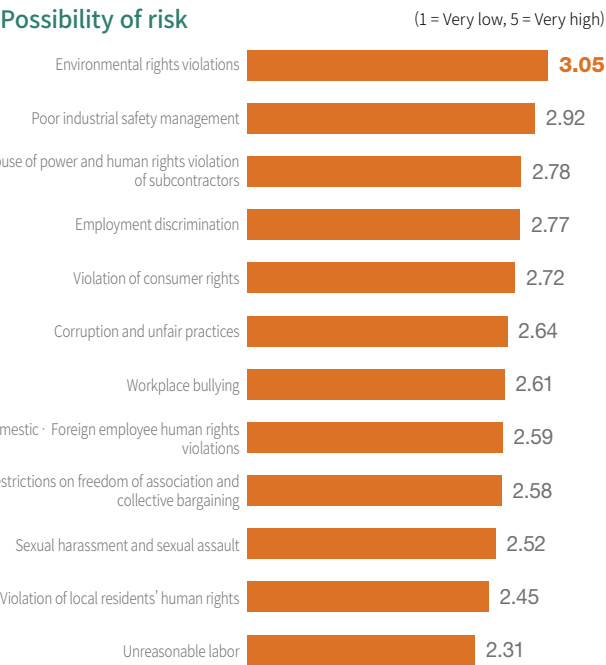


### Human Rights Violation Prevention and Remedies

Halla Corp. operates the Human Rights Management Council to prevent any violations that may occur. In 2021, there were four workplace bullying cases, and the relevant offenders received strict disciplinary measures via decision by the HR Committee, which included dismissal, suspension, wage cuts, and warnings. We take those four cases seriously and will do our best to implement human rights management practices with an aim to lower the occurrence of harassment cases to ZERO by 2022.

## Human rights risk assessment

Halla Corp. preemptively prevents human rights violations through regular assessments of human rights impact and risks. We have conducted human rights risk investigation on our headquarters, sites, and subcontractors by applying domestic and foreign standards such as human rights risks identified by employee grievance management and UNGC human rights principles. In 2021, a total of 74 people were surveyed on 12 human rights issues, including environmental rights violations and power abuse. The results of the assessment indicated a very low possibility of human rights violations at 2.6%. Further, opinions on the systemization of human rights management and measures to protect unemployed human rights were received from the survey subjects for continuous human rights protection.



## Human Rights Impact Assessment

To identify and respond to any negative impacts of human rights violations that may affect our stakeholders, Halla Corp. conducts human rights impact evaluations across all corporate activities. The evaluation was conducted throughout 10 fields and management actions in each field were analyzed to be approximately 77%. As for us, ‘protection of environmental rights’ was identified as an improvement task that needed to be supplemented. In this regard, we plan to perform a systematic collection of environmental data for each business site in the future and strive to prevent environmental problems.

## Human Rights Risk Management System

Halla Corp. operates a risk management system to respond to risks identified through the human rights impact evaluation. We conduct pre-inspections on possible human rights violations that are likely to occur in consideration of the unique circumstances of the construction industry and prevent them to minimize the impact of human rights violations. Additionally, we have expanded the scope of the human rights risk review to sites, supply chains, and other businesses, while also engaging ourselves in various human rights improvement tasks, such as making the risk checklist of our subcontractors as a key indicator in assessing ESG management.

## Details of 2021 Human Rights Impact Evaluation





## Effectiveness Evaluation of the Grievance Procedures

Halla Corp. conducted an effectiveness evaluation of the system to examine whether the grievance procedure provides a practical solution to human rights violations. We conducted the evaluation-based checklist consisting of eight major principles derived from the CSR Europe's Management of Complaints Assessment Results Report. Moreover, we have shared the collection of best practices throughout the company. We will continue to improve the grievance procedure by applying the improvement points derived from the evaluation and best practices.

### Items for the Grievance Procedure Effectiveness Evaluation

Evaluation Criteria		Description	No. of Questions
1	Justification	Participation of various stakeholders and experts	4
2	Accessibility	Accessibility of grievance procedure system and its promotion or education activities	4
3	Predictability	Clarification of senior management roles and procedures	3
4	Equity	Support for victims and procedures for reported employee to explain his/her story	3
5	Transparency	Transparent disclosure of progress and processing results	3
6	Suitability of Rights	Verification of possible human rights violations and protection of the reporter's rights	3
7	Continuous Learning and Improvement	Monitoring and system improvements through indicators	4
8	Based on Conversation and Engagement	Procedure in place to encourage active participation of channel users	3

### Process for Grievance Procedure Effectiveness Evaluation



## Human Rights Education

Halla Corp. has provided annual (4 hours) online education to all employees to strengthen the employees' awareness on human rights. In 2021, we conducted human rights educations such as 'Prevention of workplace bullying' and 'Gender Equality Culture by Prevention of Sexual Harassment' to deliver information required to prevent human rights infringements and to enhance the protection of human rights of our employees within the workplace. Going forward, we will take the lead in creating a healthy work environment based on human rights education.

### Education on Workplace Bullying Prevention

- 1) Definition of workplace bullying
- 2) Prohibited workplace bullying conducts
- 3) Counseling Process for workplace bullying
- 4) Workplace bullying case handling procedure
- 5) Actions to protect victims of workplace bullying
- 6) Actions to punish offenders of workplace bullying
- 7) Other information to prevent workplace bullying



# Labor

## Talent Management

### Talent Management System

The growth that Halla Corp. pursues cannot be achieved without the growth of our employees. We have newly established key tasks for talent management and announced detailed action plans to encourage the transformation of our employees by making positive changes in 'corporate culture'. We seek to overhaul the organization to be based on performance rather than seniority and nurture talented employees while achieving innovation throughout the organization by efficiently managing personnel and transforming the corporate culture. Using these changes as a foundation, we will transform the growth of our employees into the sustainable growth of our company.

### Halla Corp. Human Resources Vision

- Creative 3C people accepting challenges to achieve goals together -

#### CHALLENGE

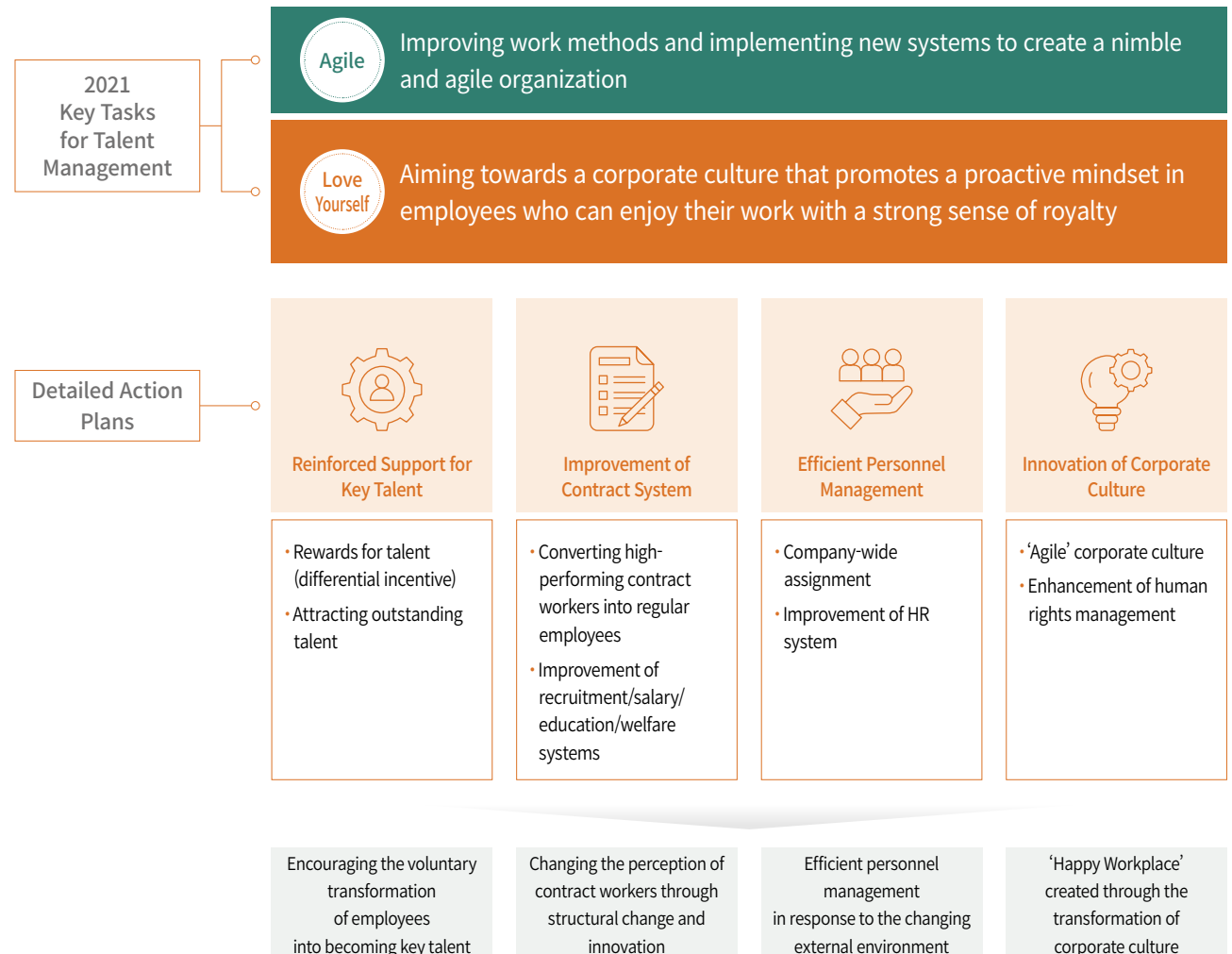
- A person who has new perspective on things and events
- A person who presents a new path for ceaseless development of the company
- A person who achieves difficult goals using original ideas and strategies

#### CREATION

- A pioneer who opens up a new future through analysis and outstanding intuition
- A person with strong willpower who achieves challenging goals and creates positive outcomes

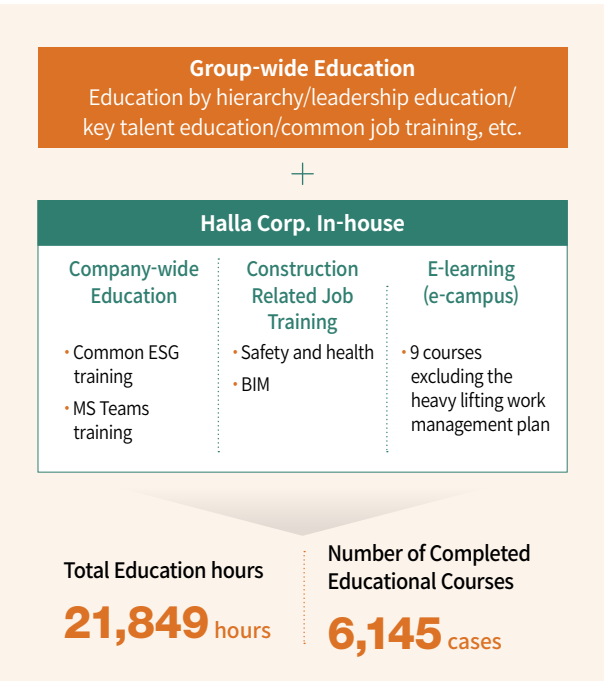
#### COOPERATION

- An open-minded person who can work with anyone, anywhere
- A person with a broad perspective, consideration for others, and ethics for the development of all



## Reinforcement of Employee Capacity

Halla Corp. is committed to training employees under the HR vision of “The birthplace of Halla’s knowledge and heartbeat”. Through the Halla HRD Center, we are providing group-wide education for all employees regardless of job title and position, and there are also education programs provided by Halla Corp. that covers common ESG related information and construction related training, such as safety and health/BIM. In 2021, A total of 6,145 training courses, spanning 21,849 hours, were provided. During the Covid-19 pandemic when face-to-face education was prohibited, we fully utilized non-face-to-face education methods such as e-learning and online Live courses, resulting in an increase in education hours and costs compared to the previous year.



## Reinforced Support for Key Talents

Halla Corp. operates various programs to support our core talent such as the ‘Talent Reward’ and ‘Outstanding Talent Selection’ programs, as part of a way to implement newly established key tasks for talent management. We provide ‘differential incentives’ according to the talent rewards, and for high-level performers, we promote and appoint positions for them regardless of the promotion period. In the future, we will provide more opportunities to key talents to create a corporate culture where employees have higher job satisfaction.

## Improvement of Contract employee System

Halla Corp. has improved the contract employee system in order to make them feel more like members of the organization while also boosting workplace morale. For salaries, we introduced the annual salary system and have been providing the same rewards and support as the regular employees. Furthermore, we provided high-performing contract employees a chance to become a permanent employee, which had a dual effect of attracting excellent talent as well as motivating them towards better performances.

## Retiree Support Training

Halla Corp. is planning a program to support retirees' adaptation to society. We plan to educate those who have worked for more than a year over the age of 50 for involuntary reasons, and if they wish, we plan to entrust them to external educational institutions to participate in job start-up education.

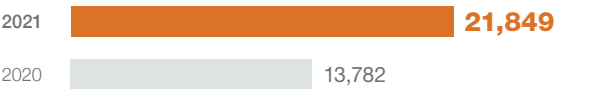
## Education Expenditures per Employee (Unit: KRW)



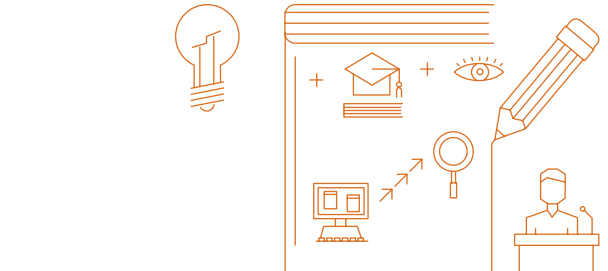
## Total Education Expenditures for Employees (Unit: KRW million)



## Total Time Spent on Employee Education (Unit: hours)



## Number of Completed Educational Programs (Unit: courses)

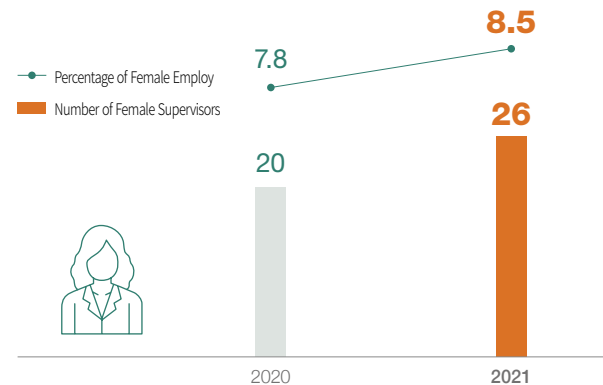


## Procurement of Diversity and Inclusivity

Halla Corp. pursues the diversity of our employees by increasing the overall proportions of female employees as well as employees with disabilities. We are committed to providing fair compensations and promotions without any gender discrimination. For the recruitment of the disabled, we formed a sports team called the “Halla Sports Team for the Disabled” to hire disabled athletes, we submitted a recruitment request to the Korea Employment Agency for Persons with Disabilities (KEAD). We also expanded upon support for in-house clubs to promote networking and provided education on increased awareness of the disabled to help employees with disabilities adjust.

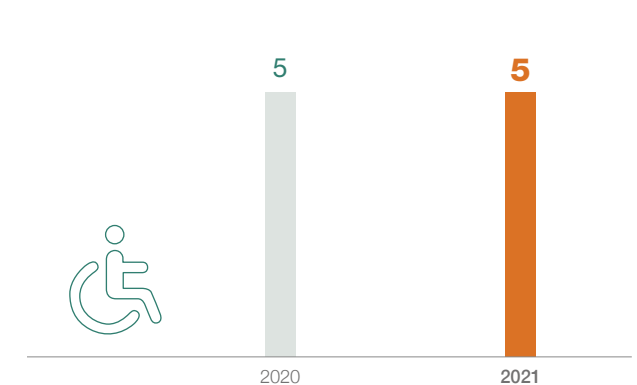
### Percentage of Female Employees

(Unit: %, persons)



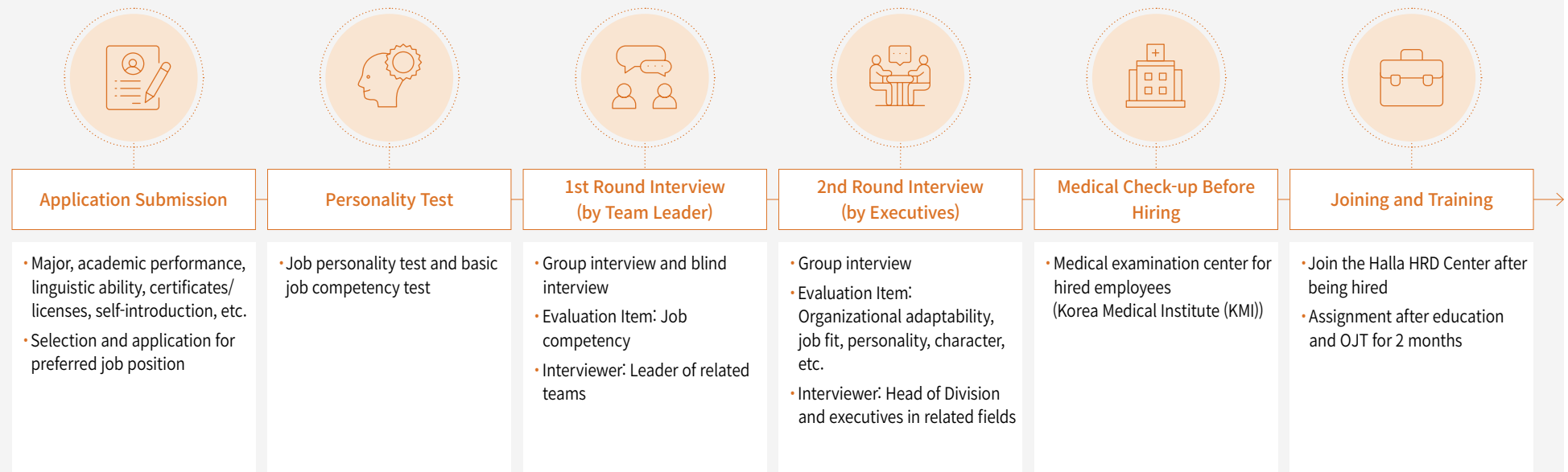
### Percentage of Employees with Disabilities

(Unit: persons)



## Halla Corp. Talent Hiring Process

Halla Corp. conducts a transparent recruitment process based on the value of ‘fairness’ in compliance with the relevant laws and regulations for hiring. For the recruitment of college graduates, first round interviews are conducted as blind interviews to enhance fairness.



## Workplace Culture for Employees

Halla Corp. has taken the lead in improving workplace culture for our employees to improve their level of happiness while at work. We introduced an 8-hour workday system, which is a 30-minute reduction from the existing working hours, to change the practice of long working hours. Moreover, we expanded upon the range of options for working hours by introducing various flexible systems such as the 3-month flexible work time system, the staggered commuting system, and the voluntary remote working system (by team). In regard to the topic of leave, we have also introduced a policy that lets employees be autonomous in their decision for various attendance related requests including annual leave. We are implementing a group annual leave program, and creating a culture that balances daily life.

## 2021 Average Ratio of Remote Work

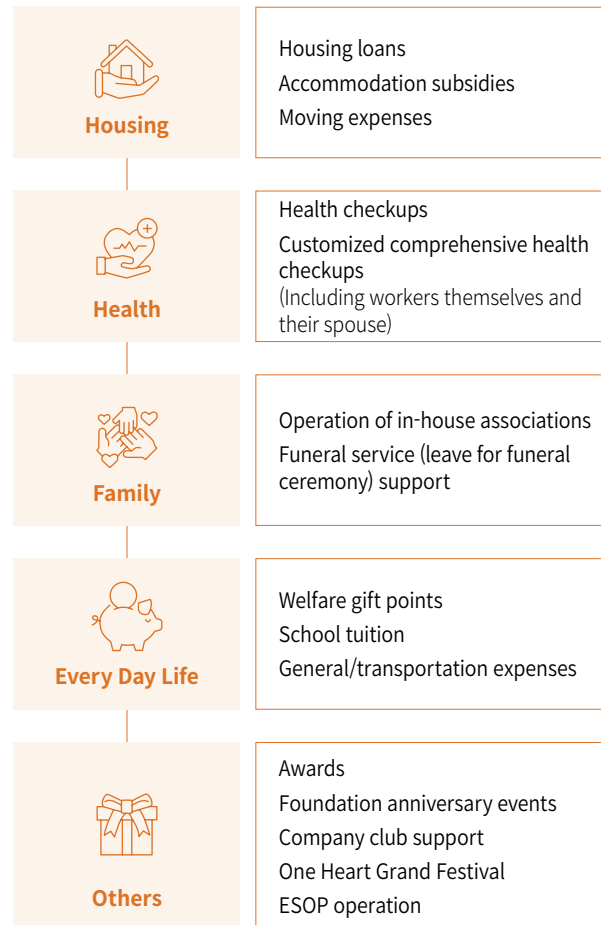


## Halla Corp. Flexible Working Systems

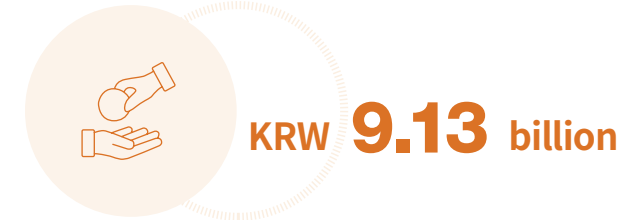
<b>3-month Flexible Work Time System</b>	Flexible working hours every 3 months Additional wages paid for weekly working hours that exceeded 40 hours (based on a 8-hour work day)
<b>Staggered Commuting System</b>	Option to choose personal commuting time, between 8 and 10 AM (based on a 8-hour work day)
<b>Compensation Leave System</b>	Compensation leave is provided to the legal additional rate for overtime work
<b>Discretionary Work Time System</b>	For domestic business trips, leave, training, and/or armed reserve training, recognition for 8 hours of work

## Benefits Package Program

Halla Corp. aims to improve the quality of life of our employees by providing the best welfare benefits to those who put forth their best efforts for our company. We offer welfare programs in categories that include housing, health, family, and everyday life, while providing a customized psychological counseling service, 'Pursuit of Happiness', to help employees maintain a stable mental state.



## 2021 Employee Welfare Expenses



## Pursuit of Happiness at Halla (Customized Psychological Counseling Service)

**행복찾기가 여러분의 행복을 응원합니다!**

**주최회사 한라 임직원들을 위한 행복찾기 상담서비스**

업무로 스트레스 받을 때, 대인관계가 고만아 될 때, 나쁜 더 달고 싶을 때, 가정문제로 마음이 힘들 때, 전문상담사와 함께 마음을 나눴습니다.

**상담주제**

- 직업/개인 행복한 직장인 되기**  
직무스트레스 / 직장 내 대인관계 / 의사소통 등
- 배우자를 배우자**  
부부관계 / 이혼문제 / 고부갈등 등
- 우리아이 두 배 더 잘 키우기**  
자녀양육법 고민 / 자녀상담
- 내 안의 나를 찾는 시간**  
우울, 불안, 분노조절 장애 상담 / 불면증, 무기력증

**이용안내**

- 이용대상**  
임직원 본인 ~ 가정주부의 경우 배우자, 자녀 동반 가능
- 상담횟수**  
직원 1인당 연간 5회(초·중·고·대·대학원) 분인 부담  
※ 1차년도 기간 상담횟수 승계 (1차년도 : 2020년 8월 24일 ~ 21년 8월 23일)
- 상담시간**  
평 일 오전 9시 ~ 오후 8시  
토요일 오전 9시 ~ 오후 4시
- 상담절차**  
상담신청 상담예약 전문상담 만족도확인

상담이후의 경우는 상담원에게도 확인을 위해 회사에 전달됩니다. 개인의 상담내용은 회사에 알려지지 않으며, 상담비용에 대해서는 철저하게 비밀이 보장됩니다. (단, 법률상 기밀법 제 63조)

**상담신청 및 문의**

**080-080-5988**  
(수선자 부합)

E-mail: dsain@danncn.co.kr  
Website: www.esokorea.co.kr

KoreaBank \*다산\* 한국농림수산식품은행 \*다산\* 한국농림수산식품은행



## Labor Relations

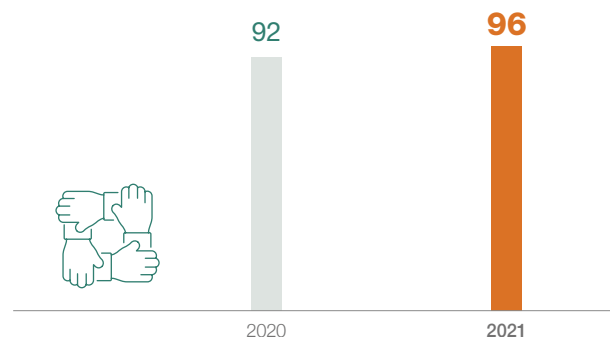
### Operation of Labor-Management Council

Halla Corp. prioritizes trust and harmony between the company and our workers and operates a labor-management council<sup>(1)</sup> to promote common interests. The labor-management council holds meetings more than four times a year and consists of three full-time employees including the chairperson of the union office. Collective agreements are signed every two years. Any material changes in business operation<sup>(2)</sup> are, in principle, required to be notified in advance to the labor union.

(1) Halla Corp. guarantees the freedom of workers to join and withdraw from the labor union in accordance with Article 5 of the Trade Union and Labor Relations Adjustment Act.

(2) Company organization and reorganization, spin-offs, mergers, transfers, and closures

Labor Union Membership Registration Rate (Unit: %)



### Creation of Horizontal Corporate Culture - Agile (Love Yourself)-

Halla Corp. has launched the following campaigns, 'Three NOs and Three YESes' and 'LATTE & MARIA', as part of the 'Agile (Love Yourself)' initiative that began in 2021 with the aim to create a horizontal corporate culture. The 'Three NOs and Three YESes' campaign is intended to create a corporate culture surrounding the creation of more values while working less by placing and following rules for three things to be done and three things not to be done to improve work methods. The 'LATTE & MARIA' campaign is to transform the mindset of leaders and encourage them to have an adequate attitude to exercise leadership to create a corporate culture that does not fear change. We will remain as a 'fearless organization' by carrying out more agile programs.

#### Campaign 'LATTE & MARIA'

L	Later - Last to speak in a meeting or discussion	Direction of Leader's Change
A	Agile - Quick to give approval or submit a report	
T	Trust - Trusting employees even if they fail	
T	Tell - Sharing information with team members	
E	Encourage - Encouraging employees and communicating causes and solutions for problems	
M	Main consulting - Operating a psychological counseling center and internal grievance center	Direction of Leader's Change
A	Award of leader - Conducting multi-faceted evaluations and reflecting on results in appointment of a director	
R	Respect each other - Expanding the introduction of programs for organizational support	
I	Information of fearless team - Provision of related educational courses, books, etc.	
A	Award for failure - Rewards even for failure	

#### 'Three NOs and Three YESes' Campaign

주 | 한라 기업문화

## 애자일 (Agile) 하자!

날렵하고 민첩한 조직을 위해 일하는 방식 개선

3 不 3 行 캠페인

3 不

백센 문서 작성 금지

쓸데없는 회의 금지

눈치 금지

3 行

지시/피드백은 명확하게

자기일은 스스로

퇴근은 정시에

Halla 후(합)력

# Quality

## Quality Management

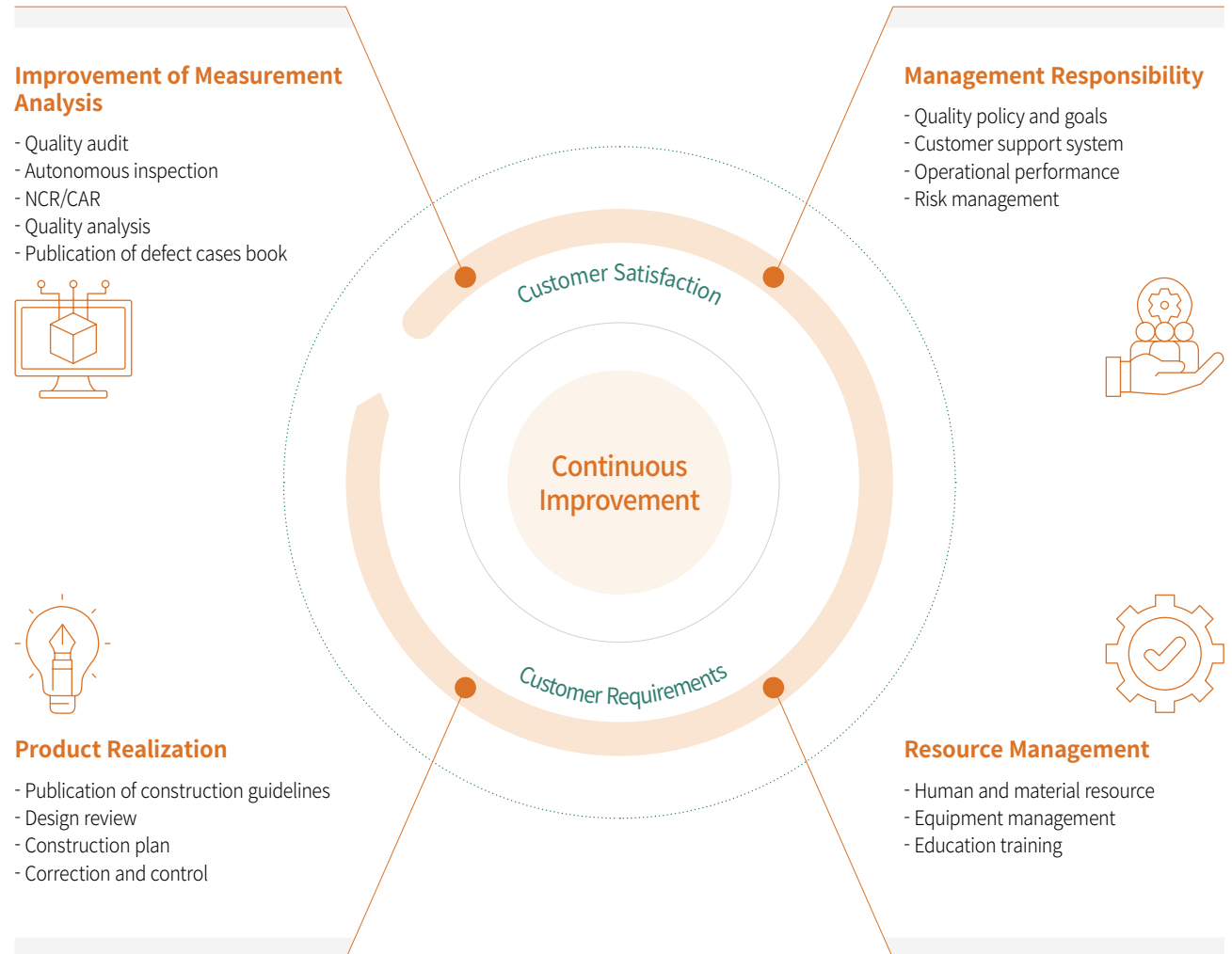
### Quality Management Strategy and System

Based upon the philosophy of quality, “No Compromise on Quality”, Halla Corp., is committed to implementing quality management at all domestic and overseas business sites. We have a systematic quality management system in place supported by the global quality management certificate ISO 9001. Additionally, we operate a wide range of quality management programs across all stages of management activities, such as quality campaigns, field quality inspections, and monthly quality meetings. Those events are participated by top management members of our company and the CEOs of our subcontractors. We will continue to strengthen our external brand image and increase customer satisfaction through our best quality management programs.

### Quality Management System ISO 9001 Certification<sup>(1)</sup>



(1) Validity:  
2020.06.07~2023.06.06



## Quality Control Process

Halla Corp. conducts three-stage pre-inspections of construction quality prior to completion to reduce the costs in defect repairs, enhance the brand image, and improve quality in general with external specialized institutions.

Type	Inspection Period	Inspection Description
Step 1	After project approval (start time)	<ul style="list-style-type: none"> <li>Review of design drawings and presale catalogs</li> <li>Inspection of M/H construction status</li> <li>Inspection by issue category such as recent defects, civil complaints, and lawsuits</li> <li>Discovering unreasonable parts in drawings and specifications as well as violations of any related laws</li> </ul>
Step 2	After completion of mock-up (Progress rate: 40-50%)	<ul style="list-style-type: none"> <li>On-site mock-up survey : Review of design drawings, design specifications, and M/H consistency</li> <li>Establishing of supplementary measures for defect occurrences and legal violations</li> <li>Confirming parts for construction changes</li> </ul>
Step 3	2-3 months before completion	<ul style="list-style-type: none"> <li>Reviewing the revisions of completed documents (drawings and specifications)</li> <li>Establishing personnel and business plans as well as litigation plans</li> </ul>

### Expected Effect

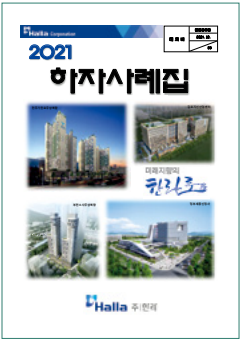
- ① Reduction of defect repair costs
- ② Response to defects and complaints in a flexible manner
- ③ Improvement of quality and reinforcement of brand image through complaint and defect prevention
- ④ Strengthening the sense of responsibility of the employee and subcontractors.

## Quality Improvement Activities

Halla Corp. conducts regular and occasional inspections at our construction sites to monitor construction methods with the goal of improving quality and preventing defects in advance. We publish and distribute a book of defect cases annually to share the importance of safety, quality, and environment with on-site workers. Additionally, we seek improvement measures through meetings with our subcontractors. We share important cases and provide training sessions with construction guidelines and video lectures for employees and subcontractors with a focus on defect prevention and suppression of litigation while continuing activities for quality improvement.

### Improvement performance

**Video training**  
**Production : 42**  
**Book of Defect Cases**  
**Publication : 17**  
 (Published annually since 2005)



book of defect cases

## Smart Research Team

Halla Corp. has established a Smart Research Team to improve quality, reduce defects, and prevent safety accidents. Smart Research Team has published the HLIM e-book to promote employee awareness and share construction guidelines and cases.

## Quality Management Education with Commitment and Communication

Halla Corp. follows the quality philosophy that it is impossible to make good quality products without sincerity, in line with the saying ‘technology can never outweigh sincerity’. We communicate with communities by setting up channels where we can share quality information, which includes the latest laws, construction guidelines, and defect cases at each site in pursuit of quality improvement.

## Occasional Quality Audit

Halla Corp. puts forth our utmost efforts to prevent defects by evaluating compliance of laws and regulations and management systems for all sites based on the quality environment rules and the in-house construction evaluation system. We conduct inspections by progress rate and update the checklist continuously for major defects.

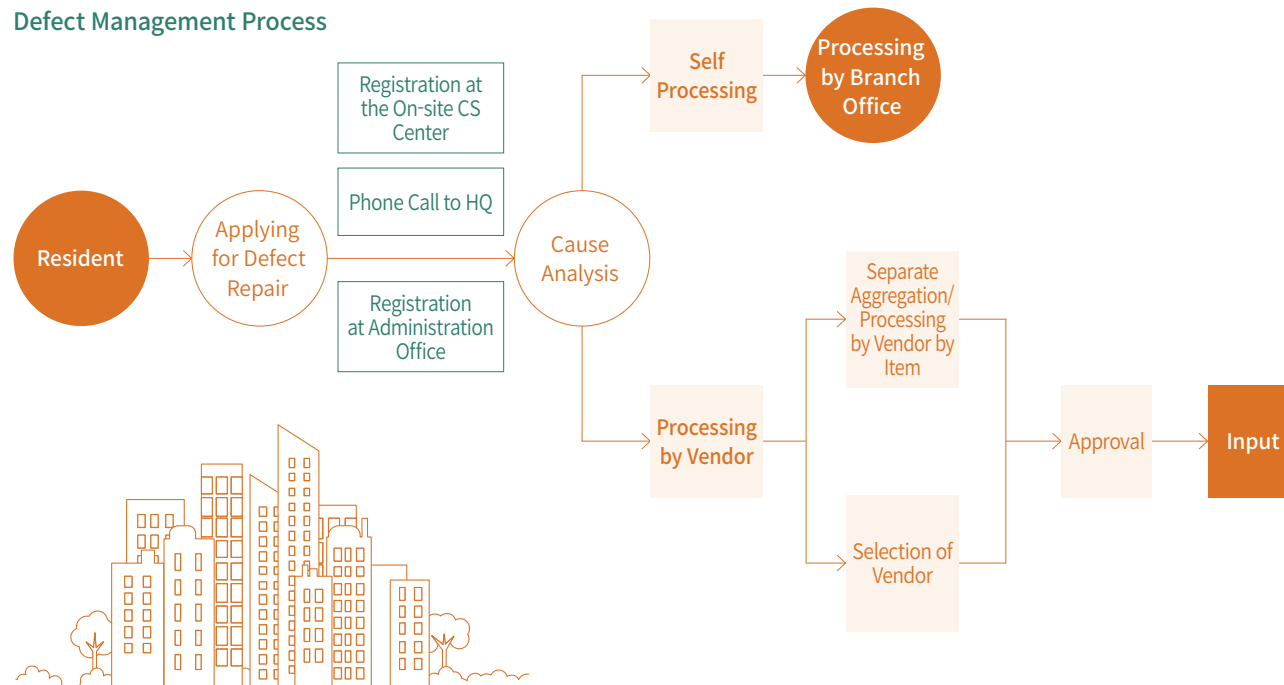
Year	Inspection Count	Remarks
2022	32( <i>tbd</i> )	
2021	22	Simplified due to the COVID-19 pandemic
2020	26	
2019	27	

## Customer Satisfaction

### Defect Management Process for Customer Satisfaction

Halla Corp. has established a systematic defect management process to improve customer satisfaction. We provide robust defect management services within a certain warranty period for defects upon completion of construction in collaboration with the Construction Business Management Team and the Quality Management Team. Moreover, we operate a damage compensation program for our customers, under which procedures and standards for damage compensation are disclosed transparently, and promptly handle requests for defect repairs.

#### Defect Management Process



### Halla Mobile After Service (HMAS) Operation

Halla Corp. operates the Halla Mobile After Service (HMAS) that provides easy access to warranty services. Post construction, HMAS enables the processing of mobile defect repair requests from of requests in a quick and efficient manner to improve customer satisfaction. The rate of mobile defect handling increased by approximately 16% when compared to 2020 through complementary defect management processes including after-services (A/S) after handling requested defects.

#### Defect Handling Ratio via HMAS

(Units: %)



#### Mobile Defect Repair Registration Process

Step 1	Access the mobile AS support center (the access URL is sent to the mobile number registered in the move-in support center)
Step 2	Registration and log-in
Step 3	Verification after entering mobile number
Step 4	Enter the Complex name, building no., and the unit that AS is require for
Step 5	Select defect location, area, and type
Step 6	Enter a brief description of the defect and take 2 near/far view photos
Step 7	Upload photos and complete the defect repair registration
Step 8	On the defect confirmation page, you can check the details of the receipt of defects and the processing status (received, in progress, completed)

# Customer Satisfaction Survey

After the completion of construction, Halla Corp. collects the opinions of our customers through the mobile customer communication system and official notices. We also seek out changes in construction methods to repair defects received through the system promptly and to eradicate repeated defects in pursuit of practicing customer satisfaction management.

## Disclosure of Fair Trade Information for Consumers

Halla Corp. discloses accurate information on housing products through notices and contract documents for occupants to ensure transparent fair trade. Additionally, we will establish principles on consumer fair trade with the goal of ensuring a comfortable and safe residential life for our consumers. In the future, we will continue to strive for fair contracts based on trust and for the peaceful and safe residential life and satisfaction of our customers.

## Information Disclosure for Customers

<b>Product Basic Information</b>	Notification of location, specification, defect repair, insurance, occupancy procedure, land, mobile communication facilities, etc.
<b>Product Price Information</b>	Payment method, contract cancellation, penalty, discount and delay compensation, guidance on intermediate payment loans, etc.
<b>Product Rights Information</b>	Resale of pre-sale rights, transfer of ownership, etc.
<b>Contractor Information</b>	Purpose of collection and use of personal (credit) information consent form, etc.

## Product and Service Safety Principles

Safety management for customers and consumers is key to improving customer satisfaction. Halla Corp. distributes guidebooks for residents to all occupants of our properties to ensure the safety of residents. Also, we strive for the safety and health of our customers by sharing the location, usage, management standards, and emergency measures of safety related facilities such as safety facilities, security facilities, and firefighting facilities in the area.

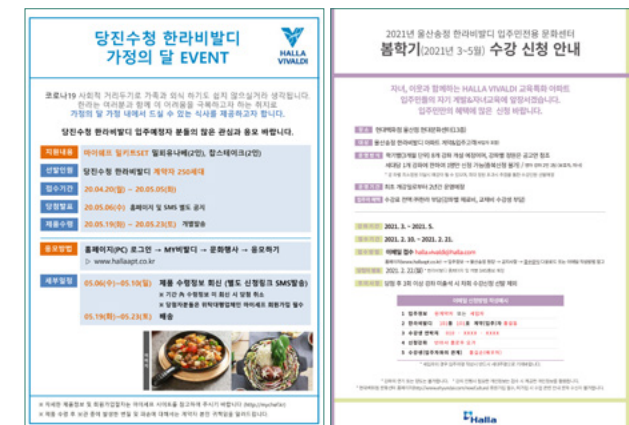


## Guidebooks

## Customer Satisfaction Enhancement Program

Halla Corp. runs a differentiated communication platform which includes a website and social media channels that are exclusive to our customers, to actively communicate with them. We use our social media channels on platforms such as Naver blog and Instagram to share content that meets the needs of our customers and encourages the participation of the residents. Moreover, we held a cultural event, ‘Together Halla’, at the Ulsan Songjeong Apartments and Siheung Baegot Apartments, and provided cultural lectures exclusively for residents. As a part of our effort to continue communication with consumers despite the restrictions of the COVID-19 pandemic, we organized an online house-tour for residents to collect various opinions from them. Going forward, we will carry out various activities to maintain a good relationship with our customers.

## Guide of Seasonal Cultural Lectures for Residents





## FOCUS 4.

# COMMUNITY

A World Where Everyone Smiles

### 2021 KEY FIGURES 1

Non-face-to-face Social Contribution Activities not wavered by COVID-19

**Tree Sharing Campaign**  
Donation of **250** trees

### 2021 KEY FIGURES 2

Expansion of Social Contribution through Donations

**KRW 1.69 billion**

### 2021 KEY FIGURES 3

2021 Halla Walk Together,  
Distance of **26,427km**  
Covered  
(Participated by 201 persons)

### 2021 KEY FIGURES 4

**Promotion of community-specific social contribution activities**   
(Siheung, Gyeonggi-do)



[Link to UN SDGs](#)

## ISSUE IMPORTANCE

Corporate activities take place from the local community to society as a whole and are closely influenced by each other. Therefore, social contribution activities of a company bring about positive changes in society and go further to lay the foundation for the continuous development of the company. Halla Corp. spreads positive influences throughout society by conducting social contribution activities for a wide range of areas including construction sites.

## RISK

- Deterioration of relations with the local community due to environmental and safety issues occurring at construction sites

## OPPORTUNITY

- Enhancing corporate image through social contribution activities
- Creating business opportunities by building a trust in relationships with local communities

## HALLA STRATEGY

Halla Corp. has established five core areas for social contribution centering on the value of 'Together' and is conducting social contribution activities in each field. In 2021, we promoted a non-face-to-face social contribution activity called the 'Tree Sharing' campaign with the aim to revitalize social contribution activities that were weakened due to the COVID-19 pandemic. Additionally, we supported and donated goods continuously to social and educational institutions to fulfill the mission of social contribution without interruption.

## TARGET

- Vitalization of face-to-face social contribution activities
- Expansion of social contribution activities in connection to the employees

## NEXT STEP

- Organization of social contribution activities in connection with the Halla Group
- Promotion of social contribution activities related to the characteristics of the construction industry

## INTERVIEW



Songpa Senior Welfare Center  
Social Worker **Kim Ah-sung**

The Songpa Senior Welfare Center is the only general welfare center for the elderly in Songpa-gu, Seoul, in which our head office is located. This geographical proximity has naturally led us to form a relationship with the center. Through yearly donations on special days such as Luna New Year, Chuseok, and Parent's Day, Halla Corp. has been a strong supporter to the community of Songpa-gu for more than 10 years to the vulnerable senior people who are living alone, or have low income and/or disabilities, within the local community. During a time when COVID-19 was creating great hardships for the society, the vulnerable elderly were experiencing difficult times financially and psychologically. In addition to financial support, Halla Corp. has conducted a tree sharing campaign, in non-face-to-face form, which has provided a lot of emotional comfort and stability to the elderly. The social contribution activities that Halla Corp. has carried out, in a timely manner, are highly satisfactory to the vulnerable elderly of the region. We as the welfare institution are always deeply grateful to Halla Corp. I hope that in the future Halla Corp. continues to do its best to support the living infrastructure of the underprivileged in the local community



HR Team of Halla Corp.  
Managing Director **Lee Gye-chan**

A company cannot be separated from a society and exist alone, and for it to shine brighter, mutual development with society must occur. Since Halla Corp. has grown into where it stands now with the love and support given by the members of society, it is obvious to say that we should share our profits with the members of society. Building upon these social contribution activities, Halla Corp. can move forward as a permanent company.

Halla Corp. has carried out major social contribution activities in five core areas under the vision of 'Together', with a particular focus on 'Live Together' (solving social problems and leading change through community collaboration) and 'Imagine Together' (supporting and nurturing future generations who will shape a better world). We supply scholarships to Halla University and Yangseo High School

every year and provide donations to the affected areas of serious natural disasters or events such as the wildfires in the East Sea region. Additionally, we also provide goods necessary for social welfare facilities such as the Myeongjin Wild Flower Love Village, Songpa Senior Welfare Center and Songpa Welfare Center in Songpa-gu, Seoul.

Since last year, we launched non-face-to-face campaigns for social contribution including the 'Tree Sharing' campaign and the 'Food KIT Support' campaign in a situation where face-to-face contact was difficult due to the prolonged COVID-19 pandemic. The support provided towards the sports activities to the saddened children at the Myeongjin Wildflower Love Village improved their spirits while the 'Tree Sharing' campaign provided comfort to the vulnerable elderly of the Songpa Senior Welfare Center. Although it is difficult to quantify the performance of social contribution activities, I believe that our goal to provide adequate support to those in need was achieved, and we will repay society with more social contribution activities in the future.

# Social Contribution Strategy

Halla Corp. has established a responsible and sustainable social contribution strategy based on the mission of ‘Enriching the World by Inducing Bold Changes in All Areas of Human Life, Movement, and Imagination’. We carry out a wide range of welfare activities, without any limitations to the target group, that share even the emotional aspects of those we aim to help. We perform community contribution activities and carry out community-based social contribution activities targeting the neighboring areas of each construction site. In the future, we will set goals and detailed plans from a mid- to long-term point of view to ensure that the community and society grow together and contribute to forming a community culture where company and society coexist.

## Social contribution values

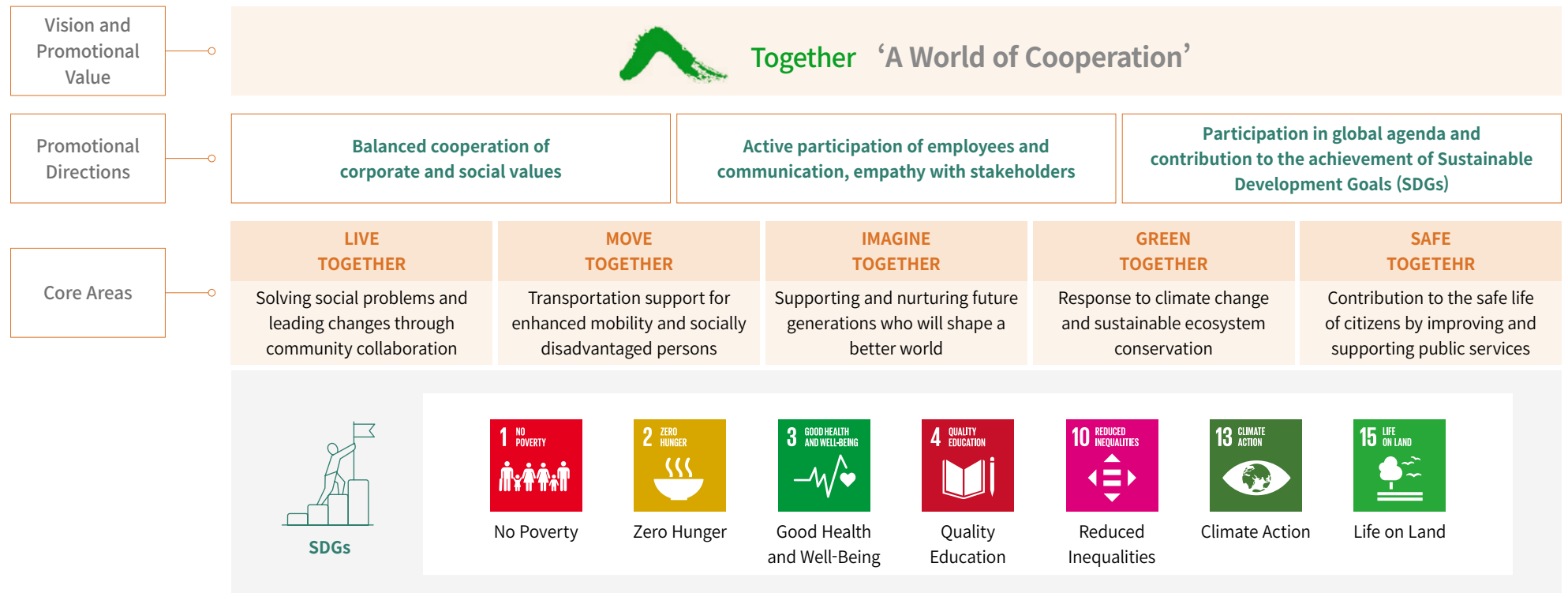
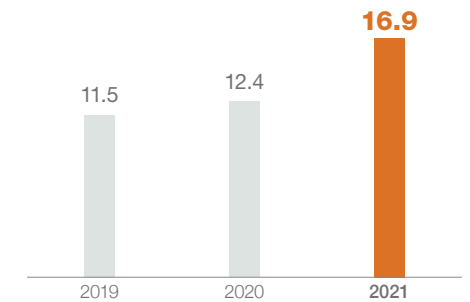
KRW **1,993.26** million



\*Donations KRW 1,643 million  
 \*CSR program KRW 13.36 million  
 \*Voluntary activities KRW 301.76 million

## Donations by Halla Corp. for social contribution

(Unit: KRW 100 million)



# Live Together

Solving social problems and leading change through community collaboration

Halla Corp. is carrying out social contribution activities tailored to the area by cooperating with the local communities. We are also promoting activities that consider the underprivileged class in need of support during holidays and Gimjang (process of making Kimchi) season and making efforts to provide practical help to the local community.



Support for family with 3 or more children in Siheung City

In July, Halla Corp. provided support to families, with four or more children, in need of newborn supplies among the underprivileged and low-income families to reduce the burden of child support in cooperation with the welfare organizations in Siheung City.



Voluntary activities of delivering briquettes

In December, we conducted the voluntary activity of delivering briquettes. We donated 2,500 briquettes, delivering them to 20 underprivileged households in Bongsan-dong, Wonju-si in collaboration with local university students.

During the Lunar New Year and the Chuseok holidays, Halla Corp. provided social contribution activities to share the holiday spirit with the senior citizens at the social welfare institutions in Songpa. As part of the activities, we provided ingredients for rice cake soup and Songpyeon, a traditional Korean rice cake, to social welfare organizations through the 'Sharing Rice Cake Soup of Love' and 'Sharing Songpyeon of Love' activities.

Contribution



Unit: KRW **4,375,000**

We voluntarily signed an agreement with the 1% Welfare Foundation of Siheung City and are striving for community and social development while also nurturing talent. Every month, we are also providing financial support for educational program operations and activities (scholarships, special activities, special development, specialized education, etc.) to provide equal educational opportunities to low-income students.

Contribution



Unit: KRW **10,100,000**

# Green Together

Response to climate change and sustainable ecosystem conservation



Donation of 250 Trees

2021 was a difficult year to conduct face-to-face social contribution activities due to the COVID-19 pandemic. Thus, Halla Corp. conducted a non-face-to-face social contribution activity called the 'Tree Sharing' campaign to spread social values despite the COVID-19 pandemic. The 'Tree Sharing' campaign is activity that employees of Halla Corp. grow trees individually and deliver them to the elderly, who are living alone, in need of emotional comfort through local social welfare organizations. Thanks to the active participation of our employees, we were able to donate 250 companion trees that were nurtured with care to the elderly living alone. Moreover, we plan to launch a forest project for a carbon-free initiative this Fall using the funds for tree purchases for the carbon-neutral forest creation project to continue our activities for society and the environment.

In addition, we strive to protect vegetation and endangered species encountered in the construction process with on-site employees. To improve the air quality of the surrounding environment in the Government Complex Sejong, we are sowing Golden-Wave and carrying out the water quality purification activities in Bangchukjeon Waterfront Park in Sejong City to minimize environmental impact on the local community and protect the ecological environment.



# Move Together

Transportation support for mobility and socially disadvantaged people



Voluntary activities to provide moving support in Siheung City

Halla Corp. strives to create a society that doesn't experience any inconveniences related to moving for enhanced mobility and socially disadvantaged people. We provided moving expenses to the vulnerable in Siheung City who are expecting to move and contributed to self-sufficiency of the underprivileged by creating a linkage between a moving service provider and the Siheung Worker Self-Sufficiency Center. Additionally, we conducted the Walk Together campaign, which has been in operation since 2015. This campaign was conducted for the elderly in need of artificial joint surgery. Under the campaign, 201 employees participated and delivered donations to those in need.

# Imagine Together

Supporting and nurturing future generations who will shape a better world



Halla Corp. strives to nurture future generations by conducting a variety of activities for children and adolescents from underprivileged families in need of support. In 2021, we delivered educational supplies and supporting gifts including scholarships and donations to them and carried out contribution activities in collaboration with The Halla Photo Club, an internal photography club of Halla Corp., involving in social contribution activities along with employees by taking ID photos for underprivileged children and adolescents.



Talent donation activity organized by the Halla Photo Club

Since 2011, the Halla Photo Club has been involved in taking ID photos for children and adolescents in underprivileged classes as a part of talent donation. An event led by the Halla Photo Club was held in February 2021 to take ID photos for children.

In line with the founder's belief of putting human resources ahead of everything, we have been taking the lead in nurturing and fostering talent. In 2021, we delivered KRW 80 million worth of scholarships to Yangseo High School and Halla University.

Scholarships provided in 2021

**KRW 80,000,000**

(KRW 5 million for Yangseo High School + KRW 75 million for Halla University)



Delivery of gifts in support for the college entrance exam

Halla Corp. provided educational supplies worth of KRW 3 million to children in the daycare centers with no support for operating expenses in Siheung City. Moreover, we delivered gifts to students from underprivileged classes about to take their college entrance exams in collaboration with the Siheung City 1% Welfare Foundation.



## FOCUS 5.

# SUPPLY CHAIN

Grow Together

### 2021 KEY FIGURES 1

#### Highest grade in the fair-trade assessment

(Designation as an excellent company working with subcontractors, awarded a citation by the Fair Trade Commission of Korea)



### 2021 KEY FIGURES 2

#### Excellent grade in the Shared Growth Index



### 2021 KEY FIGURES 3

Operation of funds for shared growth investment in 2021

Contributions:

**KRW1.5 billion**



### 2021 KEY FIGURES 4

Consultation support for sustainable management to

**41 subcontractors**



[Link to UN SDGs](#)

## ISSUE IMPORTANCE

High-quality buildings are the result of the harmony between the high level of the construction company and the competencies of the subcontractors that support them. In that sense, the company needs to provide systematic support to help the subcontractors express their sufficient competencies. Furthermore, as there is a likelihood of risks in supply chains and ESG management at sites with the progress of construction, a preemptive response shall be provided through continuous management of subcontractors.

## RISK

- ESG management risk of subcontractors
- Deviation in construction quality due to differences in subcontractors' competency

## OPPORTUNITY

- Building trust through subcontractor support
- Securing quality competitiveness by strengthening subcontractors' competency

## HALLA STRATEGY

Halla Corp. has provided support to help our subcontractors introduce sustainable management in areas such as ordering, education, and finance. In 2021, we provided ESG consultations to our subcontractors to support the reinforcement of their ESG management capabilities. Moreover, we host a proposal contest for our subcontractors, which serves as a window to collect their opinions, and work together in the practical field with the subcontractors that are selected through the contest.

## TARGET

- Safety competency and supply chain management for subcontractors
- Consultation support on sustainability management for subcontractors

## NEXT STEP

- Internalization of supply chain/ESG value chain and establishment of corporate ecosystem

## INTERVIEW



YOUNCHANG Co., Ltd.  
CEO Kim Kyung-kyu

Founded in 1992, YOUNCHANG Co., Ltd., a professional construction company, provides mechanical and firefighting construction services in Korea and beyond. Although the company conducts their in-house training programs on defects occurring during the construction process as well as quality control in construction, there are limitations to providing systematic training management due to unavoidable conditions at sites. Halla Corp. was able to resolve these issues through annual workshops on machinery, for site managers and PMs at the headquarters. The training programs provided by professional instructors in each area were a great help in improving our quality and construction. Additionally, Halla Corp. has been willing to listen to the voices of the subcontractors, accepting their proposals to continuously improve the conditions at sites. These efforts made by Halla Corp. also led us to grow further by developing more advanced construction techniques. Recently, there is a growing emphasis on accountability and punishment for safety management at construction sites. This is an important part for subcontractors as well. We anticipate that the training programs on safety management provided by Halla Corp. will be strengthened to help us, as a subcontractor, in upgrading our safety management organizations and processes.



Procurement Division of Halla Corp.  
Managing Director Choi In-myong

Considering its industrial nature, a construction company tends to operate comprehensive and professional businesses simultaneously and intends to build the final object by fully drawing out the expertise of various participants. For a company that operates a general construction business, the competencies and sustainability of subcontractors are the most important factors that directly affect the company's present as well as their future. Even though there was once a temptation to reduce costs easily by cutting down on the profits of subcontractors, the times have changed as of now. There are also increasing cases in which a company pursuing short-term profits by taking advantage of its influential positions, bringing harm to its profitability in the long run. This is not just due to simple legal and institutional punishments and subcontractor risks. This is because working with a subcontractor that fits well with our company will directly lead to the reduction of costs and profit gain in consideration of the nature of the construction industry that produces individually unique products. Once a subcontractor continues to grow and cooperate, we may also take the step forward into the future, to achieve genuine mutual growth. As of late, the construction industry has been experiencing unprecedented raw materials and workforce shortages. It is not uncommon for subcontractors to terminate contracts halfway through, and each time this happens, we waste our energy with unproductive tasks while suffering from financial and time-related losses. The more difficult the times, the more we need solid subcontractors. We want to move forward together with our subcontractors by reminding ourselves once again that our subcontractors are no longer just a contracted party, but a partner that advances alongside us in a long-term perspective.

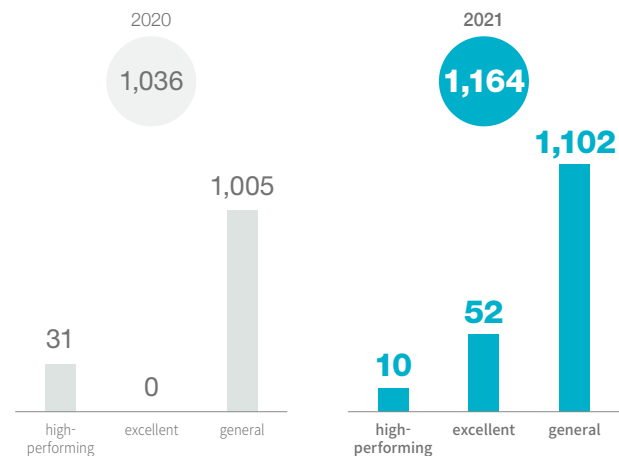
# Supply Chains

## Subcontractor Management System

### Management System for Our Subcontractor

For Halla Corp.'s growth, there lies a great number of subcontractors in the fields of 'architecture', 'civil engineering', 'facility', and 'electricity', all striving towards the same goal. We operate a management system that strives for win-win growth with our subcontractors. We manage our subcontractors by dividing them into three grades: high performing, excellent, and general and have the support system customized for each grade. We conduct systematic management to grow with our subcontractors.

Halla Corp. Total Number of Subcontractors (Unit: companies)



### Order

- Operate subcontractors in 4 groups: best-performing, high-performing, general-performing and regional, to conduct fair evaluations
- Promote shared growth with subcontractors by providing fair bidding opportunities, securing transparency during the order process, and supporting business convenience



Order amount  
KRW **1.01**trillion

### Education

- Establish a win-win growth system by promoting mutual solidarity within subcontractors and sharing the challenges they face through various educational programs
- Promote efficient construction practices through educational programs, such as invitational education programs for high-performing subcontractors and quality campaigns for subcontractors



New registered education  
subcontractors: **29**

### Finance

- Contribute to securing financial stability for high-performing subcontractors by implementing a range of supporting systems for them, which includes financial support, a payment support system, etc.
- Establish a support system to protect subcontractors through the direct payment system for subcontractors who are experiencing financial difficulties, which includes second-tier subcontractors



Number of early payments: **107**  
Amount of early payments:  
KRW **32.85**billion

### Others

- Develop a management system for companies that contribute to the establishment of corporate culture and win-win cooperation, such as practicing ethical management and carrying out active social volunteering activities



Number of sustainability management  
consultation for order amount: **41**  
Amount of early payments: KRW **58**billion



### Subcontractor Selection Criteria

Halla Corp. selects subcontractors according to evaluation criteria by area such as material delivery and construction, and evaluates transaction performance every year to classify key subcontractors. Starting in 2021, ESG evaluation indicators were added and ESG capabilities were measured while supporting environmental and safety diagnosis evaluation through external institutions for suppliers in the bidding stage. In the selection criteria, 6th and 7th grade in the safety evaluation companies are not allowed to participate in the bidding and we actively help insufficient subcontractors to have sustainability management. Moving forward, we plan to select subcontractors based on ESG-related social responsibility activities.

### Conducting Sustainability Management Evaluation of Subcontractors

Halla Corp. conducted sustainability management evaluation on 41 suppliers in 2021 to prevent negative risks in the supply chain and strengthen the ESG capabilities of the supply chain. Based on the results of the supply chain risk assessment, it was possible to identify areas that need improvements in each area of environment and safety, and we provide ESG educations and consultations to subcontractors who need improvements. In the future, we will continue to expand the coverage of ESG evaluations and consultations to all our subcontractors.

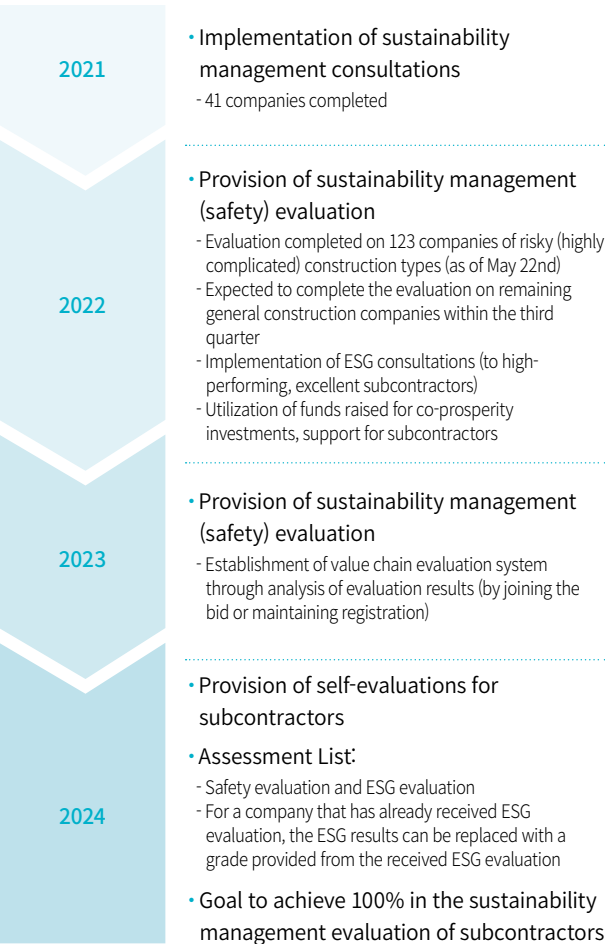
### Environmental Impact Assessment/Social Impact Assessment of Subcontractors

(Unit: companies)

2021

41

### ESG-Related Future Supply Chain Selection Strategy



### Fair Trade Principles for Subcontractors

Halla Corp. has operated the Subcontract Internal Deliberation Committee and established a fair trade culture to comply with laws on fair trade, while taking actions towards achieving cooperation for shared growth with our subcontractors. The committee reviews any possibility for violations against relevant laws and regulations; any violation that is likely to occur is referred to the HR Committee that takes the corrective measures.

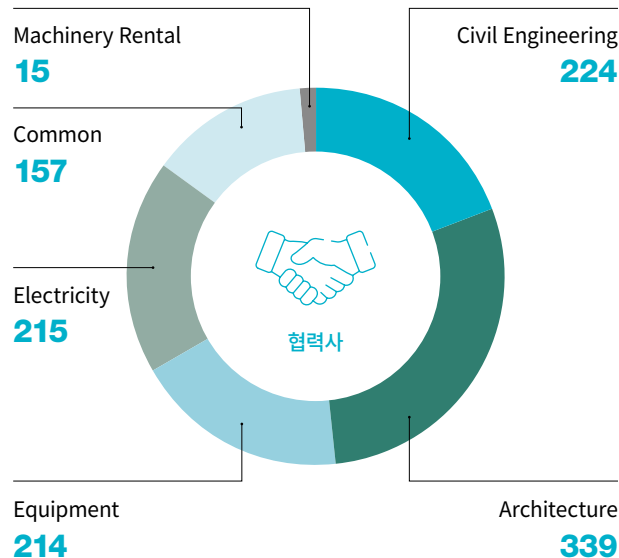
Type	Description
Signing contracts in an advisable manner	We strive to establish reasonable and fair trade practices with medium and small subcontractors and to conclude desirable contracts.
Subcontract Internal Deliberation Committee	The Subcontract Internal Deliberation Committee was organized to deliberate, in advance, on the fairness and legality of the subcontract transaction.
Fair selection and operation of subcontractors	We contribute to building a fair subcontracting culture by strengthening transparency and fairness in transactions with our subcontractors.
Issuing and preserving documents in an advisable manner	We clarify matters regarding the issuance of documents in the process of subcontracting transactions; by facilitating the exercise of rights and fulfillment of obligations, we promote the spread and settlement of desirable and advanced documentation culture.

## Subcontractor Status

As of 2021, Halla Corp. is working with a total of 1,164 subcontractors. We classify and manage our subcontractors into six fields, which include civil engineering, architecture, and equipment for effective communication and progress management. Additionally, we define subcontractors that have received points of 90 or higher during the annual evaluation as high-performing and excellent subcontractors. In 2021, 63 subcontractors were selected as high-performing and excellent subcontractors and received a range of support such as employee welfare and management consultations.

### 2021 Subcontractor Status

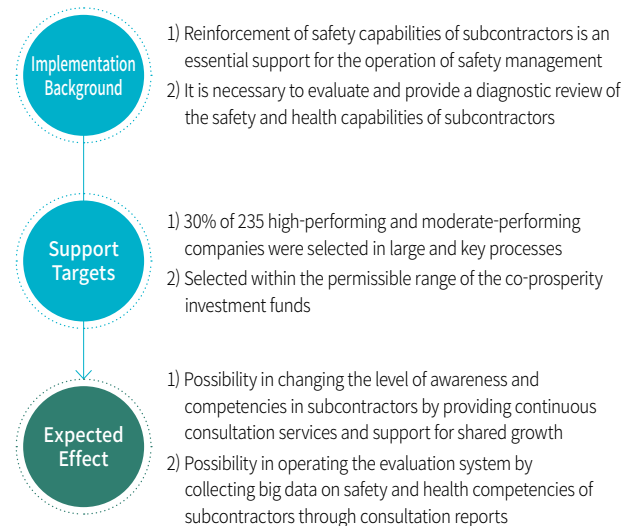
(Unit : companies)



## Subcontractor Support

### Support for Subcontractor ESG Activities

Halla Corp. considers that it is essential to increase the safety capabilities of our subcontractors in operation of our safety management. In that sense, we have provided consultations on safety to our high-performing and excellent subcontractors as part of our support for subcontractor ESG activities. Moreover, we have introduced a system to provide financial support to hire persons in charge of safety, quality, and environmental efforts to subcontractors in pursuit of the stabilization of our subcontractors.



## Win-win Management Support

Halla Corp. expands and implements our supportive programs for subcontractors with the goal of sincerely implementing a shared growth initiative while establishing stable partnerships. We support guarantee fees for high-performing and excellent subcontractors while providing special support for holidays to improve the welfare of our subcontractors' employees.

Support Program	Description
Support for management consultation	- Y21 management consultations - Plan on finance and tax consultations
Guarantee fee support	- Contract guarantee and advance payment - Support for defect guarantees, contract changes, and overseas construction not available
Training to strengthen employee competencies	- Support for employee self-development training - Technicians' compulsory training programs excluded
Employee welfare	- Special support for holidays and support of funeral expenses - Employee medical checkups, scholarships, etc.
Support for in-house events	- Financial support to hold events such as subcontractors' founding anniversary events as well as the production of souvenirs



## Subcontractor Communication

### Subcontractor Communication Channel

Halla Corp. is taking the lead in pushing for continuous communication and virtuous cycle of partnership with our subcontractors by using ERP as a communication channel for them. Our subcontractors are always able to communicate with us through ERP when they wish to make any inquiries or raise complaints.



Subcontractor Portal

### 2021 Subcontractor Proposal Competition

Halla Corp. has held the subcontractor proposal competition since 2020 as a communication channel with our subcontractors. We grant prize money for outstanding proposals selected through the proposal competition and provide them opportunities to win new contracts. Moreover, we promote collaboration activities such as support for development funds and joint technology development to promote technological cooperation. In 2021, we held the subcontractor proposal competition under the theme of smart construction and site management from the ESG perspective.

## Halla Subcontractor Proposal Competition

### 2021 Halla Corp. Subcontractor Proposal Competition

- 1) Participants: Domestic SMEs (non-subcontractors are also allowed)
- 2) Period: June 7 - September 30, 2021
- 3) Area: Technology proposal/Investment proposal/Knowledge sharing
  - Technology proposal: Quality improvement and new construction technology development/process improvement, safety/environmental management improvement, defect reduction measures, etc.
  - Investment proposal: Smart construction, OSC construction, improvement plan for construction site environmental management from the perspective of ESGs, and a waste material recycling plan with applied eco-friendly/renewable energy technology
  - Knowledge sharing: Ideas that can create added value
- 4) How to apply: Register a proposal on Halla Corp.'s subcontractor portal.

## Hanwoolhoe Operation

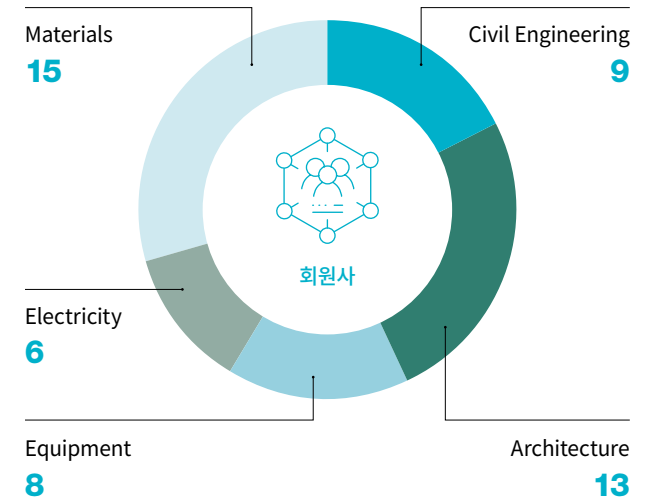
Hanwoolhoe, as a council for shared growth with subcontractors operated by Halla Corp., is an autonomous consultative body for shared growth. It is designed to collect opinions from and communicate/exchange information with subcontractors while taking actions to follow rules and practice guidelines related to shared growth. The members of the Hanwoolhoe shall be targeted at companies selected as excellent subcontractors at least twice in three years. In 2021, three new companies became members of Hanwoolhoe.

### Increase in Number of Hanwoolhoe Members (Unit: companies)



## 2021 Hanwoolhoe Members

(Unit : companies)



## Meeting with New Subcontractors

A three-day meeting (with 29 companies in attendance) was held to increase mutual understanding between new subcontractors and Halla Corp., while also strengthening future partnerships. At the meeting, the participants exchanged information with each other including the introduction of Halla Corp. and the outsourcing purchasing process.



## FOCUS 6.

# ETHICS

## a Transparent and Just Path

### 2021 KEY FIGURES 1

#### Clean Halla

Launch of the Clean Halla Campaign

### 2021 KEY FIGURES 2

Pledge of security and compliance signed by all employees

### 2021 KEY FIGURES 3

Reinforcement of board diversity through the appointment of female director



[Link to UN SDGs](#)

## ISSUE IMPORTANCE

Since many stakeholders, including customers and subcontractors, are involved in the corporate management decision-making process, the occurrence of unfair transactions and corruption, for the sake of personal profit rather than the rights and interests of shareholders, poses a significant risk on the company's reputation and long-term operation. Accordingly, 'ethical management' based on fairness, trust and transparency is essential for the long-term survival of a company.

## RISK

- Damage to corporate image due to anti-corruption issues
- Legal sanctions for anti-corruption issues

## OPPORTUNITY

- Building trust from stakeholders through ethical management practices

## HALLA STRATEGY

Halla Corp. practices 'integrity management' based on our management principles of 'Do not do what you should not do and share accurate information with everyone' and our own ethical management policies. Based on the four principles of integrity management, we operate the Integrity Management Office to manage non-financial factors of the company, including anti-corruption issues. Furthermore, we provide education and run campaigns for the purpose of enhancing the practice of integrity management for our employees as part of our efforts to prevent ethical issues from arising within the company.

## TARGET

- Maintaining zero number of unethical reports for employees

## NEXT STEP

- Continuous compliance and settlement of integrity management
- Expansion of the integrity management culture

## INTERVIEW



Korea Compliance Initiative  
Director **Yong Seok-kwang**

Unlike the existing Occupational Safety and Health Act, the Serious Accident Punishment Act (SAPA) requires companies and management to bear a wide range of obligations to ensure safety and health, while imposing serious punishments for violations. This is a good opportunity for Halla Corp. to diagnose the current state of its safety management system, including the personnel and budget required for disaster prevention, while verifying that its managerial measures are following the regulations regarding safety and health. In the past, companies were not required to pay attention to anything more than legal compliance. Now, they must take into consideration of ethics to satisfy various stakeholders as well as investors. Much like how a person should not be branded as someone who only cares about money, companies are now required to manage and operate their business based on morality and ethics. Halla Corp. declared, "We will fulfill our social responsibilities and obligations through fair competition and a principle-based decision-making process with transparency and justice." Halla Corp. will forever hold onto this value and fulfill a vision of integrity management and transparent management continuously, not just as a one-off event. This will create a culture of working based on principles and basics.



Halla Corp.  
CFO **Choi Hyungjin**

The integrity management of Halla Corp., the founding spirit of the group, signifies the work spirit based on principles and basics with transparency and just practices, as well as the procedures and systems to fulfill that spirit. The business environment of companies has gone beyond just economic success and is changing into an environment where can survive and grow in the future only by satisfying various social requirements and preserving global ecosystem. In that sense, the importance of implementing integrity management cannot be exaggerated because it plays a key role in providing a framework for all members, including management, to perform their duties in the right direction in response to rapidly-changing environments. Halla Corp. has established the Code of Ethics based on integrity management and has provided regular training for all employees. In order to prevent social discrimination, we did not allow our applicants to write any information unrelated to the job, such as their region and family relationships in the self-introduction letter. We also requested interviewers to sign and submit a pledge to be observed under the Fairness Act. Through these methods, we have been striving to recruit talent that conforms to integrity management, thereby adhering to and further developing a culture in which the principle of fair recruitment can be observed. Additionally, we established and declared the Principles of Human Rights Management of Halla Corp. in 2021 and now operate the Integrity Management Committee under the board. Through this, we have pursued equality among internal and external stakeholders such as employees, customers, subcontractors, and shareholders, and carried out various activities to spread the culture of ethical management, compliance management, and fair trade. As a result, we believe that there have been significant changes in our internal and external culture, business practices, and employees' perceptions.

# Integrity Management

**“I have pride in myself in being an entrepreneur that has had no disgrace in running a company ever.”**

“Only the will, creativity, hard work, and honesty of Halla people have made Halla what it is today.”

“That is the beauty and freedom of integrity management. I like that success must be achieved by using your head, your heart, and hard work.

Accomplishments made based on collusion, cheating, and the sacrifices of others are nothing but self-deception. If you still call that a success, you’re nothing more than a hypocrite.”

“integrity management. I have held this as my lifelong belief and I believe that it will continue as the long-lasting spirit of Halla.

I became more convinced when I also saw employees take immense pride watching that the Halla Group was the only company that wasn’t summoned by the prosecution during the bribery scandal.”

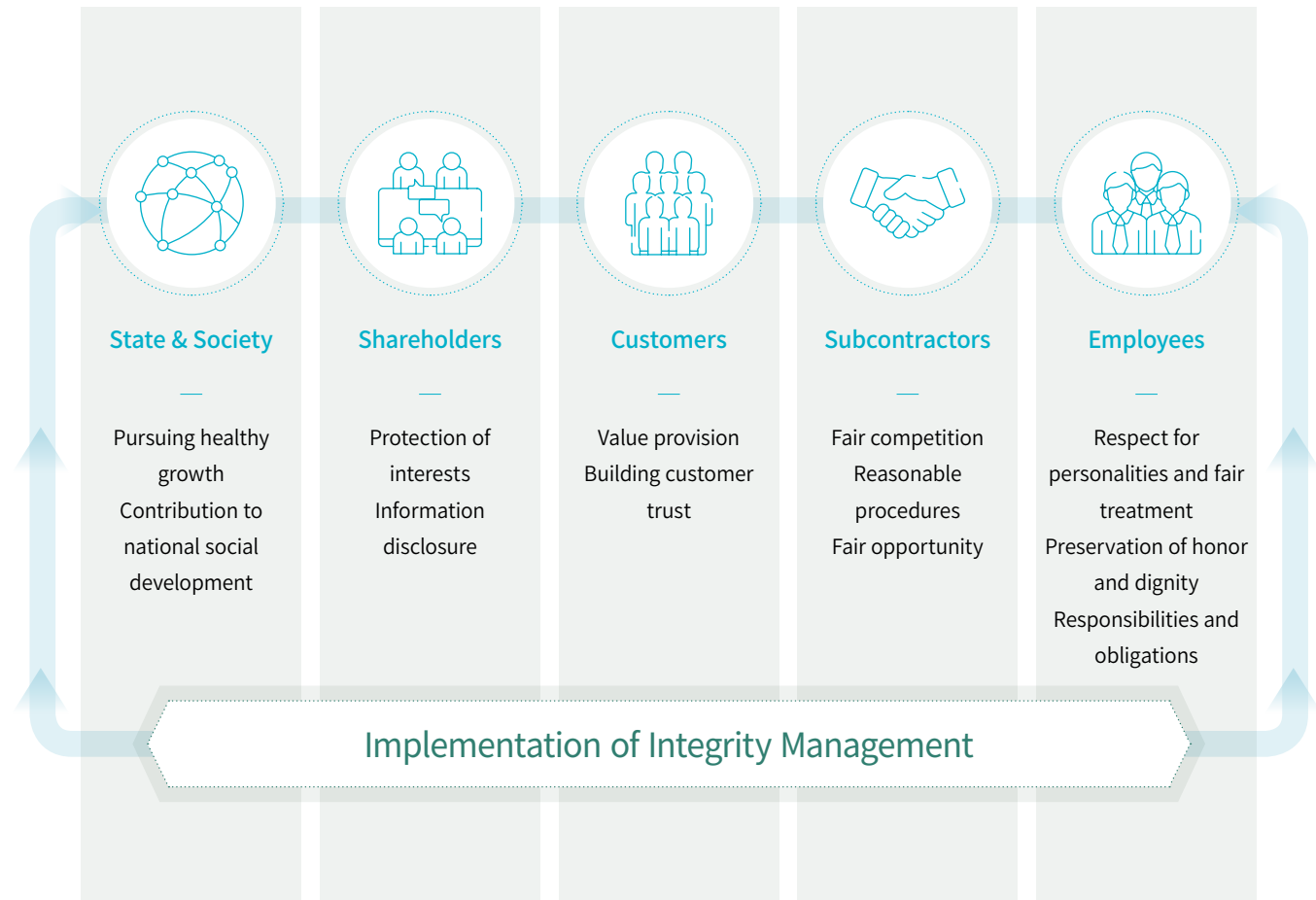
- An excerpt from the autobiography of the late Honorary Chairman, Chung In-yung -



[Read more](#)

## Code of Ethics and Code of Conduct

Halla Corp. developed a code of ethics that should be followed by all stakeholders in order to establish a transparent and advanced corporate culture that is faithful to the principles and basics. For the practical implementation of Code of Ethics, we specify the detailed permissible range and standards in the ethical behavior guidelines and use it as the basis for our decision-making and actions. We provide periodic training on ethics to ensure that all employees comply with the Code of Ethics and establish a transparent corporate culture throughout society. Additionally, we operate the Clean Halla campaign to establish our core value of integrity management, while promoting a healthy organizational culture, taking the lead in practicing integrity management.



## Integrity Management

Integrity management is the core value and founding spirit of Halla Corp. Halla Corp. will practice integrity management that goes beyond compliance with basic laws and systems to fulfill our corporate responsibilities and obligations and continue to develop into a clean and transparent company.

### Integrity Management Philosophy

A company must compete fairly and fulfill its social responsibilities and obligations based on transparent and proper decision-making in line with principles and basics.



## Integrity Management Promotion System

Halla Corp. established four principles to practice integrity management. Additionally, we operate the Integrity Management Office under the Group to manage integrity management on a group level, while providing continuous support to improve the company's non-financial values.



## Integrity Management Training Programs

Halla Corp. regularly conducted ethical training for all employees every year and created an online training program so that employees can practice integrity management in their daily lives. In 2021, online ethical training about the themes of ethics norms, ethical behavior guidelines, and internal accounting management training was conducted for all executives and subcontractors, and a total of 1,600 employees completed ethical training.

### Halla Corp. Ethics education training

Division	Target	Target
Ethics management training	All employees	Ethical management trends, ethical behavior guidelines, etc.
Internal accounting management training	Related department and on-site employees	Internal accounting system, internal audit, etc.

### Achievements of the ethics education

(unit : persons)

No. of employees the completed the ethics management training

1,021

No. of employees that completed the internal accounting management training

579

Total no. of employees completing the training

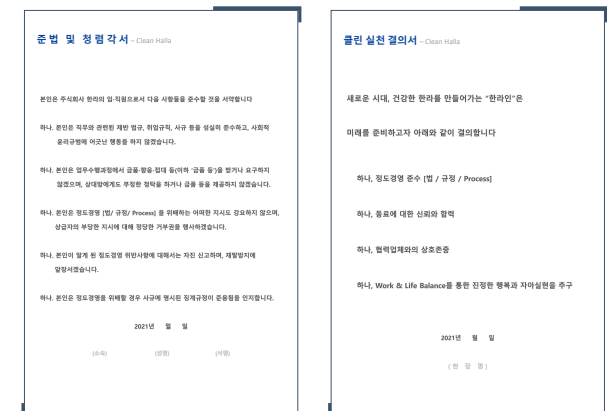
1,600

## Clean Halla Campaign

Halla Corp. launched the Clean Halla campaign in January 2021 to establish a culture of compliance with integrity management. During the campaign, all employees joined an event to sign off on the "Resolution for Clean Action," expressing their will to comply with the principles and laws of the company. In the future, we will take the lead in creating a clean organizational culture by applying the "One-Strike-Out" rule without exception to any employee who violates integrity management.

## Statement of Pledge for Security and Compliance

Halla Corp. prepared a statement of pledge for security and compliance for all employees to raise awareness of security and the Unfair Competition Prevention and Trade Secret Protection Act.



Statement of Pledge for Compliance and Integrity

Resolution for Clean Action



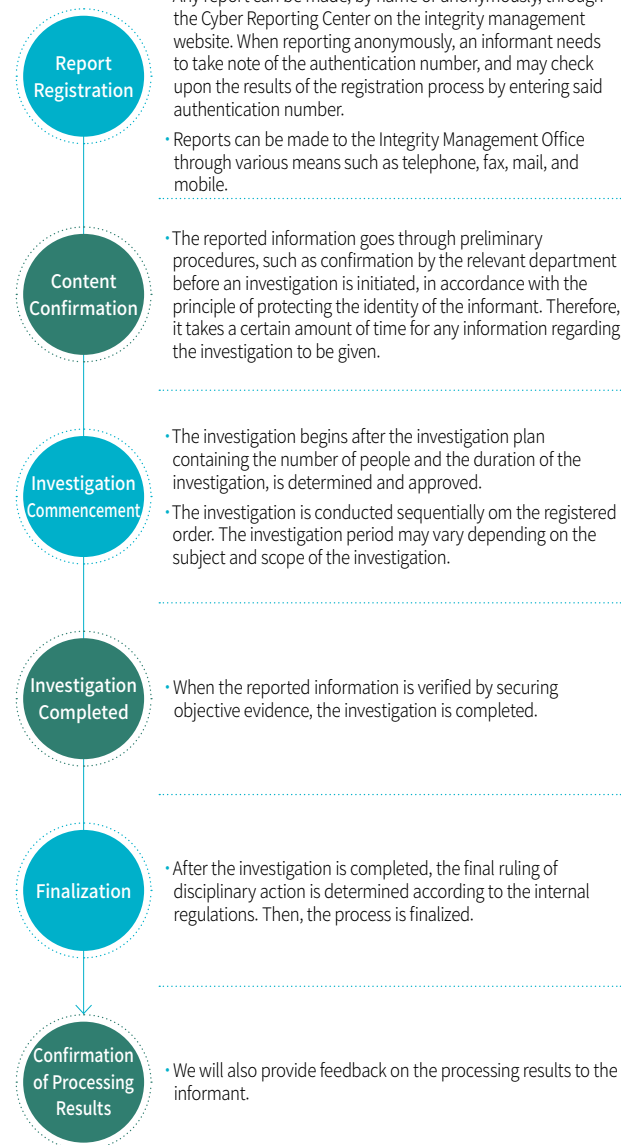
## Channel for Reporting Unethical Behavior

Halla Corp. operates the Cyber Reporting Center to implement integrity management. The Cyber Reporting Center is an open online channel where employees and external stakeholders can report any unfair trade practices and violations of the Code of Ethics and guidelines. The center guarantees anonymity for informant and strictly prohibits any disadvantages or discrimination resulting from the report. Furthermore, the center conducts procedures such as fact-checking depending on reported contents while users can have access to the proceeding of results through this channel.

### Cyber Reporting Center in the integrity management website

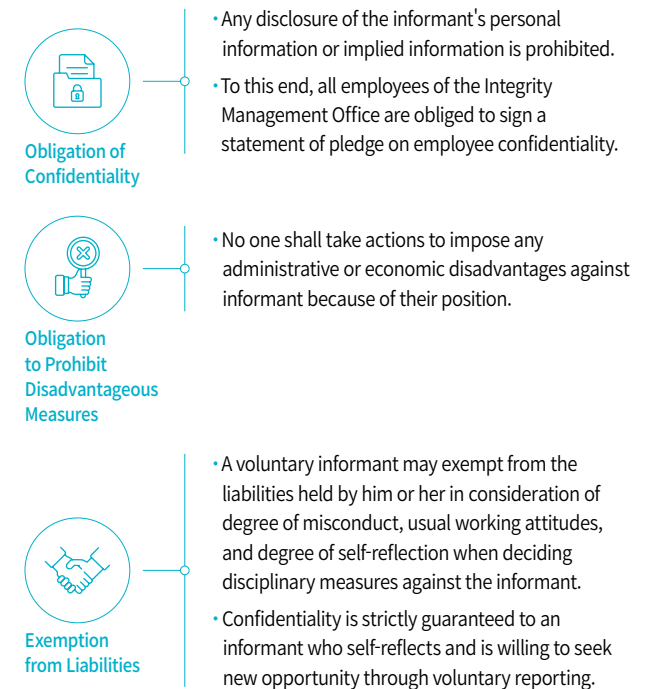


## Reporting Procedure



## Internal Informant Protection System

Halla Corp. strictly observes the internal informant protection system to prevent secondary harm that may rise from internal reporting of employees' unethical conducts and violations of integrity management.



# Governance

## BOD Composition and Operation

### BOD Composition

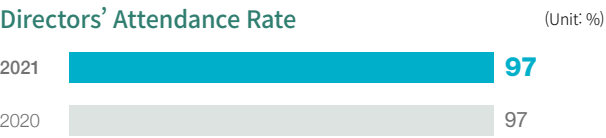
The Board of Directors (BoD) of Halla Corp. is a body that makes decisions on matters stipulated in the laws and the Articles of Incorporation, as well as core matters for corporate management. The BoD strives to ensure transparent corporate operation. The BoD is composed of four executive directors and four non-executive directors, in accordance with Article 29<sup>(1)</sup> of the Articles of Incorporation, and appoints said directors at the general shareholders' meeting upon recommendation by the Non-executive Director Candidate Recommendation Committee.

(1) The BOD shall be composed of three or more directors including a non-executive director in accordance with laws and regulations.

Type	Name	Gender	History
Executive Director	Chung Mong-won	Male	Current) Director of Halla Holdings Corp. Current) Director of Halla Corp. Current) Director of Mando Corp. Current) Director of HL Klemove Co., Ltd.
	Lee Seok-min	Male	Current) CEO of Halla Corp.
	Lee Yong-ju	Male	Current) CSO of Halla Corp.
	Kim Hyeong-seok	Male	Current) Head of Group Planning Office of Halla Corp.
Non-Executive Director	Kim Seung-kyu	Male	Current) Non-executive Director of Halla Corp. Current) Non-executive Director of Hanwha Savings Bank
	Kim Si-kon	Male	Current) Non-executive Director of Halla Corp. Current) Professor of Railway Management Policy, Seoul National University of Science and Technology
	Chung Sang-ho	Male	Current) Non-executive Director of Halla Corp. Current) Audit of Korea Research Institute for Human Settlements
	Park Gye-hyun	Female	Current) Non-executive Director of Halla Corp. Current) Vice Chairperson of NC Cultural Foundation

### BOD Operation

The board of directors of Halla Corp. operates with a regular board meeting and a temporary board meeting. In 2021, the board held 11 meetings and approved a total of 35 agendas with a 97.7% attendance rate for directors.



### BOD Independence and Diversity

Director candidates for Halla Corp. are selected through the board of directors and the Non-executive Director Candidate Recommendation Committee. Their appointment is approved as an agenda item at the general shareholders' meeting. The independence of appointed directors is guaranteed to ensure free expression of their opinions within the board of directors. In 2021, the Vice Chairperson of the NC Cultural Foundation (Park Gye-hyun) was appointed as the first female director of Halla Corp. at the general shareholders' meeting. She is expected to increase the independence and diversity of the board of directors and provide legal advice as a domestic female legal expert.

## Committee Composition

Halla Corp. operates the Audit Committee, Non-executive Director Candidate Recommendation Committee, Integrity Management Committee, and Management Committee as subcommittees of the board of directors. The Audit Committee consists of all non-executive directors and conducts strict audits on accounting and business. The Non-executive Director Candidate Recommendation Committee is operated by a majority of non-executive directors in accordance with regulations. The Management Committee helps the chief executive officer perform their duties while the Integrity Management Committee deliberates non-financial issues, including ESG management.

Committee Name	Composition	Purpose
Audit Committee	3 non-executive directors	Accounting and business audits
Non-executive Director Candidate Recommendation Committee	2 non-executive directors and 1 executive director	Non-executive directors candidate recommendations
Integrity Management Committee	3 non-executive directors and 1 executive director	Other major non-financial issues such as internal transaction reviews between affiliates and ESG management
Management Committee	3 executive directors	Matters delegated by the board of directors among company management and financial matters

## Integrity Management Committee (ESG Committee)

Halla Corp. decided to rename the Internal Transaction Committee into the Integrity Management Committee and expanded its roles upon approval by the board of directors on February 26, 2021. In order to improve the value of stakeholders, the Integrity Management Committee conducts activities for implementation of ESG management, including social contribution and governance, and deliberates on decision-making. Furthermore, we seek to operate a self-compliance system for fair trade and manage internal transactions across affiliated companies through the Integrity Management Committee to enhance transparency in corporate management.

## Directors' Remuneration Status

Directors are paid within the limit approved at the general shareholders' meeting in accordance with the director remuneration payment standards. The table below contains the number of employees as of the date of preparation of the disclosed documents and the remuneration paid to directors who have retired for the current period. The amount of average remunerations per person was calculated by dividing the total remunerations by the number of employees.

(Unit: KRW 1,000)

Type	Number of members	Total compensation	Average compensation per director
Registered directors <sup>(1)</sup>	4	2,962,822	740,705
Non-executive directors <sup>(2)</sup>	1	55,320	55,320
Audit Committee members	3	170,884	56,961

(1) Excluding non-executive directors and the members of the Audit Committee

(2) Excluding the members of the Audit Committee

## Shareholder Composition

Halla Corp. operates their business under the holding company system led by Halla Holdings, laying a foundation for independent management based on stable corporate governance. The largest shareholder (17.51% common share ownership) of Halla Corp. is our Chairman, Chung Mong-won, and the ownership of affiliated persons including, the largest shareholder is 46.31% (common shares).

## Shareholder-friendly Activities

Halla Corp. strives to strengthen the competitiveness of existing businesses, secure the growth engines, and enhance the value of shareholder through appropriate distribution of annual profits.

On September 13, 2021, we announced our shareholder return policy through Data Analysis, Retrieval and Transfer System (DART). Each year, we will carry out the shareholder return policy by allotting within 40% of the net profit, buying back and retiring treasury stocks.

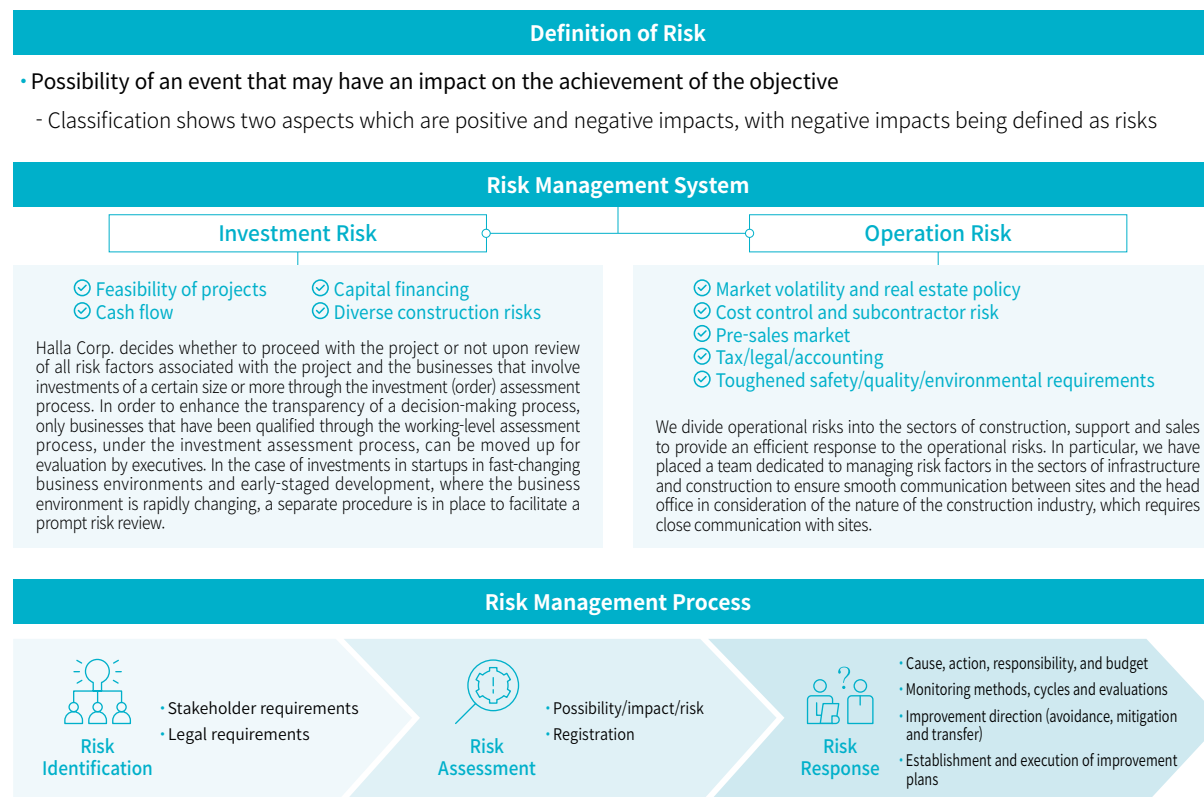
In addition, we are actively carrying out IR activities to strengthen communication with shareholders. Through the fair disclosure, we announce the quarterly provisional performance and hold a quarterly corporate briefing session. we actively participate in conferences and Corporate Day held by securities firms and conduct meeting activities with investor's visits.

Recently, in order to provide corporate information to shareholders more quickly and fairly, online corporate briefing sessions are also being expanded, and performance data and videos are posted on the company website (<http://www.halla.co.kr>) - investment information - IR data - IR presentation. In addition, to increase accessibility for information to foreign investors, the company's website has been made to be available in English, and from 2021, the company has posted English IR data and English sustainability report on its website.

# Risk Management

## Risk Management System

Halla Corp. prevents crisis situations by identifying and evaluating potential risks in advance. Financial evaluation is conducted by classifying the major risks, that may occur when we receive and carry out projects, into 'investment risk' and 'operational risk' through the operation of the risk management system. Moreover, we carry out non-financial evaluation and manage overall risk for the projects by stages of progress. In addition, we analyze and monitor the status of risk by systematizing major risk management indicators, and then secure the stability of management activities through effective prevention measures. The risk reporting system, which defines the level in 5 stages based on the negative impact, is divided into high/mid/low risks. The system is designed in a way to provide a systematic report and a prompt response in accordance to issue type and urgency.



## Risk Management Reporting System (Draft)



- Risk Level According to Impact
  - Risk assessment in 5 levels, extra-large/large/medium/small/minor impacts

## Establishment of Integrated Risk Management System

Halla Corp. built up an integrated system of the risk management to preemptively respond to financial and non-financial risk factors that can negatively affect our management objectives. We subdivided and specified financial and non-financial risks and appointed key management indicators to allow measurement and management of risks. Major risk management targets are monitored every month to prevent them in advance and in the case issues arises and we periodically review countermeasures. Major issues by risks are frequently reported to the CEO and the BoD to ensure careful and prompt response.

## Inspection and Improvement of Internal Accounting Management System

Halla Corp. inspects the design and the operation status of the internal accounting management system to ensure its reliability and to prevent errors or malpractices. The internal accounting management team was established in December 2019 to operate an advanced company with accounting transparency. The internal accounting management team monitors the design and operation of internal control activities on a quarterly basis, encouraging transparent creation of financial information to ensure confidence of accounting users. The results of the evaluation of 222 control items in 2021 indicated no significant deficiencies in neither design nor operation. Based the results, we received an appropriate opinion audit certification from an external auditor about the operation of the system. Also, we conduct internal control monitoring through on-site inspection as part of the operation of the internal accounting management system. Of the 53 action tasks derived as a result of the 10 on-site inspection in 2021, 41 have been implemented, and 12 cases (such as the period not yet reached) are in progress.

Number of inspections: **5**   Number of actions : **41**  
 - ongoing : 12

## Systematization of Risk Management Targets

Halla Corp. also subdivided risks into each sector of affiliates, investment (new business), private investment (infrastructure), development, and legal affairs to systematize key measurable indicators for risk management, to enhance financial capabilities and risk management of Halla Corp. Moreover, we systematized items of non-financial risk management into environmental performance, compliance, safety and health, human rights and ethics, information security, and the board of directors. Based on this, we defined risk management targets and determined an internal decision-making process and risk level for systematic risk management.

### Systematization of Risk Management Targets

Finance					Non-Finance					
Affiliated companies	Investment (New Business)	Private Sector (Infrastructure)	Development	Legal	Environmental Performance	Compliance	Safety and Health	Human Rights & Ethics	Information Security	Board of Directors
Main Areas										
Annual profits and loss, as well as input status	Investment asset status; Mid- to long-term recovery plan	Annual business viability and profitability	Rental status and recovery plan; Business schedule for business sites that have no started construction	Legal risks related to litigation (costs, etc.)	Reduction of greenhouse gas/waste emissions; Reduction of resource use, etc.	Obligations regarding disputes and ESGs	Safety accidents/ consumer safety	Human rights violation/ unfair conduct/ environmental rights	Personal and company information leakage	BOD/ committee operation
Main Management Indicators										
Profit and loss and CASH input/return	Profit and loss and CASH input/return	Profit and loss and CASH input/return	Profit and loss and CASH input/return	Values and number of litigation	Greenhouse gas emissions, resource usage, waste emissions, green product purchases; support policies for subcontractors	Number of violations/ fine amount/ requirement to submit a compliance assessment report, RE-100, EV-100	Safety & health inspection, TRIR, number of incidents, and consumer protection policy	Human rights impact assessment and inspection, appropriateness of grievance handling, and protection of environmental rights	Preparation of security and compliance pledge, PC-filter installation, protection against migration medium, and DB encryption	Prior review of the agenda for the board and committees (in collaboration with relevant departments) Review of compliance with the board and committee operation regulations, etc.

Integrated risk management



## Information Security

### Information Security Organization

Halla Corp. operates the Information Security Committee and the Working Committee as an information security organization for participation and approval by management in occurrence of significant security issues based on security management regulations. When it is necessary to revise the security management regulations, we revise them in compliance with the approval procedures of the CEO and CISO. Major information security tasks are carried out in close cooperation with the Information Security Team of the Halla Group, with their expertise in information security.

### Employee Personal Information Protection Policy

Halla Corp. operates security management regulations (policies on information security and cyber security) that all executives and employees are obliged to comply with in their duties. The security management regulations are aimed at protecting confidential business data and important personal information of customers. The regulations are reviewed on a regular basis every year and revised if necessary.

### Revision to Consent on Collection and Use and Consignment of Employee Personal Information

Halla Corp. revised the consent on collection and use and consignment of employee personal information in compliance with the evolving Personal Information Protection Act. Through the full revision of the consent form in 2021, we have set standards for clearly protecting the personal information of employees and enhanced the efficiency of our work by writing electronic documents.

### Information Security Response System

Halla Corp. responds to information security issues in accordance with the guidelines on "security incident management" under the security management regulations. Additionally, we have established and follow strictly the guidelines on "business continuity management" under the security management regulations to minimize the impact on any occurring security incidents may have on business. We also perform security inspections on a periodic basis in connection with the failure prevention activities of the Halla Group's Group Data Center (GDC) for security incident prevention.

### Procedure for Reporting Security Incidents

When a security incident is first recognized, it needs to be reported to the security manager of the related department, using the fastest reporting method possible.

After the initial reporting, the department responsible for security incidents shall report the status of the incident, as well as its countermeasures, to a person in charge of company-wide security management in the form of a business report.

The person in charge of company-wide security management shall report the relevant content and countermeasures to the CEO or whoever is second-in-command in consideration of the materiality of the security incident.

### Information Security Training

Halla Corp. conducts information security training for our employees at least once a year. We provide training online and, if necessary additional training.

### Number of employees who have completed training

on information security (Unit: persons)



### Disclosure and Enforcement of Personal Information Handling Policy

In accordance with Article 30 of the Personal Information Protection Act, Halla Corp. has established a personal information handling policy and disclosed it on our website to ensure prompt and smooth handling of complaints related to personal information protection. The personal information handling policy was first established on July 29, 2015 and is currently effective upon revision on August 1, 2021.

1. Purpose of processing personal information
2. Personal information processing and retention period
3. Matters concerning the provision of personal information to third parties
4. Outsourcing of personal information processing
5. Rights and obligations of data owners and how to exercise them
6. Items of personal information to be processed
7. Destruction of personal information
9. Measures to ensure the safety of personal information
9. Personal Information Protection Officer
10. Remedies for infringement of personal information
11. Change of the privacy policy



# APPENDIX

ESG Data Center	83
SASB	96
GRI Content Index	98
Halla Corp. UN SDGs Implementation Status	102
Halla Corp. Principles of Human Rights Management	104
Awards and Memberships	105
Independent Assurance Statement	106
Greenhouse Gas Emissions Assurance Statement	108

# ESG Data Center

## Economic<sup>(1)</sup>

### Asset

Division	Unit	2019	2020	2021
<b>Assets<sup>(2)</sup></b>	KRW billion	1,588.2	1,653.6	1,521.4
Current Assets	KRW billion	687.1	786.7	778.2
Non-current assets	KRW billion	901.0	866.8	727.1

### Liabilities

Division	Unit	2019	2020	2021
<b>Liabilities<sup>(3)</sup></b>	KRW billion	1,327.1	1,279.4	1,104.8
Current liabilities	KRW billion	986.1	875.3	650.9
Non-current liabilities	KRW billion	341.0	404.1	450.7

### Equity

Division	Unit	2019	2020	2021
<b>Equity</b>	KRW billion	261.1	374.2	416.5
Capital Stock	KRW billion	245.2	245.2	245.2
Capital Surplus	KRW billion	148.9	148.9	150.1
Other components of equity	KRW billion	(‘6.9)	(‘6.9)	(‘1.8)
Other accumulated comprehensive income	KRW billion	3.5	1.7	1.9
Retained earnings	KRW billion	(‘129.8)	(‘21.7)	21.1
Non-controlling interest	KRW billion	-	6.8	-

## Order status

Division		Unit	2019	2020	2021
Order backlog	Consolidated basis	KRW trillion	3	3.9	4.7
	Separate basis	KRW trillion	2.9	3.8	4.6

## Asset ratio

Division	Unit	2019	2020	2021
Ratio of current assets	%	69.7	89.9	119.6
Ratio of liabilities	%	508.3	341.9	265.2
Equity to asset ratio	%	16.4	22.6	27.4

## Income statement

Division	Unit	2019	2020	2021
Sales	KRW billion	1,292.4	1,550.9	1,475.3
Cost of sales	KRW billion	1,130.8	1,375.6	1,290.7
Gross profit	KRW billion	161.7	177.3	184.6
Operating profit	KRW billion	63.6	89.8	78.6
Net profit before tax	KRW billion	2.5	127.4	74.5
Corporate tax	KRW billion	0.7	23.4	1.3
Profit from continuing operation	KRW billion	1.7	104.2	73.2
Profit from discontinued operation	KRW billion	1	5.9	26.8
Net profit	KRW billion	2.7	109.9	99.9

(1) Halla Corp. sold all of its operating assets related to operation of its subsidiary Halla Ceragio golf course to Shinhan Bank in August 2021. Quantitative data in this report disclose the economic performance that has changed due to the sale.

(2) Includes 16.1 KRW billion of non-current assets to be sold in 2021.

(3) Includes 3.2 KRW billion of non-current liabilities to be sold in 2021.



## Technology Innovation

### Technology Innovation

Division	Unit	2019	2020	2021
R&D personnel	persons	14	13	19
R&D investment	KRW million	4,808	1,615	3,213
Ratio of R&D to sales	%	0.4	0.10	0.22
Patents	items	70	77	68
New construction technology	items	5	5	5
New environmental technology and green technology	items	1	1	1
New disaster prevention technology	items	-	-	1
Design patents	items	1	1	1
Trademark	items	5	6	6

## Environment

### Environmental Audit

Division	Unit	2019	2020	2021
Implementation of environmental audit	First half	cases	9	38
	Second half	cases	28	34
	Total	cases	37	72
	Ratio of business sites certified for environmental management system <sup>(1)</sup>	%	100	100

(1) Domestic sites

### Environmental Management

Division	Unit	2019	2020	2021
Eco-friendly investments	Total environmental investments	6,713	8,151	10,928
	Environmental management expenses	6,713	5,147	7,749
	Eco-friendly new business related investment	KRW million	0	2,999
	IOT system investment amount	-	-	2,163
	Environment related technology investment	0	4.3	15
Green purchase and certification	Status of green certification	ea	2	5
	Purchase amount of green products and services	KRW 100 million	75.3	93.3
	No. of Green purchases	ea	7	7



## Environmental Laws and Regulations

Division		Unit	2019	2020	2021
Violation of environmental law	No. of violations of environmental laws and regulations	cases	0	1	0
	Fines for violation of environmental laws and regulations	KRW ten thousand	0	200	0

Energy<sup>(1)</sup>

Division		Unit	2019	2020	2021
Total			193	172	220
Petroleum			-	3	4
LPG			-	0	0
Lignite			-	-	1
Kerosene		TJ	-	7	24
Diesel			-	22	15
Propane			-	0	0
Electricity			-	137	172
LNG			-	4	4
Consumption intensity (in proportion to sales) <sup>(2)</sup>	TJ/ KRW 100 million		0.015	0.011	0.015
Subcontractor consumption	TJ		-	-	367
Consumption intensity (in proportion to sales) <sup>(3)</sup>	TJ/ KRW 100 million		0.149	0.111	0.040

(1) Halla Corp. calculated energy usage based on the Construction Industry Greenhouse Gas Calculation Manual (Ministry of Land, Infrastructure and Transport 2015).

(2) Excluding subcontractors

(3) Including subcontractors

Greenhouse Gases<sup>(1)</sup>

Division		Unit	2019	2020	2021
Total GHG emissions <sup>(2)</sup>			10,035	8,965	11,492
Scope1	Headquarter		485	427	475
	Business site		11	6	26
	Construction site	tCO <sub>2</sub> eq	2,300	1,990	2,743
Scope2	Headquarter		400	349	364
	Business site		11	3	6
	Construction site		6,827	6,191	7,877
Emission intensity		tCO <sub>2</sub> eq/ KRW 100 million	0.78	0.58	0.78
Scope3 <sup>(3)</sup>	Subcontractor	tCO <sub>2</sub> eq	-	-	25,371
Emission intensity <sup>(4)</sup>		tCO <sub>2</sub> eq/ KRW 100 million	0.78	0.58	2.50
Ratio of business sites disclosing information on greenhouse gas emissions		%	100	100	100

(1) Halla Corp. calculated greenhouse gas emissions based on the principles specified in the guidelines for reporting and certification of emissions from the greenhouse gas emission trading system (Environmental Notice No. 2021-21).

(2) Scope1+Scope2

(3) Calculated since 2021, reflects Scope 3 Category 3 GHG calculation method

(4) Including subcontractors





## Hazardous Chemical Substances

Division		Unit	2019	2020	2021
Ozone depleting substances <sup>(1)</sup>	Production of ozone-destructive substances	tCFC-11eq	0	0	0
	Imported ozone depleting substances	tCFC-11eq	0	0	0
	Exported ozone depleting substances	tCFC-11eq	0	0	0

(1) Halla Corp.'s headquarters and construction sites do not have a source of Freon gas, a ozone depleting substance. In case of refrigerators and air conditions, which are representative sources of Freon gas, the products that Halla Corp. uses do not have outflow of Freon gas and Halla Corp. uses eco-friendly refrigerants for refrigerators and air conditioners. Also, Halla Corp. makes it a rule to completely prohibit items that emit Freon gas.

## Water

Division		Unit	2019	2020	2021
Water consumption	Total		118,028	177,689	208,869
	Municipal water	ton	63,841	112,287	111,230
	Groundwater		668	5,470	14,900
	Stream water		53,519	59,932	82,739
	Ratio of business sites disclosing information on water consumption <sup>(1)</sup>	%	100	100	100
	No. of incidents with excess hazardous substances in water	cases	0	0	0

(1) Headquarter/ Business site/ Construction site

## Water pollution management

Division		Unit	2019	2020	2021
Water Pollutants	COD emissions (concentration)	ppm	-	3.03	3.95
	BOD emissions (concentration)		-	2.9	5.48
	SS emissions (concentration)		-	12.7	1.35

## Construction Materials

Division		Unit	2019	2020	2021
Material usage	Rebar	ton	82,340	70,139	77,286
	H-BEAM		11,477	10,767	15,470
	Sheet-PILE		184	564	920
	Ready to mix concrete	m <sup>3</sup>	685,667	609,965	628,315
	Aggregate		156,539	197,038	103,937
	Asphalt Concrete	ton	12,835	54,614	32,763
	Cement		49,820	285,989	119,409
Recycled materials usage	Rebar	ton	82,340	70,139	77,286
	Recycled aggregate	m <sup>3</sup>	19,089	77,862	27,514
	Recycled asphalt concrete	ton	1,202	520	1,794
	Cement <sup>(1)</sup>		1,595	235,693	88,515

(1) Slag cement, Fly ash, Hardnec

## Biodiversity

Division		Unit	2019	2020	2021
No. of protected species in the area affected by the organization <sup>(1)(2)</sup>		species	-	8	5

(1) 2021 : Eurasian hobby, Seoul frog, Spotless tree toad, Borreal digging frog, Ranunculus Kazusensis

(2) 2020 : Spotless tree toad, Seoul frog, Seagrass colony, Camellia tree, Sawtooth oak tree, Pine tree, Sargent cherry tree, Boreal digging frog



## Waste

Division	Unit	2019	2020	2021
	Total waste generated <sup>(1)</sup>	153,454	348,375	154,858
Waste generated	Construction	153,446	347,870	148,320
	Business site	7	484	6,538
	Designated	0	20	0
	Total	153,454	348,375	154,858
Waste throughput	Incinerated	28	18	4
	Landfilled <sup>(2)</sup>	9	20	0
	Recycled	153,417	348,336	154,854
Waste recycling rate		99	99	99
Ratio of business sites disclosing information on waste generation	%	100	100	100

(1) Amount of total waste generated for 2020 includes 160,000 tons of landfill waste found during the construction of Goyang Starfield Parking lot

(2) Designated waste

## Waste Generation by type

Division	Unit	2019	2020	2021
	Construction waste material	130,262	146,190	52,802
Construction waste generated	Waste wood	1,922	1,634	2,198
	Waste synthetic resin	551	455	1,062
	Mixed construction waste	20,079	197,589	91,457
	Other	631	1,999	799

## Safety

## Safety management

Division	Unit	2019	2020	2021
No. of workers covered by the occupational safety and health system <sup>(1)</sup>	persons	6,806	7,290	6,362
Ratio of workers covered by occupational safety and health management system	%	100	100	100
No. of workers covered by occupational safety and health system subject to internal audits	persons	6,806	7,290	6,362
Ratio of workers covered by occupational safety and health system subject to internal audits	%	100	100	100
No. of sites covered by occupational safety and health system subject to internal audits	number	40	58	48
Ratio of sites covered by occupational safety and health system subject to internal audits	%	100	100	100
Ratio of sites covered by occupational health system subject to external audits and certifications	%	100	100	100

(1) ISO 45001 coverage (no. of regular workers) calculated as estimated sales in 2021

## On-site Safety Inspection

Division	Unit	2019	2020	2021
No. of inspections on construction machinery	times	99	193	573
No. of work sites eligible for inspection	number	16	29	29



## Safety Education<sup>(1)</sup>

Division	Unit	2019	2020	2021
Workshop	persons	143	80	93
E-learning		470	504	542
Subcontractor		128	209	199

(1) Voluntary training conducted by Halla Corp.

## Industrial Accident

Division	Unit	2019	2020	2021
Industrial accident <sup>(1)</sup>	cases	19	34	53
Industrial casualty <sup>(2)</sup>	persons	19	34	53
Industrial accident rate	%	0.08	0.13	0.23
Mortality rate	‰	2.10	0	1.10

(1) No. of industrial accident approved by Korea Workers' Compensation & Welfare Service

(2) 1. Formula: (No. of industrial casualties/ No. of regular workers) X100 / 2. No. of regular workers in 2021 has not yet been determined thus, it reflects the no. of regular workers in 2020.

## Work-related death/injury

Division		Unit	2019	2020	2021
Employees	Fatal accident	cases	0	0	0
	Fatal accident rate	%	0	0	0
	Injury accident <sup>(1)</sup>	cases	0	0	0
	Injury accident rate <sup>(1)</sup>	%	0	0	0
	No. of injuries with obligation to record/retain	cases	0	0	0
	Rate of industrial injury accidents with obligations to record/retain	%	0	0	0
	Death from work-related illness	persons	0	0	0
	Occurrence of work-related diseases with obligations to record/retain	cases	0	0	0
	Total no. of deaths	persons	0	0	0
	Subcontractor	Death from work-related injuries <sup>(2)</sup>	cases	1.43	0
Death rate from work-related injuries <sup>(3)</sup>		%	2.1	0	1.10
Injury accidents <sup>(4)</sup>		cases	13	19	24
Rate of injury accidents <sup>(5)</sup>		%	0.06	0.07	0.09
Injury accidents with obligations to record/retain		cases	18	34	50
Rate of injury accidents with obligations to record/retain <sup>(6)</sup>		%	0.08	0.13	0.19
Deaths due to work-related illness		persons	0	0	0
Work-related diseases with obligations to record/retain		cases	2	9	6
Total no. of deaths <sup>(2)</sup>		persons	1.43	0	0.7

(1) Excluding deaths

(2) Reflected shareholding ratio of common contractors

(3) Formula: No. of deaths/ No. of regular workers) X10,000 / No. of full-time workers not determined thus, the no. reflects estimates and is calculated based on sales.

(4) No. of injured requiring medical treatment of more than 6 months, excluding deaths.

(5) Formula: (No. of injured requiring medical treatment of more than 6 months/ no. of regular workers) X100 / No. of regular workers in 2021 has not yet been determined thus, the no. reflects regular workers in 2020 and is calculated based on the no. of cases reported to Korea Workers' Compensation & Welfare Service.

(6) Formula: (No. of injured/ No. of regular workers) X100 / No. of regular workers have not yet been determined thus, reflected the no. of regular workers in 2020.



## Human Rights

Division	Unit	2019	2020	2021
Human rights education hours per person	hours	-	-	4
Ratio of employees receiving human rights education	%	-	-	93
Ratio of workplaces that have conducted human rights impact assessment	%	-	-	100
Business sites with plans for mitigating human rights violations	number	-	-	1
Incidents of discrimination and bullying	cases	-	-	4
Violations of aboriginal rights	cases	-	-	0

## Labor

### Employee management

Division		Unit	2019	2020	2021
Employment type <sup>(1)</sup>	Permanent employee	persons	671	674	635
	Non-permanent employee	persons	187	264	300
	Total	persons	858	938	935
Gender	Male	persons	793	865	855
	Female	persons	65	73	80
	Total	persons	858	938	935
Employee diversity	Ratio of female employees	%	7.6	7.8	8.5
	No. of female managers	persons	11	20	26
	Ratio of female managers	%	1.9	3.2	4
	No. of employees with disabilities	Persons	3	5	5

(1) Does not include the no. of employees other than permanent and non-permanent.



## New Recruitment

Division		Unit	2019	2020	2021
New employees		persons	121	180	205
By age	Under 30	persons	33	38	55
	Between 30 to 50	persons	65	120	120
	Above 50	persons	23	22	30
	Ratio of new employees under 30	%	27	21	27
	Ratio of new employees between 30 to 50	%	54	67	58
	Ratio of new employees above 50	%	19	12	15
	Female	persons	4	14	21
By gender	Male	persons	117	166	184
	Ratio of female new employees	%	3	8	10
	Ratio of male new employees	%	97	92	90

## Turnover Management

Division		Unit	2019	2020	2021
No. of turnovers		persons	149	103	201
Total turnover rate		%	1.5	1	1.9
Voluntary turnover rate		%	0.5	0.5	1.2
By gender	Female	persons	22	4	16
	Male	persons	127	99	185
	Ratio of females	%	15	4	8
	Ratio of males	%	85	96	92
By age	Under 30	persons	15	14	23
	Between 30 to 50	persons	65	64	122
	Above 50	persons	69	25	56
	Ratio of turnovers under 30	%	10	14	11
	Ratio of turnovers between 30 to 50	%	44	62	61
	Ratio of turnovers above 50	%	46	24	28

## Service years

Division		Unit	2019	2020	2021
Average years of service of employees	Total	years	11 years 5 months	11 years	10 years 10 months
	Female	years	7 years	7 years 2 months	6 years 10 months
	Male	years	11 years 9 months	11 years 4 months	11 years 2 months





## Parental Leave

Division		Unit	2019	2020	2021
Eligible employees		persons	858	267	253
By gender	Male	persons	794	254	239
	Female	persons	64	13	14
Parental leave claimed		persons	6	7	2
By gender	Male	persons	3	4	1
	Female	persons	3	3	1
Reinstated employees		persons	10	5	5
By gender	Male	persons	6	2	4
	Female	persons	4	3	1
Served for 12 months or longer after reinstatement		persons	6	5	2
By gender	Male	persons	2	2	1
	Female	persons	4	3	1
Parental leave reinstatement rate	Male	%	100	50	100
	Female	%	100	100	100
Ratio of service after reinstatement	Male	%	33	100	25
	Female	%	100	100	100

## Welfare

Division	Unit	2019	2020	2021
Welfare expenses	KRW 100 million	92.3	62.7	91.3

## Labor and Management

Division		Unit	2019	2020	2021
Labor-management relations	Minimum notice period for business changes <sup>(1)</sup>	days	60	60	60
	No. employees registered in labor union <sup>(2)</sup>	persons	610	611	577
Labor union	Labor union registration rate	%	92	92	96
	No. of workers covered by collective agreement	persons	660	663	601
	Employees eligible for labor union memberships <sup>(3)</sup>	persons	660	663	601

(1) The notification of the company's division, merger, and transfer closure is 60 days, and the minimum notification period for disciplinary action is 7 days (2019-2021)

(2) Only permanent employees are eligible

(3) All permanent employees except for executives are eligible



## Wage

Division		Unit	2019	2020	2021
Employee wage	Legal minimum wage	KRW	1,745,150	1,795,310	1,822,480
	New employee starting salary	Male <sup>(1)</sup>	43,852,850	43,852,850	43,852,850
		Female	40,182,370	40,182,370	40,182,370
	Average wage for managerial positions <sup>(2)</sup>	Male	80,180,344	80,473,791	80,325,012
		Female	69,741,555	70,929,258	71,290,732
	Ratio of female managers to male managers	%	86.98	88.14	88.75
	Average wage for non-managerial positions <sup>(3)</sup>	Male	52,341,074	51,696,685	51,450,146
		Female	51,725,677	51,526,386	51,645,011
	Ratio of females to males in non-managerial positions	%	98.82	99.67	100.38

(1) Annual wage (Recognition of military grade)

(2) Above general manager

(3) Under associate manager

## Employee Education

Division		Unit	2019	2020	2021
Talent development	Total education hours	hours	25,304	13,782	21,849
	Completion of education program	cases	2,031	1,830	6,145
	Average education hours per person	hours	30	15	18.8
	By gender	Male	-	-	20.5
		Female	-	-	9.4
	By position	Managerial position	-	-	26.2
		Non-managerial position	-	-	18.1
	Employee education expenses	KRW million	984	817	936
	Average education expenses per person	KRW	484,255	446,360	806,535
	Ratio of executives and employees by position who received regular performance evaluation <sup>(1)</sup>	%	100	100	100
	No. of subjects to regular performance assessment <sup>(1)</sup>	persons	767	817	898

(1) Subjects to human resources evaluation



## Social Contribution

Division		Unit	2019	2020	2021
Social contribution	Total expenses	KRW 100 million	11.5	12.4	16.9
	- Cash donations		113,159	121,700	164,350
	- In-kind donations		1,668	2,067	3,464
	- Management costs of business expenses	KRW ten thousand	-	200	1,336
	Amount converted from employee volunteer work		-	-	30,176
	Total volunteering hours	hours	585	702	916
	No. of participants	persons	195	234	319

## Supply chain

### Supply chain management

Division		Unit	2019	2020	2021
Subcontractor Status	Total no. of subcontractors		1,205	1,036	1,164
	- Construction		519	337	339
	- Civil engineering		233	197	224
	- Equipment lease		16	17	15
	- Facilities		162	173	214
	- Electricity	number	179	186	215
	- Common		96	126	157
	No. of key tier 1 subcontractors <sup>(1)</sup>		-	-	62
	No. of subcontractors receiving evaluations on ESG activities <sup>(2)</sup>		-	-	41
	Ratio of subcontractors receiving evaluations on ESG activities <sup>(3)</sup>	%	-	-	66

(1) Excellent, outstanding subcontractors

(2) Environmental impact evaluation, social impact evaluation

(3) Ratio of ESG evaluation: 41 (subcontractors receiving ESG evaluation) / 62 (Key tier 1 subcontractors)



## Customer Satisfaction

Division	Unit	2019	2020	2021
No. of registered customer complaints and suggestions	cases	49,894	49,915	57,963
No. of customer complaints and suggestions processed	cases	44,967	35,620	51,095

## Information Protection

Division	Unit	2019	2020	2021
No. of employees completing information security education	persons	-	878	1,021

## Governance

## BoD Diversity

Division	Unit	2019	2020	2021
Average tenure of the BoD <sup>(1)</sup>	years	3.2	4.2	3.6
Non-executive directors with industrial experience	persons	1	1	2
By gender	No. of male directors	8	8	7
	No. of female directors	-	-	1
	Ratio of female directors	-	-	12.5
	Ratio of male directors	100	100	87.5
By age	Ratio of directors under 30	-	-	0
	Ratio of directors between 30 to 50	-	-	0
	Ratio of directors above 50	100	100	100
No. of female executives who are not the largest shareholders and related persons among registered executives	persons	-	-	1

(1) based on inauguration-2021.12. 31

## BoD Composition

Division	Unit	2019	2020	2021
Total no. of directors	persons	8	8	8
No. of executive directors	persons	4	4	4
No. of non-executive and independent directors	persons	4	4	4
Other directors	persons	0	0	0



## BoD Operation

Division	Unit	2019	2020	2021
No. of non-executive directors with a meeting attendance rate of less than 75%	persons	0	0	0
No. of meetings held	times	23	11	11
Meetings of the Non-executive Director Candidate Recommendation Committee held	times	0	0	4
Agendas resolved	cases	35	25	35
Attendance rate	%	97	97	97

## Operation of Audit Committee

Division	Unit	2019	2020	2021
Total no. of members	persons	3	3	3
No. of executive directors	persons	3	3	3
Meetings held	times	3	5	6

## CEO Remuneration

Division	Unit	2019	2020	2021
Total annual remuneration of the highest-paid employee compared to the median remuneration of all employees	folds	5.46	8.97	8.91
Total annual remuneration of the highest-paid person	KRW	406,800,000	707,200,000	702,200,000
Median annual remuneration for all employees <sup>(1)</sup>	KRW	74,506,755	78,812,020	78,811,120
The annual growth rate in total remuneration for the highest-paid person	%	-0.64	42.48	-0.71
The median annual growth rate of total remuneration for all employees <sup>(1)</sup>	%	3.14	8.00	3.69

(1) Excluding CEO

## Shareholders' Rights

Division	Unit	2019	2020	2021
Advance notification date of location and agenda of regular shareholders' meeting	days	15	15	15
No. of IR (Investor Relations) meetings held	times	4	3	4





# SASB

Topic	Code	Accounting Metric	Answer
Business Ethics	IF-EN-160a.1	No. of incidents of non-compliance with environmental permits, standards, and regulations	Not applicable as of 2021.
	IF-EN-160a. 2	Discussion of processes to assess and manage environmental risks associated with project design, siting, and construction	Halla Corp. operates 3 systems: Environmental Operation Management, Environmental Impact Assessment, and Emergency Management to evaluate and manage environmental risks arising from all stages of the project. The environmental operation management system monitors and improves air pollutants, specific hazardous substances, wastewater, waste, and soil pollution. It also manages environmental goals and related risks through environmental impact assessment, establishes improvement goals, and implements improvement plants. In addition, through emergency management, we identify predictable risk factors in environmental impact assessment and risk assessment, establish a response scenario, and prepare a review result.
Structural Integrity & Safety	IF-EN-250a.1	Amount of defect- and safety-related rework costs	KRW 4.75 billion as of 2021.
	IF-EN-250a. 2	Total amount of monetary losses as a result of legal proceedings associated with defect-and safety-related incidents	KRW 2.95 billion as of 2021.
Workforce Health & Safety	IF-EN-320a. 1	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	As of 2021, the mortality rate is 1.10%00 and industrial safety and health performances are included in p88 of this report.
Lifecycle Impacts of Buildings & Infrastructure	IF-EN-410a. 1	Number of (1) commissioned projects certified to a third-party multi-attribute sustainability standard and (2) active projects seeking such certification	Halla Corp. has 12 green building certifications.
	IF-EN-410a. 2	Discussion of process to incorporate operational-phase energy and water efficiency considerations into project planning and design	Halla Corp. is increasing construction efficiency by actively introducing new technologies and latest facilities. To prevent over-design in the process, BIM techniques that create virtual models in a 3D environment and applied, and it allows for efficient management of waste as the amount of required building materials are accurately identified. On site, high-efficiency spray equipment is used to suppress scattering dust to reduce water consumption. Going forward, Halla Corp. will establish environmental performance indicators, conduct analysis, and set up measures to reduce consumption of resources such as energy and waste during projects.
Climate Impacts of Business Mix	IF-EN-410b.1	Amount of backlog for (1) hydrocarbon-related projects and (2) renewable energy projects	As of 2021, there are no such projects
	IF-EN-410b. 2	Amount of backlog cancellations associated with hydrocarbon-related projects	As of 2021, there are no such projects
	IF-EN-410b. 3	Amount of backlog for non-energy projects associated with climate change mitigation	As of 2021, there are no such projects

Topic	Code	Accounting Metric	Answer
Business Ethics	IF-EN-510a.1	(1) Number of active projects and (2) backlog in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index (CPI)	Not applicable as of 2021
	IF-EN-510a.2	Total amount of monetary losses as a result of legal proceedings associated with charges of (1) bribery or corruption and (2) anti-competitive practices	Not applicable as of 2021
	IF-EN-510a.3	Description of policies and practices for prevention of (1) bribery and corruption, and (2) anti-competitive behavior in the project bidding processes	Since 2011, Halla Corp. has formulated and operated ethical norms and guidelines for practicing the group's corporate spirit of "Integrity Management". Ethics code defines the value judgement criteria to be observed by stakeholders such as executives, employees, and subcontractors and the specific action guidelines are provided through ethical behavior guidelines. For more information on ethical norms and guidelines, visit <a href="https://ethics.halla.com/">https://ethics.halla.com/</a>
Activity Indicators	IF-EN-000.A	Number of active projects	As of 2021, 89 projects are being carried out
	IF-EN-000.B	Number of commissioned projects	As of 2021, the number of completed projects is 28.
	IF-EN-000.C	Total backlogs	As of 2021, the total backlog is approximately KRW 4.6754

# GRI Content Index

## General Disclosures (GRI 102: General Disclosures 2016)

Theme	Disclosure		Page	UN SDGs
Organizational profile	102-1	Name of the organization	6	
	102-2	Activities, brands, products, and services	8~11	
	102-3	Location of headquarters	6	
	102-4	Location of operations	2021 Business Report (17)	
	102-5	Ownership and legal form	78	
	102-6	Market served	7~11	
	102-7	Scale of the organization	6	
	102-8	Information on employees and other workers	89	
	102-9	Supply chain	93	
	102-10	Significant changes to the organization and its supply chain	Halla Ceragio Co., Ltd. sold all of its business assets related to golf course operations to Shinhan Bank in August 2021. 2021 Business Report (16-18)	
Strategy	102-11	Precautionary Principle or approach	31, 79~80	
	102-12	External initiatives	102~104	
	102-13	Membership of associations	105	
Ethics and integrity	102-14	Statement from senior decision-maker	4	
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	6, 74~76	
	102-17	Mechanisms for advice and concerns about ethics	76	
Governance	Stakeholder engagement	Governance structure	77, 2021 Corporate Governance Report (26-29)	














Theme	Disclosure		Page	UN SDGs
Stakeholder engagement	102-40	List of stakeholder groups	16	
	102-41	Collective bargaining agreements	91	
	102-42	Identifying and selecting stakeholders	16	
	102-43	Approach to stakeholder engagement	16~18	
	102-44	Key topics and concerns raised	16~18	
Reporting practice	102-45	Entities included in the consolidated financial statements	2021 Business Report (40-41)	
	102-46	Defining report content and topic Boundaries	About this report, 19	
	102-47	List of material topics	19	
	102-48	Restatements of information	Halla Corp. sold all of its business assets related to the golf course operation to Shinhan Bank in August 2021. The quantitative data in this report contains the economic performance that has been changed by the sale.	
	102-49	Changes in reporting	19	
	102-50	Reporting Period	About this report	
	102-51	Date of most recent report	About this report	
	102-52	Reporting Cycle	About this report	
	102-53	Contact point for questions regarding the report	About this report	
	102-54	Claims of reporting in accordance with the GRI Standards	About this report	
	102-55	GRI content index	98~100	
	102-56	External assurance	106~107	

## Topic-specific Disclosures

Theme	Disclosure	Page	UN SDGs
<b>Topic 1: Safety Management</b>			
GRI 103: Management Approach 2016	103-1, 2, 3	Management Approach	41
산업안전보건	403-1	Occupational health and safety management system	43
	403-2	Hazard identification, risk assessment, and incident investigation	44~46
	403-3	Occupational health services	46
	403-4	Worker participation, consultation, and communication on occupational health and safety	44~45
	403-5	Worker training on occupational health and safety	45
	403-6	Promotion of worker health	46
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	48
	403-9	Work-related injuries	88
<b>Topic 2: Waste Water and Waste Management</b>			
GRI 103: Management Approach 2016	103-1, 2, 3	Management Approach	22, 32~33
Waste	306-1	Waste generation and significant waste-related impacts	22, 32
	306-2	Management of significant waste-related impacts	32
	306-3	Waste generated	87
	306-4	Waste diverted from disposal	87
	306-5	Waste directed to disposal	87
<b>Topic 3: Talent Management</b>			
GRI 103: Management Approach 2016	103-1, 2, 3	Management Approach	41, 52
Recruitment	401-1	New employee hires and employee turnover	90
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	55
	401-3	Parental leave	91
Training and education	404-1	Average hours of training per year per employee	92
	404-2	Programs for upgrading employee skills and transition assistance programs	53





Theme	Disclosure		Page	UN SDGs	
Topic 4: Air Pollution					
GRI 103: Management Approach 2016	103-1, 2, 3	Management Approach	22		
	-	Number of sites where the IoT smart safety environment monitoring system is applied for fine dust management	29		
Emissions	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	N/A <sup>(1)</sup>		
Topic 5: Environmental Laws					
GRI 103: Management Approach 2016	103-1, 2, 3	Management Approach	22	  	
Compliance with environmental laws	307-1	Non-compliance with environmental laws and regulations	85		
Topic 6: Response to Climate Change					
GRI 103: Management Approach 2016	103-1, 2, 3	Management Approach	22, 31	 	
Energy	302-1	Energy consumption within the organization	85		
	302-3	Energy intensity	85		
	305-1	Direct (Scope 1) GHG emissions	85		
Emissions	305-2	Energy Indirect (Scope 2) GHG emissions	85		
	305-3	Other indirect (Scope 3) GHG emissions	85		
Topic 7: Local Community					
GRI 103: Management Approach 2016	103-1, 2, 3	Management Approach	62	  	
Local Community	413-1	Operations with local community engagement, impact assessments, and development programs	33, 64		
					   
Other General Reporting Issues					
Economic Performance	201-1	Direct economic value generated and distributed	83		
Anti-corruption	205-2	Communication and education on anti-corruption policies and procedures	75		
	205-3	Confirmed incidents of corruption and actions taken	49		
Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	77, 94		
Social assessment of subcontractors	414-1	New suppliers that were screened using social criteria	69		

(1) Due to the nature of the construction site, it is difficult to measure and calculate the emissions of the material quantitatively, so it is managed to minimize the negative impact of the emissions from the construction progress.



# UN SDGs Commitment

The UN SDGs are 17 goals proposed by the UN for solving global problems and sustainable development. Halla Corp. supports the UN SDGs and takes actions to achieve said goals.



## Goal 1.

**Eradication of poverty, in all its forms, everywhere**

Halla Corp. provides product support for the underprivileged in poor environments. We support child-rearing expenses for families with multiple children from the underprivileged class and carry out customized social contribution activities including briquette donations for heating during the winter.

Report page: 64 page



## Goal 3.

**Good Health and Well-Being**

Halla Corp. operates a program for worker health management at sites. We are doing our best to create a safe construction site by performing customized management for each factor, such as fine dust and noise, that pose a threat to the health of workers at sites.

Report page: 46 page



## Goal 4.

**Assurance of inclusive and equitable quality education and promotion of lifelong learning opportunities for all**

Halla Corp. intends to ensure educational opportunities by providing continuous support to children and adolescents from underprivileged class in need. We also continue to provide scholarships and educational materials in cooperation with regional centers and educational institutions.

Report page: 46 page



## Goal 7.

**Assurance of access to affordable, reliable, sustainable and modern energy for all**

Halla Corp. provides product support for the underprivileged in poor environments. We support child-rearing expenses for families with multiple children from the underprivileged class and carry out customized social contribution activities including briquette donations for heating during the winter.

Report page: 30 page



## Goal 8.

**Promotion of productive employment and decent work for all**

Halla Corp. converted contract workers with outstanding performance levels to regular workers and granted them the exact same rewards and support as we do to regular workers. Additionally, we promote or appoint excellent talent to new positions regardless of the promotion period.

Report page: 53 page



## Goal 9.

**Innovation and Infrastructure**

Halla Corp. are taking the lead in domestic technology development and research support, including R&D, as well as the discovery of new businesses through the operation of the WG Campus. In 2021, we expanded the R&D workforce and internalized new technologies through the implementation of national research projects.

Report page: 39 page



### Goal 11. Sustainable Cities

Halla Corp. applies eco-friendly restraints and energy-saving designs to realize eco-friendly architecture. Up until 2021, we have obtained twelve green building certifications, and we plan to expand our efforts towards constructing green buildings.

Report page: 36 page



### Goal 12. Responsible Consumption and Production

Halla Corp. reduced our waste generation at sites by 76% compared to the previous year by introducing the new construction methods: BIM, OS-beam, PRS and PC. Going forward, we plan to reduce waste generation by introducing new technology R&D and eco-friendly construction methods.

Report page: 32 page



### Goal 13. Urgent Response to Climate change and Its Impacts

Halla Corp. has conducted company-wide greenhouse gas emission management. Since 2018, we have measured the amount of greenhouse gas emitted during business activities based on the greenhouse gas inventory system and carried out activities to reduce them every year.

Report page: 29 page



### Goal 15. Life on Land

Before undertaking any projects, Halla Corp. conducts on-site environmental impact assessments in order to manage endangered and legally protected species. In 2021, we discovered five protected species, before taking actions to protect habitats, while providing continuous monitoring.

Report page: 33 page



### Goal 16. Establishment of responsible and inclusive systems for sustainable development

The Halla Group conducted an effectiveness evaluation to review whether the grievance handling system in operation provides a solution to human rights violations. The Halla Group, including Halla Corp., plans to reinforce the system by improving the deficiencies derived from the evaluation results.

Report page: 51 page

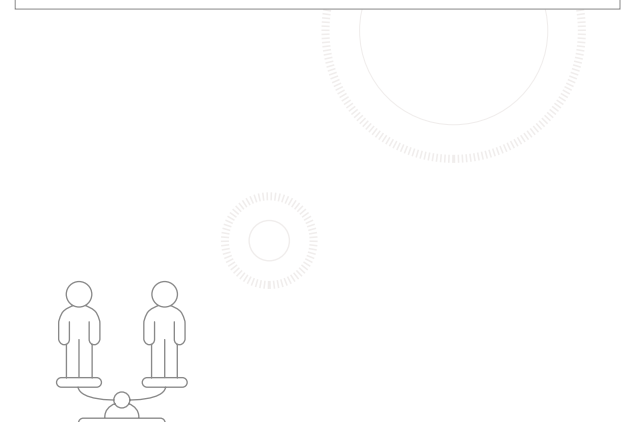
# Halla Corp. Principles of Human Rights Management

Halla Corp. supports the Universal Declaration of Human Rights (UDHR) and the UN Guiding on Business and Human Rights (UNGPs). Halla Corp. respects all stakeholders based on this support. In addition, we have established and taken the lead in implementing the principles of human rights management to move towards a sustainable society.

Halla Corp. implemented the ethical management process to prevent human rights violations that may arise from business activities. As part of the process, we run a cyber reporting center which is open to all stakeholders. Please report any instances of human rights violations you may have witnessed or experienced firsthand via the website at <https://ethics.halla.com/>.

Halla Corp. will continue to enhance our human rights policies and protect human rights as “a global company that is respected, sound, and healthy.”

<div>01</div> <div>  <div>Respect for Human Rights</div> </div> <div> <p>Halla Corp. shall respect all stakeholders as humans and strive to prevent physical and mental abuse.</p> <p>All forms of sexual harassment, physical punishment, slurs, or abuse reported shall be dealt with strict measures.</p> </div>	<div>02</div> <div>  <div>Prevention of Discrimination</div> </div> <div> <p>Halla Corp. shall respect diversity and not discriminate against employees by gender, age, race, skin color, nationality, birthplace, disability, religion, political values, family relations, hires considering pregnancy/childbirth, wage, and promotion.</p> </div>	<div>03</div> <div>  <div>Prevention of Forced Labor and Child Labor</div> </div> <div> <p>Halla Corp. shall not conduct any instances of forced labor which may restrict mental or physical liberties such as assault, intimidation, threats, detention, service charges, costs, slavery, and human trafficking in exchange for promotions or employment retention. We shall not demand any transfer of identifications issued by the government, passports, or work permits in exchange for employment. We shall comply with the minimum working age rules in the regions where we operate.</p> </div>
<div>04</div> <div>  <div>Responsible Supply Chain Management</div> </div> <div> <p>Affiliates and all subcontractors of Halla Corp. shall operate businesses in compliance with Halla Corp.'s human rights management policy and support while practicing human rights management in compliance with all laws applied in regions where they operate businesses.</p> </div>	<div>05</div> <div>  <div>Compliance with Working Conditions and Labor Laws</div> </div> <div> <p>Halla Corp. shall comply with all labor law of all countries or regions including regulations on regular work hours, overtime, leave, and wage. Furthermore, all employees shall have equal opportunity to communicate and express their opinions.</p> </div>	<div>06</div> <div>  <div>Safety and Health</div> </div> <div> <p>Halla Corp. shall abide by the safety and health standards stipulated in laws of all countries and regions. We shall offer education that meets legal requirements and manage operations and facilities to provide employees with safe and clean workplaces.</p> </div>
<div>07</div> <div>  <div>Protection of Personal Information</div> </div> <div> <p>Halla Corp. shall take extra caution to ensure that our products and services do not pose any harm to stakeholders' life, health, and safety, while taking appropriate measures for the protection of consumers' information obtained from management activities.</p> </div>	<div>08</div> <div>  <div>Protection of Environmental Rights</div> </div> <div> <p>Halla Corp. shall establish and maintain an environmental management system to uphold the principle of a preventive approach to environmental problems. We shall set a plan to prevent serious environmental damage and disasters, and disclose information related to the environment.</p> </div>	<div>09</div> <div>  <div>Human Rights for Local Communities</div> </div> <div> <p>As a member of the local community, Halla Corp. recognizes corporate responsibility on social development, engage in social contribution activities, and protect the freedom of residence.</p> </div>



# Awards and Association Memberships

## Awards

Award Period	Award Name	Awarded by
Dec. 2021	The Chairman's Commendation of Korea Fair Trade Commission	Korea Fair Trade Commission
Sept. 2021	Excellent award of Shared Growth index	Korea Fair Trade Commission
Dec. 2020	Excellent award at the KR Railway Safety Competition	Korea Rail Network Authority
Dec. 2020	Grand prize in the civil engineering sector of safety management	Ministry of Employment and Labor
Dec. 2020	Excellent award at the Contest for Creating a Safe Site Together	Korean Land and Housing Corporation
Nov. 2020	Minister citation at the Construction Cooperation Promotion Award	Ministry of Land, Infrastructure and Transport
Nov. 2020	Best award at the health management presentation for construction business	Ministry of Employment and Labor
Nov. 2020	Excellent prize at the Construction Safety Innovation Award	Korea Expressway Corporation
Sept. 2020	A grade of "Good" on the shared growth index	Shared Growth Committee
Jan. 2020	Excellent workplaces for employee health promotion activities	Occupational Safety and Health Agency

## Association Memberships

분야	협회명
Construction	Korea Construction Defect Management Council
	Korea Construction and Transportation New Technology Association
	Korea Construction Environment Association
	Korea Federation of Construction Contractors
	International Contractors Association of Korea
	Construction Association of Korea
Safety	Korea Housing Association
	Korea Disaster Prevention Association
	Korea Faculties Maintenance Association
	Korea Fire Facility Association
	Construction Safety Manager Committee
Environment	Construction Safety and Health Manager Council
	Korea Environmental Damage Prevention Association
Infrastructure	The Korea Railway Association
	Korea Ports & Harbors Association
	Korea Road Association
	Korea Railway Construction Engineering Association
Technology	Korean Professional Engineers Association
	Korea Protech Forum
	Smart Modular Forum
	Korea Mech. Const. Contractors Association
	Korea Engineering & Consulting Association
Other	Korea Electrical Contractors Association
	Korea Listed Companies Association
	Seoul Chamber of Commerce and Industry
	Korea Personnel Improvement Association
	Constructors' Legal Workers' Council
	Korea Information & Communication Contractors Association

# Independent Assurance Statement



## To: The Stakeholders of Halla Coporation

### Introduction and objectives of work

BSI Group Korea (hereinafter “the Assurer”) was asked to verify Halla’s ‘2021 Sustainability Report’ (hereinafter “the Report”). This assurance statement applies only to the relevant information contained in the scope of the assurance.

Halla is solely responsible for all information and assertion contained in the report. The responsibility of the assurer is to provide independent assurance statement with expert opinions to Halla’s executives by applying the verification methodology and to provide this information to all stakeholders of Halla.

### Assurance Standards and Levels

This assurance was based on the AA1000AS v3 (2020) Assurance Standard and confirmed that the report is prepared in accordance with the Core Option of GRI Standards. The assurance level was based on the Type 1 that confirmed compliance with the four principles of AA1000 AP (2018) in accordance with the AA1000 AS and the Type 2 assurance that verified the quality and reliability of the information disclosed in the report. The Type 2 assurance was applied to the following disclosure of the GRI Specific Topic Standards related to material topics:

- GRI 300(Environmental): 302-1, 302-3, 305-1~3, 306-1~5, 307-1
- GRI 400(Social): 401-1~3, 403-1~7, 403-9, 406-1~2, 413-1

### Scope of Assurance

The scope of assurance applied to this report is as follows;

- Based on the period from January 1st to December 31st, 2021 included in the report
- Appropriateness and consistency of processes and systems for data collection, analysis and review
- Major assertion included in the report such as sustainability management policies, strategies,

objectives, business and performance

- Information related to material issues determined as a result of materiality assessment
- The following items were not included in this assurance
  - Financial information, SASB and UN SDGs Index included in the report appendix
  - Other related additional information such as the website presented in the report

### Methodology

As part of its independent assurance, the assurer has used the methodology developed to collect relevant evidence to comply with the verification criteria and to reduce errors in the reporting, and has performed the following activities;

- To determine verification priorities, review of materiality issue analysis process and verification of the results;
- System review for sustainability strategy process and implementation;
- Review the evidence to support the material issues through interviews with senior managers with responsibility for them;
- Verification of data generation, collection and reporting for each performance index

### Assurance Opinion

On the basis of our methodology and the activities described above, it is our opinion that

- The information and data included in Halla’s Sustainability Report are accurate and reliable and the assurer cannot point out any substantial aspects of material with mistake or misstatement.
- The report was prepared according to the Core option of the GRI Standards

The assurance opinion on the four principles presented by the AA1000 AP (2018) is as follows.

#### AA1000 AP (2018)

##### **Inclusivity: Stakeholder Engagement and Opinion**

Halla divided stakeholders into customers, shareholders/investors, suppliers, employees, local communities and government/media/academia, and has communication channels and processes to implement stakeholder engagement program. They have communication channels for each group and

collect opinions. Also, 21 issues were derived by analyzing international standards/norms, analyzing media, and surveying to identify stakeholder issues, and it was confirmed that derived material issues are reflected in decision-making on sustainability management.

#### Materiality: Identification and reporting of material sustainability topics

Halla identified materiality for issues by analyzing stakeholder interest and business impact on the 21 issues derived. As a result, the material issues of 7 topics were selected.

#### Impact: Impact of an organization's activities and material sustainability topics on the organization and stakeholders

Halla strives to establish processes to monitor, measure, assess and manage the impact of organizational activities for more effective decision making and management. Identified impact should be integrated into stakeholder engagement and periodic importance assessment processes to inform organizational governance, strategy, goal setting and operations, thereby increasing informed decision making and responsiveness. In addition, the impact determined by each key issue from a sustainability topics are disclosed in the report.

#### Responsiveness: Responding to material sustainability topics and related impacts

Halla establishes and implements a response plan for each issue to appropriately respond to the derived core issues that reflects the expectations of stakeholders, and discloses detailed response activities and performance for them through the report.

### Key areas for ongoing development

To the extent that the results of the verification are not affected, the following comments were made.

- In order to understand stakeholder issues, a wide range of topics are included in the pool in the context of sustainability, but it is necessary to strengthen external stakeholder participation and issue selection criteria so that various stakeholder issues in the construction industry can be clearly reflected.
- Halla has strengthened ESG decision-making process and selected six core areas and ten strategies of environment, technological innovation, safety/human rights/labor, CSV/CSR, supply chain, and ethics, and established a working-level consultative body. It may be helpful to strengthen the reporting process of ESG working-level consultative bodies to the ESG committee.

- We recommend further development of sustainability governance by setting up clear responsibility within the processes for evaluating the governance body's own ESG performance.

### Statement of independence and competence

The assurer is an independent professional services company that specializes in Quality, Health, Safety, Social and Environmental management with almost 120 years history in providing independent assurance services. No member of the assurance team has a business relationship with Halla. We have conducted this verification independently, and there has been no conflict of interest. All assurers who participated in the assurance have qualifications as AA1000AS assurer, have a lot of assurance experience, and understand the BSI Group's assurance standard methodology.

### Evaluation against GRI 'In Accordance' Criteria

The assurer confirmed that this report was prepared in accordance with the GRI Standards Core Option and the disclosures related to the following Universal Standards and Topic-specific Standards Indicators based on the data provided by Halla.

[Universal Standards]

Organizational Profile 102-1~13, Strategy 102-14, Ethics and Integrity 102-16~17, Governance 102-18, Stakeholder Engagement 102-40~44, Reporting practice 102-45~56, Management Approach 103-1~3

[Topic-specific Standards]

- Economic: 201-1, 205-2~3
- Environmental: 302-1, 302-3, 305-1~3, 305-7, 306-1~5, 307-1
- Social: 401-1~3, 403-1~8, 403-9, 404-1~2, 405-1, 413-1, 414-1

04 July 2022

S. H. Lim / BSI Group Korea, Managing Director





# DNV BUSINESS ASSURANCE GREENHOUSE GAS EMISSIONS ASSURANCE STATEMENT



## Halla Corporation

### Introduction

DNV Business Assurance Korea Ltd. ("DNV") was commissioned by Halla Corporation. ("Halla") to verify the Halla's Greenhouse Gas Inventory for the calendar year 2020 based upon a limited level of assurance. Halla is responsible for the preparation of the GHG emissions data on the basis set out within the guidelines on the operation of GHG emission trading scheme ("ETS") (Notification No. 2021-10 of Ministry of Environment). Our responsibility in performing this work is to the management of Halla only and in accordance with terms of reference agreed with them. DNV expressly disclaims any liability or responsibility for any decisions, whether investment or otherwise, based upon this assurance statement.

### Scope of Assurance

The emissions data covered by our examination comprise Direct emissions (Scope 1 emissions) and Indirect emissions (Scope 2 emissions) within the Halla's domestic business sites;

- Organizational boundary for Halla: 5 Sites (Headquarter, Construction sites, Daejeon Office, Gasan-dong Office, Siheung Office)
- Operational boundary: Direct emissions (Scope 1: Emissions from Stationary Combustion and Mobile Combustion) and Indirect emissions (Scope 2: Emissions from Consumption of Electricity)

### Verification Approach

The verification has been conducted by DNV from November 26th through December 15th, 2021 and performed in accordance with the verification principles and tasks outlined in the 'ISO 14064-3:2019'. We planned and performed our work to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a verification opinion, concerning the reported emission figures in ton CO<sub>2</sub> equivalent. As part of the verification process;

- We have reviewed and verified the Halla's GHG Inventory Tool (Excel based)
- We have reviewed and verified the process to generate, aggregate and report the emissions data

## Conclusions

Based on the process and procedures conducted, there is no evidence that the GHG assertion is not materially correct and is not a fair representation of GHG data and information, and has not been prepared in accordance with a related standard on GHG quantification, monitoring and reporting The GHG Emissions of Halla for the year 2020 were confirmed as below;

### Greenhouse Gas Emissions of Halla for Yr 2020

(Unit: ton CO<sub>2</sub> equivalent.)

Company	Direct emissions (Scope1)	Indirect emissions (Scope2)	Total emissions
Halla Corporation	2,422.699	6,542.465	8,960

※ There are difference in sum of GHG emissions and Total emissions by sites.  
 (Report a company level as including the site's GHG emissions as an integer)

16<sup>th</sup> December 2021  
 Seoul, Korea

Jang-Sub Lee

Country Manager  
 DNV Business Assurance Korea Ltd

### Annex to AS\_Verification Statement

Company	Direct emissions (Scope1)	Indirect emissions (Scope2)	Total emissions
Headquarter	426.581	348.782	775
Construction sites	1,989.732	6,190.737	8,177
Daejeon Office	5.379	0.078	5
Gasan-dong Office	0	2.345	2
Siheung Office	1.007	0.523	1
<b>Total</b>	<b>2,422.699</b>	<b>6,542.465</b>	<b>8,960</b>

※ There are difference in sum of GHG emissions and Total emissions by sites.  
 (Report a company level as including the site's GHG emissions as an integer)

This Assurance Statement is valid as of the date of the issuance 16th December 2021. Please note that this Assurance statement would be revised if any material discrepancy which may impact on the Greenhouse Gas Emissions of Halla is subsequently brought to our attention. In the event of ambiguity or contradiction in this statement between English version and Korean version, Korean shall be given precedent.