

2023 HL D&I Halla Sustainability Report

HL D&I Halla Corp. 2023 Sustainability Report



About this Report

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About this Report

HL D&I Halla has been publishing a Sustainability Report every year since 2020. HL D&I Halla publishes its fourth Sustainability Report (hereinafter, “this Report”), which contains major ESG activities and achievements in 2023 in accordance with the company’s nine ESG strategies for sustainability management. Going forward, HL D&I Halla will continue to transparently communicate its efforts to realize economic, environmental, and social values and create a better tomorrow together with internal and external stakeholders through the Sustainability Reports.

Reporting Guidelines

This Report was prepared in accordance with the principles of the Global Reporting Initiative(GRI) 2021 Standards, the international reporting guidelines for sustainability management, as well as the principles of the UN Global Compact, disclosure recommendations of the Task Force on Climate-Related Financial Disclosure(TCFD), and the industry-specific reporting standards of the Sustainability Accounting Standards Board(SASB), etc., from comprehensive perspectives.

Reporting Period and Scope

This Report covers our performance and progress from January 1, 2023 to December 31, 2023, with some contents covering the first half of 2024, considering the timeliness and importance of the information. As for quantitative performances, three-year data are presented to analysis changes in the annual trends, and any changes from the previous year’s report are separately annotated with changes. The financial information in this Report was prepared based on K-IFRS consolidated standards, and the non-financial information was prepared for head office and all workplaces of HL D&I Halla, except for its subsidiaries.

Assurance

To secure the reliability and impartiality of this Report, it has been duly verified by BSI Group Korea, an independent external third-party assurance company. The assurance statement of this Report can be found on pages 101~104 of this Report.



HL D&I Halla discloses relevant information for investors and stakeholders on its website.
Information related to sustainability management can be found on our website, YouTube, and Naver Blog.

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CEO Message

“

We will advance to become a sustainable company through **‘STRIDE for Higher Life’** so that all stakeholders can enjoy a better life and prosper together.

”



Dear stakeholders,

In a situation where uncertainties in the global business environment are growing due to the accelerating climate crisis and supply chain instability, and ESG policies and regulations are being strengthened, corporate efforts for sustainability management are no longer an option, but mandatory. In this regard, HL D&I Halla has been striving to improve its sustainability and has published its fourth Sustainability Report to share with stakeholders its activities and achievements over the past year, as well as its future vision.

HL D&I Halla specified core values in each E(Environmental) ·S(Social) ·G(Governance) field and established nine strategies linked to these core values in order to advance ESG management in 2023. In addition, we established ESG performance indicators and implementation goals for each strategy and aligned those with the key performance indicators (KPI) of employees to enhance the execution of ESG management. HL D&I Halla also plans to focus on the following issues for a sustainable future:

Strengthen its ability to respond to climate change based on its mid- to long-term roadmap

In May 2023, we declared our support for TCFD and established a mid- to long-term roadmap to respond to climate change in line with the upcoming carbon neutrality era. In addition, we have established greenhouse gas emissions targets based on SBTi to achieve Net Zero, and are continuously reducing emissions through systematic management. With the goal of creating a low-carbon eco-friendly workplaces, we will strive to secure an eco-friendly portfolio and new technologies to protect the environment and convert to eco-friendly energy while carrying out more advanced carbon reduction efforts.

Fulfill its social responsibility through safety and quality management without compromise

We are advancing safety and quality management by prioritizing safety and quality. In 2023, all of our employees, including employees of subcontractors, pledged to prevent industrial accidents through a signature campaign to raise safety awareness throughout the company, and laid the foundation for providing quality products and services by reshuffling the quality management organization and system. HL D&I Halla will continue to strengthen its safety and quality capabilities to achieve the goal of ensuring a zero-accident workplace and provide better experiences to customers.

Build a sustainable supply chain by realizing win-win value

We support subcontractors for management consultation based on our belief that enhancement of mutual benefits with subcontractors will strengthen our competitiveness, and we also support the development of excellent technologies for small and medium-sized enterprises(SMEs) by implementing the 'Subcontractor Proposal Contest' every year. In 2023, in recognition of our efforts for win-win cooperation, we received the highest grade (99 points) in the evaluation for mutual cooperation among construction companies hosted by the Ministry of Land, Infrastructure and Transport. Going forward, HL D&I Halla will solidify trust relationships with subcontractors and take the lead in sustaining shared growth by complying with fair trade and expanding win-win activities.

Strengthen the role of the Board of Directors and upgrade its risk management capabilities

Business stability and sustainability require sound and transparent governance. HL D&I Halla practices responsible management centered on a Board of Directors with diversity, independence, and expertise, and manages financial and non-financial risks by establishing an integrated risk management system. Based on the philosophy of integrity management, we will strive to establish a company-wide ethical and compliance management culture and strengthen internal control activities to more proactively manage risks.

HL D&I Halla has established a new vision '**STRIDE for Higher Life**,' to ensure that not only customers but also employees and all stakeholders, can enjoy a better life and prosper together. Based on our will for innovation and change contained in the new vision, HL D&I Halla will overcome the complex crises in the construction industry caused by a slow-growing global economy and shrinking consumer markets, and secure growth engines to become a sustainable company.

We would like to ask for your interest and encouragement in HL D&I Halla. Thank you.

CEO of HL D&I Halla Corp. **Hong Suk-hwa**



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OVERVIEW

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HL Group





Overview

The HL Group, which started from Hyundai International Inc., founded in 1962, became the first to produce heavy construction equipment in Korea and has contributed to the development of Korea's heavy industry, ranging from shipbuilding, heavy industry, construction, and automobiles. The HL Group — which has led the industry in construction, automobile, distribution, services, investment, education, sports, etc. through a belief in serving the nation with technology, accumulated experience and technology — is now expanding its growth horizons around the world not only in the United States, China but also Asia, Europe, and South America.

Overview

Date of establishment	October 1962
Sales	KRW 10.5 trillion
No. of employees	19,164 persons
Subsidiaries	46 (3 listed, 43 unlisted)

Affiliates

Holdings company		HL Holdings
		HL REITs Management
Automotive sector		HL Mando
		HL Klemove
		Mando Brose
Construction sector		HL D&I Halla
		HL MNPT
		HL Echotech
		HL Logis & Co.
Education and sports sector		Halla University
		HL Anyang Ice Hockey Team
		JJ Halla

Management Philosophy of HL Group



HL D&I Halla







About the Company

Since its establishment in 1980, HL D&I Halla has carried out a number of construction projects, serving as the backbone for the establishment of infrastructure in Korea. We are recognized for our outstanding capabilities by successfully carrying out SOC projects, environment/plant, and large-scale development projects.

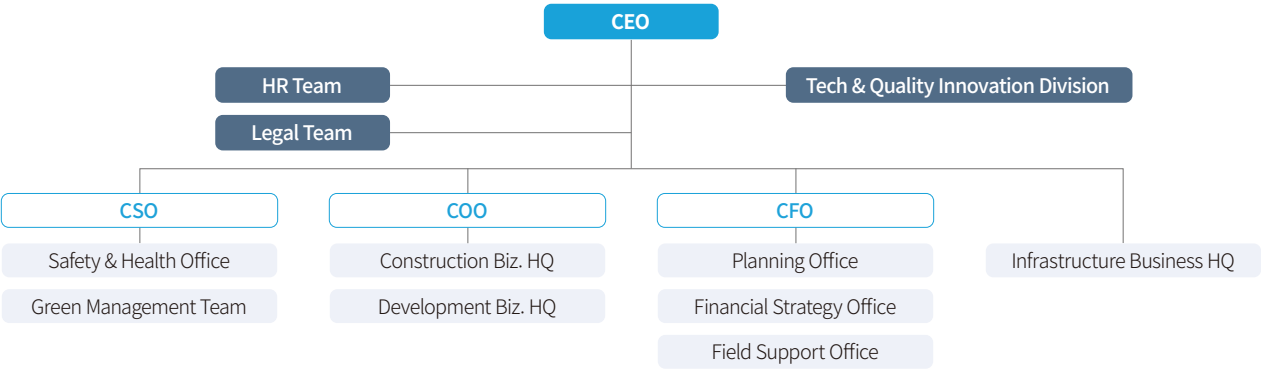


Corporate name	HL D&I Halla Corp.
Date of establishment	May 2, 1980
Date of stock listing	August 12, 1994
CEO	Hong Suk-hwa
Head office	289, Olympic-ro, Songpa-gu, Seoul, Republic of Korea
Major businesses	Construction (architecture, housing, civil engineering, plant) Non-construction (distribution, logistics, leisure, smart research, etc.)
Number of employees	1,119 persons

(On a separate financial statement basis)

 Sales KRW 1.4893 trillion	 Operating Profit KRW 45.9 billion	 Net Income KRW 34.1 billion
 Order Backlog KRW 4.7 trillion	 Total Assets KRW 1.4582 trillion	 Capital KRW 245.2 billion

Organizational Chart



HL D&I Halla

Major Subsidiaries



HL Logis & Co.

Operation and lease of a large-scale logistics complex, provision of logistics services, and consulting



HL MNPT

Consigned management of port facilities in Mokpo New Port and provision of land and sea transportation services



HL Echotech

Design, construction and operation of environmental pollution prevention facilities and general construction/civil engineering/architectural fields

Global Network



1	South Korea	Head office of HL D&I Halla
2	Vietnam	GMS Ben Luc-Long Thanh Expressway Project A1 GMS Ben Luc-Long Thanh Expressway Project A3
3	Bangladesh	Bangladesh Branch Office _ Cox's Bazar Airport / Sylhet Airport / Matabari Road / Bakkhali Bridge
4	USA	HL Properties America Corporation
5	Mexico	Halla E&C Mexico S. de R.L. de CV in Mexico

History

1980s~2000s

- 1980 · Established Halla Resources Corp. (Spinoff from Resources Development Dept. of Hyundai International Inc.)
- 1989 · Established a labor union
- 1990 · Changed company name to Halla Engineering & Construction Corp.
- 1993 · Acquired ISO 9001 certification
- 1995 · Acquired ISO 14001 certification
- 1997 · Introduced apartments, branded "Halla Vivaldi"

2000s~2010s

- 2000 · Started construction of Ulsan Airport
- 2004 · Declared the Vision 2010 and business strategies
- 2005 · Established a local corp. in Tianjin, China
- Awarded Hankyung Housing Culture grand prize in apartment category (Halla Vivaldi in Hopyeong District, Namyangju)
- 2006 · Awarded overall Hankyung Housing Culture grand prize (Halla Vivaldi, Ochang)
- Awarded Seoul Economy advertising grand prize (Halla Vivaldi, Paju Unjeong)

- 2008 · Awarded Hankyung Housing Culture grand prize in apartment category (Halla Vivaldi, Cheonan Yonggok)
- Over KRW 1 trillion in sales and KRW 2 trillion in contracts
- 2009 · Acquired OHSAS 18001 certification

2010s~ Present

- 2010 · Acquired certification for the Korea's highest 1.54liter passive house (Elderly home in Incheon Cheongna District/German Passive Institute)
- 2011 · Awarded Minister prize by Ministry of Land, Transport and Maritime Affairs (Hyundai Department Store Daegu Branch)
- Received presidential citation from the Ministry of Strategy and Finance for being a model taxpayer
- Selected as one of the "Top 50 promising companies in Asia" by U.S. business magazine Forbes
- 2012 · Awarded Hankyung Housing Culture grand prize in brand category (Wonju Halla Vivaldi 2-Cha)
- Received presidential citation for labor management cooperation from the Ministry of Employment and Labor
- 2013 · Changed company name and CI to Halla Corp.

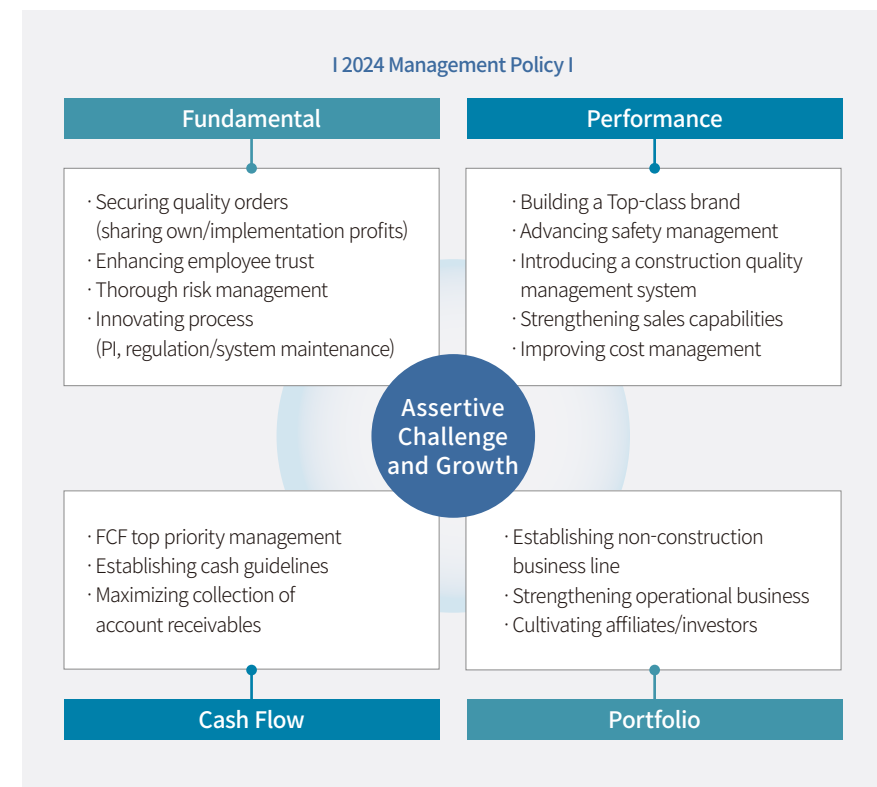
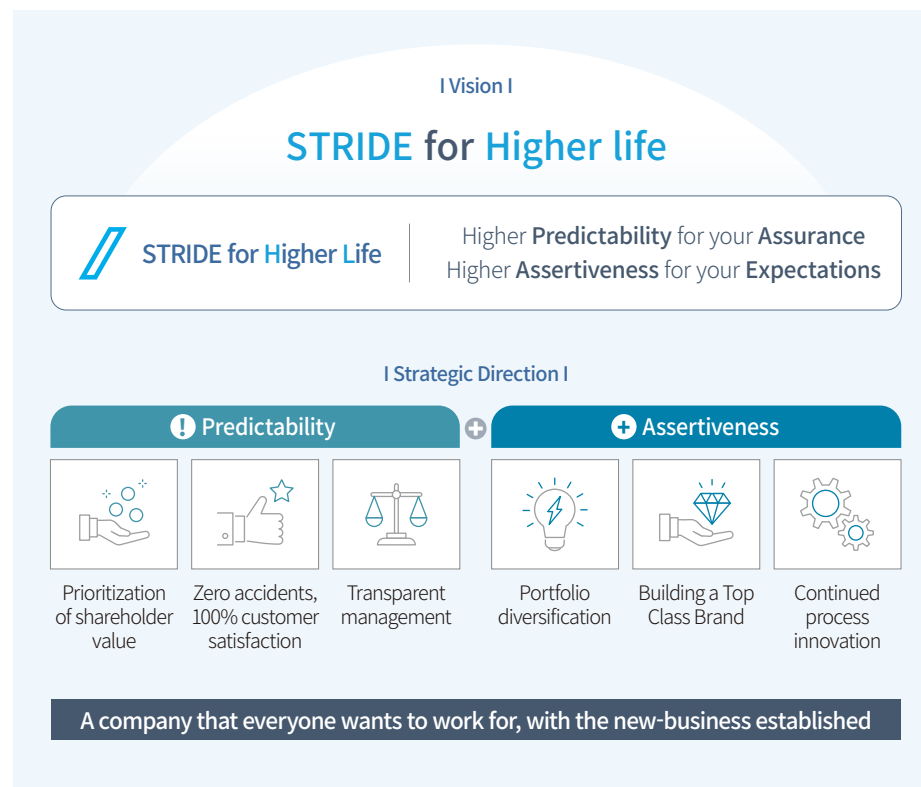
- 2014 · Received Ministry of Land, Infrastructure and Transport award in Korean Architecture Awards (Pulmuone forest center)
- 2016 · Declared new company Vision (healthy, growing, permanent company)
- 2018 · Transforming to ISO 45001 certification (for the first time in the construction industry)
- 2020 · Signed an agreement on R&D for railway infrastructure lifecycle management BIM
- 2021 · Established Integrity Management Committee and ESG Office
- 2022 · Received the plaque of appreciation from the Halla Sports Association for the Disabled
- Changed company name and CI to HL D&I Halla Corp.
- 2023 · Established the vision of HL D&I Halla

HL D&I Halla

Management Vision

HL D&I Halla declared a new vision of 'STRIDE for Higher Life' in 2023, and set its goal of becoming a company that everyone wants to work for, with sales of over KRW 2 trillion, a credit rating of A, and a new business line established by 2028.

Proving 'Challenge' with 'Value' to Continue a 'Better Life'



HL D&I Halla

Major Business

Since its establishment in 1980, HL D&I Halla has been engaging in various construction fields such as architecture, housing, and infrastructure projects. HL D&I Halla's outstanding capabilities are well recognized in civil engineering, construction, housing, plant, and environment projects. From the national industrial infrastructure project, to architecture built in distinct designs, state-of-the-art technology, and diverse industrial and environmental plants, we have been growing exponentially, based on our top quality and competitiveness.

Architecture/Development Business



By applying the latest construction methods and cutting-edge systems, we are building high-quality buildings in various fields such as commerce, logistics, and leisure. In addition, we are focusing on various housing construction projects and the development of eco-friendly future residential spaces with the goal of creating sustainable living spaces as a renowned housing company.

Infrastructure Business



Based on technology, know-how, and strict construction management and safety management, we are playing a key role in the process of building public infrastructure that everyone can use with confidence, ranging from important national facilities such as roads and ports, to plant areas that are the driving force of industrial development.

Business Cycle



Eco-friendly
design



Purchasing
and shipping



Construction



Operation



Demolition

02

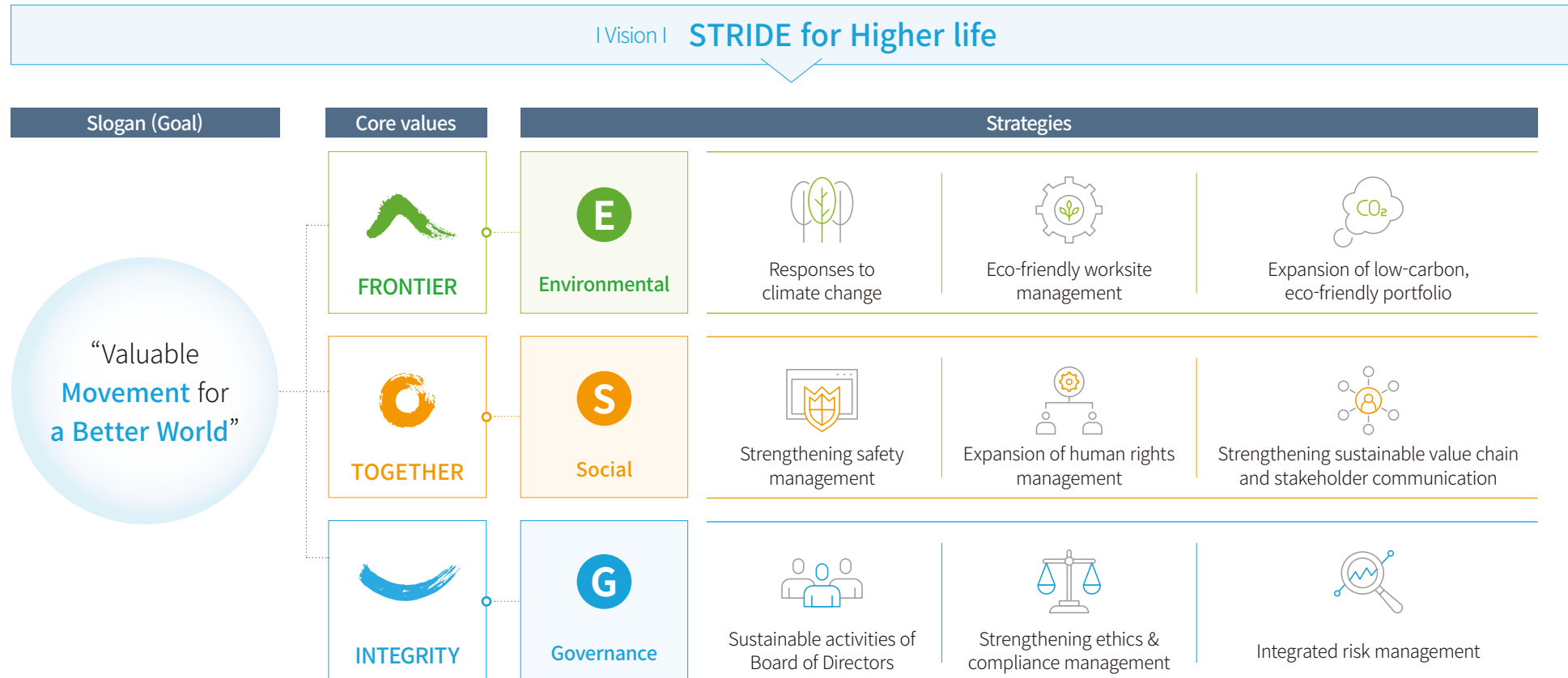
ESG SYSTEM

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ESG Strategy















ESG Management Strategy

In order to become a sustainable company, HL D&I Halla has established three strategies in each ESG field under the vision of “STRIDE for Higher Life.” We have also specified core values and implementation tasks for each E-S-G strategy in pursuit of the ESG goal of “Valuable Movement for a Better World.” HL D&I Halla will internalize nine promotion strategies throughout the company, and actively implement them for sustainable growth and fulfillment of social responsibility.



Goals and Performance by Promotion Strategy

HL D&I Halla established new ESG management promotion strategies and selected performance indicators and implementation goals for each field according to the strategic direction of each ESG.

Promotion Strategies	Long-term Goals	Sustainability Management KPI	Performance in 2023	2030 Goals	Report Page
Environmental	     				
Responses to climate change	Advanced management of greenhouse gas emissions and reduction based on SBTi standard (compared to the previous year)	Greenhouse gas reduction rate (%)	17	42	38
Eco-friendly worksite management	Zero environmental accident violations to minimize environmental impact at all worksites	Number of environmental accidents (cases)	0	0	87
	Achievement of 99% waste recycling rate	Waste recycling rate (%)	100	100	27, 88
Expansion of low-carbon, eco-friendly portfolio	Continuous expansion of eco-friendly products and technologies (eco-friendly buildings, technologies, etc.)	Number of eco-friendly products and technologies (cases/year)	3	5	87
Social	     				
Strengthening safety management	Achievement of zero employee industrial accident rate (0%)	Industrial accident rate (%)	0.36	0	89
	Achievement of zero workplace fatalities	Number of fatalities (persons)	0	0	89
	Achievement of zero labor loss rate(0%)	Labor loss rate (%)	0.31	0	89
Expansion of human rights management	Expansion of scope of continuous human rights management impact assessment implementation by more than 90%	Scope of human rights impact assessment implementation	Head office	All worksites	92
Strengthening sustainable value chain and stakeholder communication	On-site due diligence on sustainable supply chain management	On-site due diligence	-	Subcontractors 50%	56, 91
	Contribution to social responsibility through sustainable social contribution activities	Hours of participating in social contribution activities (hours)	505	650	70, 92
		Social contribution activities for biodiversity (cases)	1	2	28
Governance	 				
Sustainable activities of Board of Directors	Strengthening ESG operations through smooth Board communication	Number of major ESG agendas handled by the Board of Directors (cases/year)	4	4	76
Strengthening ethics & compliance management	100% internal control monitoring for transparent management	Inspection performance rate (%)	83	100	84
Integrated risk management	Establishment and internalization of a company-wide risk management system for sustainable growth	Establishment of an integrated ESG ERP system	-	Establishment completed	-

ESG Management System

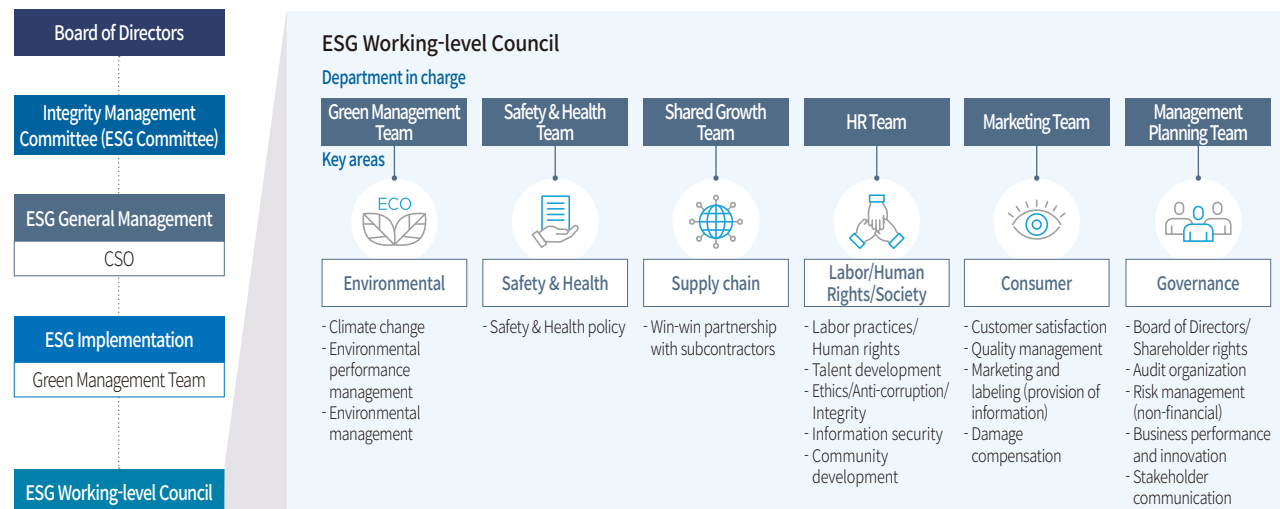
ESG Management Organization

HL D&I Halla's ESG management organization has been operated directly under the supervision of the CSO, and an ESG Working-level Council was formed with key departments centered on the Green Management Team, a team dedicated to ESG. The ESG Working-level Council regularly discusses major ESG issues such as responses to climate change, safety & health, and fair trade, which are reviewed and resolved by the Board of Directors, the highest decision-making body. In addition, we are practicing more systematic ESG management by introducing an ESG key performance indicator (KPI) for all executives, including the C-Level, and monitoring and managing each ESG field.

Integrity Management Committee (ESG Committee)

HL D&I Halla operates an Integrity Management Committee (ESG Committee) under the Board of Directors to promote and internalize our ESG management strategy. The Integrity Management Committee consists of three non-executive directors and one executive director, and is delegated authority related to ESG management activities by the Board of Directors and is responsible for reviewing and deliberating on major ESG issues. The Committee also support systematic ESG management by reporting on material issues such as ESG management performance to the Board of Directors. In 2023, a total of five Integrity Management Committee meetings were held to resolve various ESG agendas, including introduction of KPIs (greenhouse gas reduction, ethical management, ESG management level) for all executives, including the CEO.

Organizational Chart for ESG Management

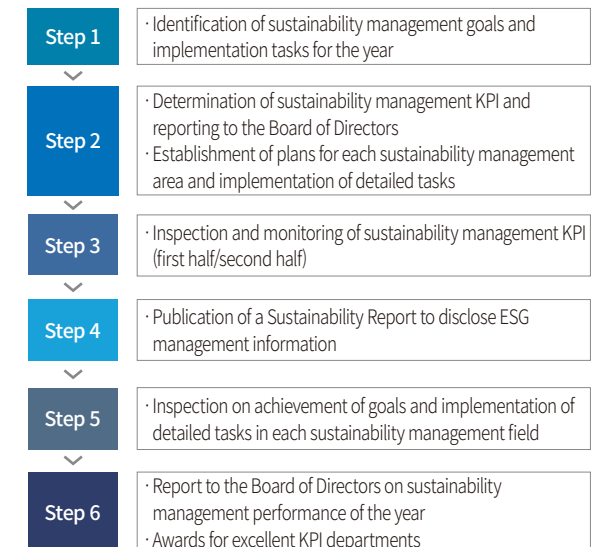


Status of major sustainability management agendas handled by the Board of Directors in 2023

- Evaluation of Board of Directors activities
- Approval of safety & health plan
- Report on the operation status of the internal accounting control system
- Sustainability management strategy
 - Introduction of ESG KPI
 - Setting SBTi greenhouse gas reduction goals
- Sustainability management strategy
 - Report on major environmental performance



Annual Sustainability Management Promotion Process



ESG Fundamental

Stakeholder Engagement

Stakeholder Communication

Classification		Shareholders and Investors	Subcontractors	Employees	Customers	Local community	Government / Media / Academia
Definition of key stakeholders		· Individuals and groups providing financial capital to the company	· Suppliers of products and services in transactions and cooperative relationships with the company	· The entity responsible for the company's management and business activities	· Individuals and groups who use the company's products and services	· Residents or organizations in the area where the company's workplace is located or where business activities are conducted	· Organization that carries out legislation, research and monitoring related to the company's business
Key points of interest	Environmental	· Response to strengthened environmental regulations	· Waste recycling · Continuous management of environmental pollution such as fine dust and noise	· Responses to strengthened environmental regulations · Necessity to respond to environmental issues according to the characteristics of the construction industry	· Reduction of fine dust generated at the worksites · Utilization of new and renewable energy for residential facilities	· Activities to protect local community environment	· Expansion of the use of renewable energy · Expansion of investments to resolve environmental issues
	Social	· Improvement of worksite management culture for safety issues	· Prevention of construction delays through worksite complaint management · Worksite operation based on expertise and know-how	· Manpower training plan for worksite and business operations · Seeking preventive measures against employee safety accidents	· Safety management at the construction sites · Operation of Customer Feedback Channels	· Practice sharing with local communities · Resolution of local issues through communication with the local community	· Resolution of conflicts between labor and management, and with local residents through smooth communication · Necessity to strengthen awareness of worksite safety
	Governance	· Necessity to respond to ESG risks inherent in the construction industry	· Continued investment in future growth engines	· Expansion of investment in future new growth engines · Management of governance risks through integrity management	· Transparent governance · Securing quality competitiveness	· Reinforcement of ethical management · Improvement of employees' awareness of ESG	· Implementation of HL D&I Halla's unique ESG management · Preparation for rising prices of raw materials such as cement
Engagement and communication channels		· General shareholders' meetings · Report (Business/Audit/Sustainability Management/Governance)	· Hanwoolhoe (Council for shared growth with subcontractors) · Meetings with new subcontractors · Subcontractor Proposal Contest · Subcontractor Networking	· Online management briefing session · Labor Management Council · 'Hallo,' the Group's in-house PR channel · Employee training and workshops · Business plan presentation sessions	· Voice of the customer · Homepage for contractors only	· HL D&I Halla website · Local volunteer work · Local welfare organizations	· Report (Business/Audit/Sustainability Management/Governance) · Various associations · Industry round tables · Offline meetings

Distribution of Stakeholder Value

Classification (Unit: KRW million)	Shareholders		Subcontractors (Domestic construction outsourcing costs)	Employees (Total annual salary)	Local community (Donation)	Government (Amount of corporate tax)
	Dividends	Purchase of treasury stock (Stock retirement)				
2021	9,023	9,951	727,742	131,446	1,679	14,168
2022	0	0	764,593	123,358	221	10,305
2023	0	0	771,701	121,511	129	8,810

Materiality Assessment

HL D&I Halla conducted a double materiality assessment that considers the impact of the company's business activities on the environment and society, while also considering the impact that material issues may have on the corporate value and finances of the company. Major activities and achievements related to identified material issues are reported through this Sustainability Report.

Materiality Assessment Process

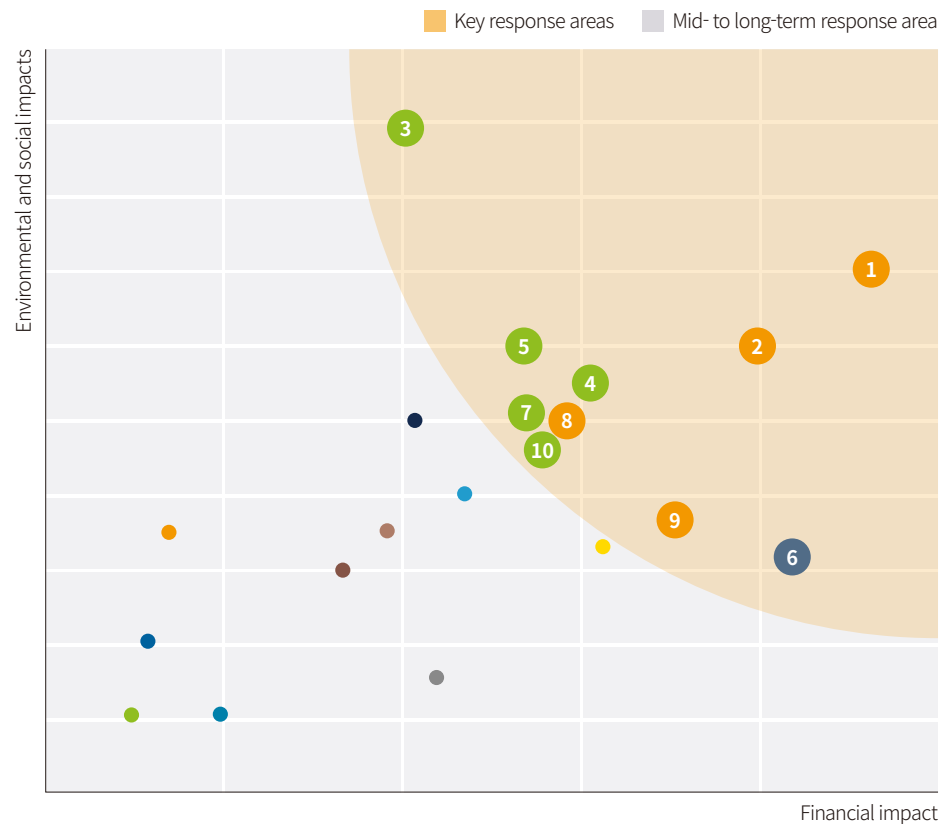
Step1 Composition of Issue Pool	Step2 Double Materiality Assessment	Step3 Identification of Material Issues	Step4 Prioritization
<p>Final pool of 20 issues (5 environmental, 7 social, 8 governance issues) was created through global standard analysis, media research, benchmarking, and internal data analysis.</p>	<div> <div>Environmental and social impacts</div> <p>We analyzed potential external impact of corporate activities from an environmental and social perspective</p> <ul style="list-style-type: none"> ① Analysis of media issues ② Analysis of similar industry reporting topics ③ Internal and external stakeholder survey analyses </div> <div> <div>Financial impact</div> <p>We analyzed the possible impact on the company's financial position from a financial perspective</p> <ul style="list-style-type: none"> ① ESG disclosure and evaluation standards ② Current/expected financial impact assessment ③ Financial impact assessment by external experts </div>	<p>We identified a total of 10 major issues (5 environmental, 4 social, 1 governance issues) by prioritizing issues in each field (E-S-G) in terms of their environmental and social impact and financial impact.</p>	<p>Final confirmation of key reporting issues and important reporting issues through review by the Board of Directors</p>

ESG Issue Pool

<div>E</div> <div>Environmental</div> <ul style="list-style-type: none"> · Reinforcement of environmental management · Expansion of research on eco-friendly technologies and construction methods · Greenhouse gas and energy management · Responses to climate change · Activation of resource circulation 	<div>S</div> <div>Social</div> <ul style="list-style-type: none"> · Safety-first management and serious-accident prevention · Improvement of customer satisfaction and brand value · Reinforcement of shared growth · Introduction of fair employment and compensation system · Strengthening human rights violation prevention and remedies · Expansion of social contribution · Innovation of organizational culture 	<div>G</div> <div>Governance</div> <ul style="list-style-type: none"> · Internalization of ESG management system · Integrated risk management · Establishment of a compliance management system · Expansion of ethical awareness · Composition of a sound Board of Directors and rational decision-making · Transparent taxation and accounting · Reinforcement of shareholder-rights protection and audit system
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Materiality Assessment Results

HL D&I Halla evaluated the importance of issues considering both environmental and social impacts and financial impacts of a total of 20 major ESG issues in the pool and selected 10 material issues (5 environmental, 4 social, and 1 governance issues). HL D&I Halla evaluates the impact of each material issue on stakeholders, establishes business strategies and tasks to respond to internal and external demands, and actively manages them by reflecting them in performance evaluations.








2023 Material Issues

● High ● Medium ● Low






Order	Field	Issue	Environmental/ Social Impact	Financial Impact	Report Page
1	Social	Safety-first management and serious-accident prevention	High	High	40-46
2	Social	Improvement of customer satisfaction and brand value (▲3)	Medium	High	60-65
3	Environmental	Reinforcement of environmental management	High	Medium	30-32
4	Environmental	Expansion of research on eco-friendly technologies and construction methods	High	Medium	63, 87
5	Environmental	Greenhouse gas and energy management (▲2)	High	Medium	24-38
6	Governance	Internalization of ESG management system (New)	High	Low	13-15
7	Environmental	Responses to climate change	High	Medium	33-38
8	Social	Reinforcement of shared growth (▼2)	High	Low	56-59
9	Social	Introduction of fair employment and compensation system (New)	Medium	Low	47-49
10	Environmental	Promotion of resource circulation (▼8)	Medium	Low	24-27

* Indicating changes in the priority of issues compared to the previous year

Management of Material Issues

	Name of Issues	Response and Management Activities	Key Achievements in 2023
1	Safety-first management and serious-accident prevention 	<ul style="list-style-type: none"> · Obtaining safety & health management system (ISO 45001) certification · Implementation of on-site risk assessments · Development and operation of a smart safety management system · Implementation of worksite safety inspection / safety & health evaluation and 'Allbaro' inspection · Implementation of Zero Serious-Accident Resolution Conference 	<ul style="list-style-type: none"> · Achieved mortality rate of 0.00‰ · Introduced mobile risk assessment · Conducted on-site safety inspections over 169 times · Achieved 'Allbaro' inspection improvement rate of 100% · Achieved industrial safety & health management system application rate of 100%
2	Improvement of customer satisfaction and brand value 	<ul style="list-style-type: none"> · Establishment of goals to shorten defect-processing periods (process within 15 days on average) · Operation of mobile defect management system · Operation of a Voice of Customer (VoC) bulletin board on the website · Advancement of quality management system to realize customer satisfaction · Development and application of technologies that reflect customer needs, such as Low-noise Range Hood and Inter-floor Noise Reduction Floor Structure 	<ul style="list-style-type: none"> · Achieved Halla Mobile After Service processing rate of 82.6% · Voice of Customer (VoC) processing rate of 100% · Published a Q-Brief containing on-site inspection results and litigation cases, etc. · Obtained a performance certification for Inter-floor Noise Reduction Floor Structure
3	Reinforcement of environmental management 	<ul style="list-style-type: none"> · Obtaining environmental management system (ISO 14001) certification · Conducting on-site audits · Mandatory installation and operation of IoT smart monitoring system at all worksites · Worksite monitoring based on the checklist of compliance with environmental laws and regulations 	<ul style="list-style-type: none"> · Increased percentage of workplaces certified with environmental management system to 100% · Implemented on-site audits in 57 cases · Zero fines for violating environmental laws and regulations
4	Expansion of research on eco-friendly technologies and construction methods 	<ul style="list-style-type: none"> · Development of Energy-saving Smart Hood (~2026) · Conducting energy-saving technology research and commercialization (~2026) · Investment in environmental patents and green technology certification 	<ul style="list-style-type: none"> · Certified for green building in 3 cases · Obtained 2 new environmental technology and green technology intellectual property rights (cumulative)
5	Greenhouse gas and energy management 	<ul style="list-style-type: none"> · Implementation of third-party verification of greenhouse gas emissions · Management of greenhouse gas emissions by worksite through operation of a greenhouse gas inventory system · Measurement and management of greenhouse gas emissions in supply chain (Scope 3) · Supporting energy independence by installing solar power generation facilities on the rooftops of apartments being built 	<ul style="list-style-type: none"> · Reduced greenhouse gas emissions by 17% (Scope 1+2 compared to the previous year) · Reduced energy usage by 18% (compared to the previous year) · Converted 1 business vehicles to eco-friendly vehicles (electric vehicles) · Expanded solar power generation facility capacity by 248% (compared to the previous year)

Management of Material Issues

	Name of Issues	Response and Management Activities	Key Achievements in 2023
6	Internalization of the ESG management system 	<ul style="list-style-type: none"> Establishment of ESG management goals and specification of core values and implementation tasks for each ESG strategy Operation of the Integrity Management Committee (ESG Committee) and ESG Working-level Council to internalize ESG management Introduction of ESG key performance indicators (KPI) for each division of the company based on ESG strategy 	<ul style="list-style-type: none"> Obtained integrated grade 'A' awarded by the Korea Institute of Corporate Governance and Sustainability (KCGS) Acquired 'AA' grade by the SUSTAINVEST Reported on 4 ESG agendas items to the Board of Directors, 1 resolution approved
7	Responses to climate change 	<ul style="list-style-type: none"> Declaration of support for TCFD (May 2023) Establishment of roadmap for climate change response Establishment of climate change management indicators - reduction target (42% reduction in 2030, Net Zero in 2050) 	<ul style="list-style-type: none"> Established governance for climate change response Identified climate change risks and established management plans Expanded categories for calculating the size of financial impact by climate change risk
8	Reinforcement of shared growth 	<ul style="list-style-type: none"> Expansion of subcontractor ESG evaluation and support Operation of subcontractor support system (support for excellent subcontractors, improvement of payment conditions, support for consulting on financial due diligence, etc.) Operation of 'Subcontractor Proposal Contest' to strengthen subcontractor's competitiveness 	<ul style="list-style-type: none"> Obtained top grade in the evaluation of mutual cooperation among construction companies Supported KRW 106.04 million for subcontractors' sustainability management consulting Made early payment to subcontractors in 1,911 cases Amount of early payment to subcontractors: KRW 247 billion
9	Introduction of fair employment and compensation system 	<ul style="list-style-type: none"> Expansion of employee diversity (increasing the ratio of female workers and managers, expanding employment of the disabled) Operation of training programs for employees' growth and competency enhancement Operation of employee performance evaluation and compensation system by conducting multi-faceted evaluation through regular/frequent inspections 	<ul style="list-style-type: none"> Proportion of female employees: 8.4% Number of disabled workers employed: 21 Percentage of employees subject to regular performance evaluation 100%
10	Promotion of resource circulation 	<ul style="list-style-type: none"> Operation of waste management system 'Allbaro System' Establishment of a water pollutant monitoring system Operation of on-site resource circulation program - 'Anavada Market' 	<ul style="list-style-type: none"> Waste recycling rate: 100% Percentage of workplaces that disclose waste emissions: 100% Percentage of workplaces that disclose water usage: 100% Number of accidents involving excess hazardous substances in water: Zero

2023 HIGHLIGHT

Board-meeting Attendance Rate in 2023
100%



Declaration of Support for TCFD (May 2023)

Establishment of roadmap for climate change response
Establishment of climate change management indicators and reduction targets



Establishment of Biodiversity Principles

Establishment of Biodiversity Strategy (Risk and Impact Management) Process



Establishment of Independent Organization supporting an Audit Committee



Establishment of Goals and Performance Indicators for each ESG Promotion Strategy



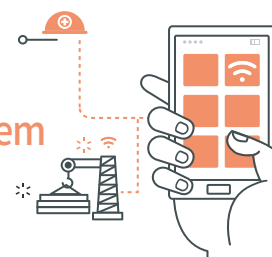
Top Grade

in the Evaluation for Mutual Cooperation among Construction Companies in 2023



Introduction of Mobile Risk Assessment System

Pilot operation in 2023



Participation in the Ten million Signature Campaign to prevent Industrial Accidents

A total of 3,437 people participated (including subcontractors)



Publication of Q-Brief

Distribution of Quality control guidelines containing on-site inspection results and litigation cases



03

ESG TOGETHER

WITH GREEN	
024	Environmental Management
033	TCFD Report
WITH PEOPLE	
040	Safety & Health
047	Talent Management
051	Human Rights Management
WITH PARTNER	
056	Shared Growth
060	Customer Satisfaction
066	Quality Management
070	Sharing Management
WITH GOVERNANCE	
075	Governance
079	Integrity Management
083	Risk Management



WITH GREEN

WITH GREEN

024 Environmental Management

033 TCFD Report

Environmental Management

With the global emergence of environmental issues such as climate change and carbon neutrality, corporate environmental responsibility is becoming more important. HL D&I Halla seeks to create sustainable low-carbon and eco-friendly workplaces by minimizing the environmental impact of business activities and expanding its low-carbon, eco-friendly portfolio business.

➤ 2023 KEY POINTS

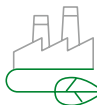
Declaration of support for TCFD (May 2023)



Greenhouse gas emissions

Reduction by 17%

(Compared to previous year, based on Scope 1&2)



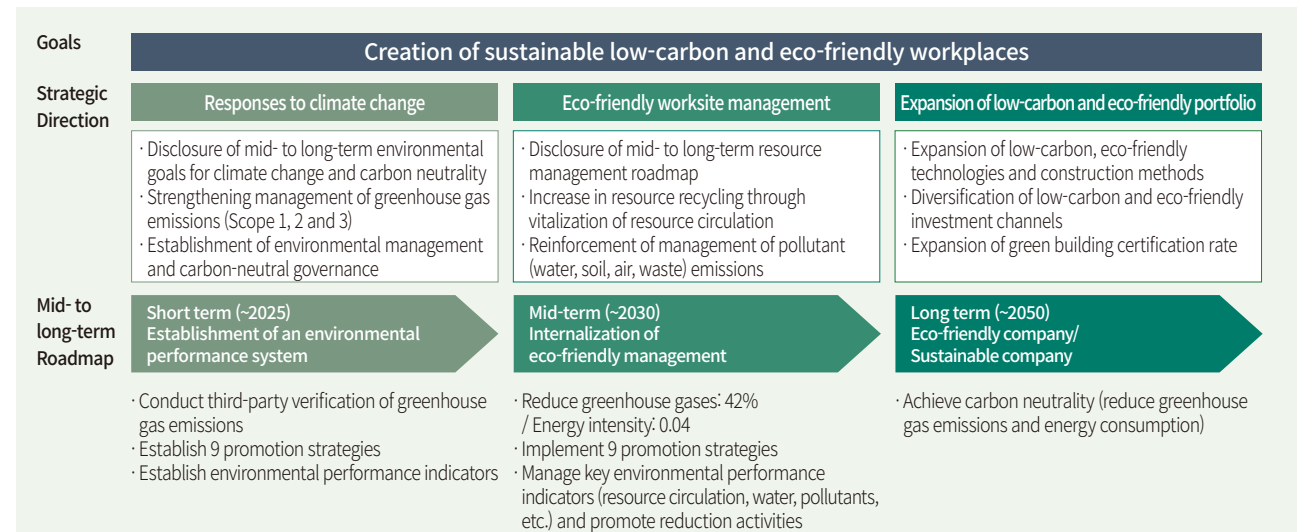
Introduction of eco-friendly vehicles



Environmental Management System

Environmental Management Strategy

HL D&I Halla practices environmental management by establishing three strategic directions with a mid- to long-term roadmap to respond to changes in global environmental management and minimize environmental impact. We have obtained and maintained the environmental management system certificate (ISO 14001), and are operating a company-wide environmental management system with the goal of creating a sustainable low-carbon and eco-friendly workplaces.



Key Achievement Goals and Performance

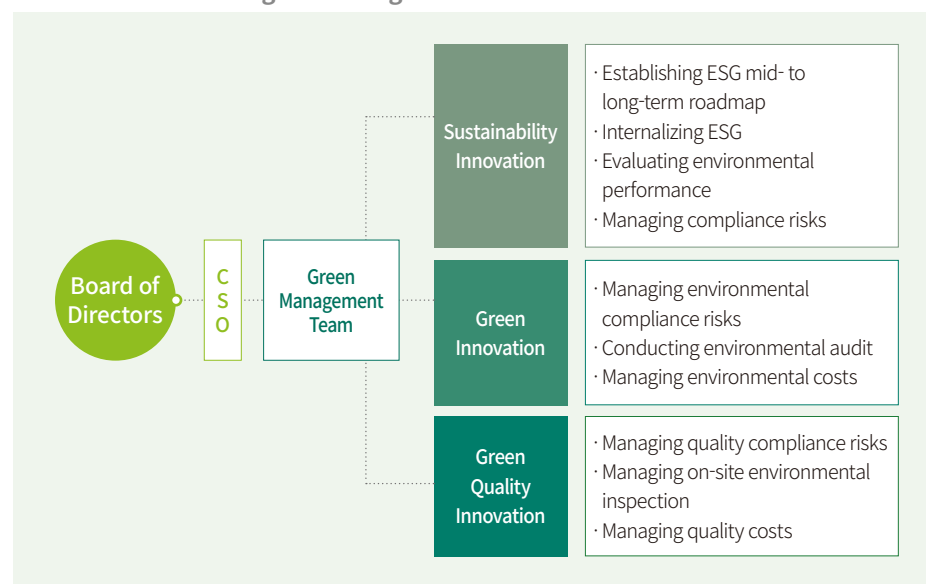
Classification	Details (unit)	Performance in 2023		2024 Goals
		Goals	Performance	
Greenhouse gas emissions	Greenhouse gas emissions (tCO ₂ e)	16,000	13,294	13,227
Energy usage	Energy intensity (TJ/KRW 100 million)	0.052	0.016	0.04
Waste emissions	Waste generation (ton)	120,000	87,133	115,000
Water usage	Water intensity (ton/KRW 100 million)	13	11	10.5
Compliance with environmental laws and regulations	Number of fines imposed due to violation of environmental laws and regulations (cases)	0	0	0
Acquisition of green technology	Number of green technology acquisitions (cases)	1	1	1
Expansion of eco-friendly vehicles	Eco-friendly vehicles (unit)	1	1	2

Environmental Management Organization

HL D&I Halla has established a systematic environmental management system based on quality, environment, and safety policies, and the Green Management Team, under the supervision of the CSO, is taking responsibility for major practical tasks. We regularly report to and obtain resolutions from the Board of Directors on major issues related to climate change response and environmental management, such as climate change and carbon neutrality. In addition, in order to strengthen environmental management, we are reflecting environmental performance indicators such as greenhouse gas and energy reduction and waste management in the KPI of the CEO and executives, and deliver financial compensation based on performance.



Environmental Management Organization



Eco-friendly Supply Chain Management

HL D&I Halla is carrying out various activities to build an eco-friendly supply chain so that subcontractors can be equipped with a sustainable environmental management system. We adopted a system under which we measure the environmental management level of a subcontractor, including the level of environmental management implementation and compliance with environmental laws and regulations, in selecting a subcontractor, and prevent the company that does not meet the requirements from being selected as subcontractor. By inspecting the overall environmental management activities of the subcontractor every year, we are diagnosing and assessing the environmental risks of the subcontractors. And depending on the evaluation results, we actively provide environmental consulting and environmental education to subcontractors if necessary.

Eco-friendly Procurement Policy

In order to expand the procurement of eco-friendly products, HL D&I Halla has been establishing policies for sustainable purchasing, including the development of an eco-friendly product purchasing process and the establishment of procurement policies and guidelines. Moreover, in order to expand the scope of purchasing green products, we are striving to change office supplies used at our head office and workplaces as well as construction raw and subsidiary materials to eco-friendly products. We have established appropriate standards for the delivery of eco-friendly products and reflected them in the evaluation items regarding regular evaluations of our subcontractors. We are also giving additional credits to eco-friendly suppliers.

*Eco-friendly products: Good Recycling (GR) certified, Low-carbon certified, Environmental product labeling certified products

Eco-friendly Procurement Status

Classification	2021	2022	2023
Purchase of eco-friendly products ¹⁾ (KRW 100 million)	148.7	873.9	1226.5
Eco-friendly products purchased (number)	10	13	11
Eco-friendly sales ²⁾ (KRW million)	115,889	222,974	478,301

1) Total material purchase amount: KRW 211.79 billion in 2022, KRW 230.21 billion in 2023

2) Eco-friendly sales = Green building certification + Eco-friendly material input cost

Environmental Impact Management

Atmospheric Environment Management

HL D&I Halla signed a 'Voluntary Agreement on Fine Dust Management' with the Ministry of Environment to minimize the generation of fugitive dust and fine dust emitted into the atmosphere, and has established a fine dust response system, and is carrying out fugitive dust management and reduction activities required. We distributed the 'Fugitive Dust Management Manual' to all worksites and assigned an environmental manager to monitor the worksites, and take measures to reduce fugitive dust by processes, such as adjusting construction time, gradually restricting the use of old construction machinery, operating sprinkler trucks, and improving work processes.

IoT Smart Monitoring System

HL D&I Halla is mandating the installation and operation of an IoT Smart Safety Environment Monitoring System at all sites. We measure fine dust/noise/vibration occurring in the worksites in real time, and share the results through the dust/noise sensor electronic display installed in the sites. We also monitor the fine dust/noise/vibration in real time at the head office and the sites, and take immediate action if necessary.



Real-time Monitoring of Fine Dust/Noise/Vibration

Noise and Vibration Management

HL D&I Halla complies with internal process-specific noise and vibration standards that are more stringent than statutory standards. We are strengthening noise and vibration management by installing Noise Meters and Electronic Display to manage noise below the statutory noise standards (65 dB in residential areas, 70 dB in other areas). In order to minimize construction noise, we are implementing noise-reduction measures such as installing noise-prevention facilities including air soundproof walls, limiting vehicle speeds to reduce the noise of construction vehicles, adjusting work hours, and improving work methods.

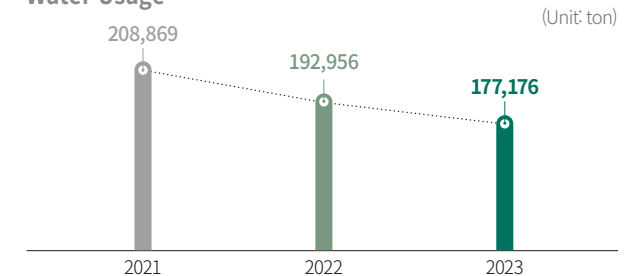
Internal Management Standards for Environmental Impact

Classification	Standards
Fugitive dust Management	· 24-hour average of fugitive dust (PM2.5) 25μg/m ³ or less · 24-hour average of fugitive dust (PM10) 50μg/m ³ or less
Noise and Vibration Management	· 60dB or less in residential area · 65dB or less in other areas
Water pollution Management	· COD, BOD (Chemical, Biological Oxygen Demand) 15ppm or less · SS (Suspended Solids) 15ppm or less

Water Resources Management

HL D&I Halla regularly manages water use at each site to minimize environmental impacts and water waste that may occur as a result of using water during the construction process. Offices at construction sites are required to install eco-friendly certified toilets, faucets, and showers, and sprinklers, fog systems, and vehicle detection sensors are installed on sites to reduce water usage during fugitive dust suppression activities. In addition, we are preventing water pollution by establishing a water pollutant monitoring system, and conducting quarterly water-quality tests based on internal standards that are stricter than statutory standards.

Water Usage



Key Environmental Performance Indicators and Mid - to long-term Roadmap

Management indicators	Management standards	Unit	Performance in 2023			Mid- to long-term roadmap		
			Goals	Performance	Achievement rate (%)	Short-term (~2024)	Mid-term (~2030)	Long-term (~2050)
Water usage	Water intensity	Ton/KRW 100 million	13	11	100	13	12	11
Compliance with environmental laws and regulations	Number of fines imposed due to violation of environmental laws and regulations	Cases	0	0	100	0	0	0
Waste recycling rate	Waste recycling rate	%	100	100	100	100	100	100
Acquisition of green technologies	Number of green technologies acquired	Cases	1	1	100	1	One case or more	Two cases or more

* When the goal is overachieved, the achievement rate is indicated as 100%.

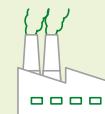
Waste Management

In order to efficiently manage waste generated at the sites, HL D&I Halla monitors the amount of waste generated and the recycling rate at each site on a monthly basis through the waste management system, 'Allbaro System.' All wastes, including construction waste, industrial waste, and designated waste, are collected, transported, stored, and discharged by type at designated locations and are strictly classified and treated according to the type of waste. All workplaces disclose their waste emissions, and we achieved a 100% waste recycling rate in 2023. In addition, for resource circulation, we replaced 14,453m³ aggregate with recycled aggregate at the sites, and operated the 'Anabada Market,' a bulletin board where materials from the site can be shared as a voluntary resource circulation program to minimize environmental load. In 2023, we diverted the use of containers, office supplies, walkie-talkies, etc., in a total of 126 cases, through the 'Anabada Market.'

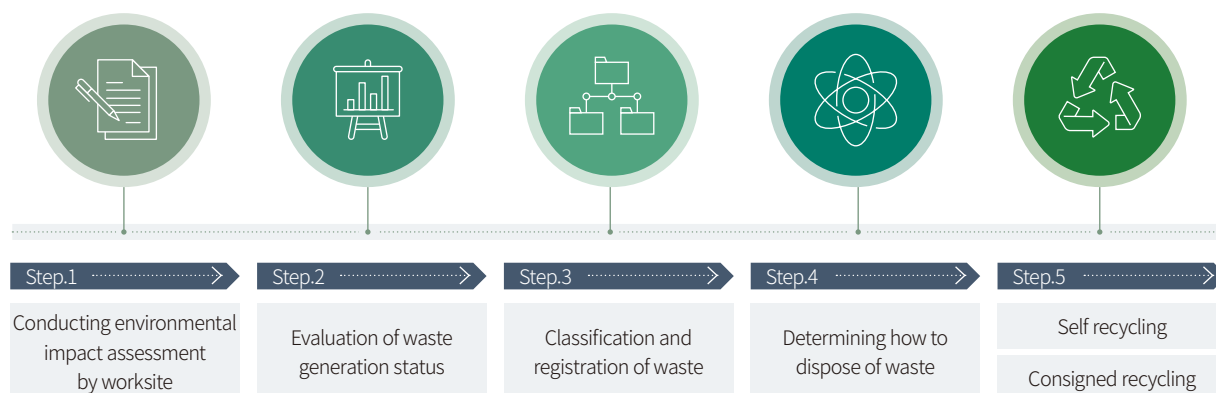
Waste
Recycling Rate
100 %



Ratio of Workplace that
Disclose Waste Emissions
100 %



Waste Disposal Process



Hazardous Chemical Substances Management

HL D&I Halla checks laws and regulations related to hazardous chemical substances in advance, and prepares for risks that may arise when handling chemical substances. We have distributed operational manuals to all worksites that specify general information on Material Safety Data Sheets(MSDS), handling standards for subject materials and hazardous chemicals, and the installation and management standards for storage facilities. We also regularly check compliance status through monthly self-inspections and semi-annual inspections.

Soil Management

HL D&I Halla regularly inspects compliance with soil contamination-related laws and regulations, and investigates soil contamination to prevent soil contamination. We are conducting self-inspection on soil pollution prevention facilities at our workplaces every month, and conduct semi-annual regular inspections to check any pollutant generating activities to prevent leakage of pollutants. We operate an integrated reporting center to ensure that any contamination is reported and is thoroughly managed.



Biodiversity Management

HL D&I Halla carries out activities to prevent and minimize the impact on the ecosystem and forest destruction caused by all management activities, in order to make a valuable contribution to a better life for all. We have established three principles to carry out systematic biodiversity conservation activities, and are increasing consensus on biodiversity by strengthening education and communication to realize three biodiversity principles. HL D&I Halla will continue to identify negative impacts that occur during business operations, and continue activities to protect biodiversity and mitigate risks.

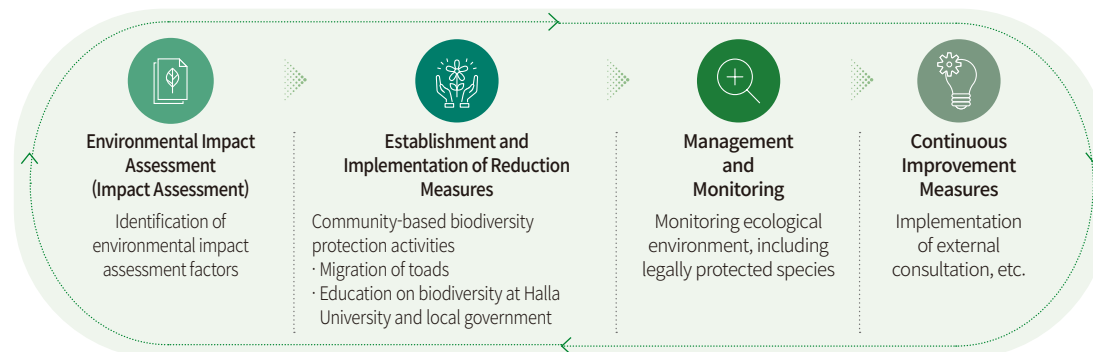
Principles of Biodiversity



- 01 We identify impacts on biodiversity that may occur at all stages of our business and are committed to preventing or minimizing the impacts thereof.
- 02 We identify threats to endangered plants and animals found within the business location and subcontractors' business locations, continuously monitor them, and develop strategies to preserve the endangered species.
- 03 We promote and expand investments and activities for biodiversity conservation/restoration/expansion, and actively participate in international initiatives on biodiversity.

Biodiversity Strategy (Management of Risks and Impacts)

HL D&I Halla strictly applies standards to prevent loss of diversity around the worksite based on international agreements that contain guidelines on the use of biological resources among countries.



Education on Endangered Species to Raise Awareness of the Importance of Living Creatures

HL D&I Halla conducted education to improve ecological sensitivity for elementary school students who use local children's centers on June 19, 2023. During the education, we used various visual materials to explain about creatures that are gradually disappearing due to various causes such as overfishing, the climate crisis, and habitat destruction, conveying to the children the seriousness of the environmental problems facing the current generation. In addition, along with theoretical explanation, we conducted experiential activities such as making solar-power LED mood lights to increase children's interest in the environment and biodiversity. Going forward, HL D&I Halla will continue to strive to strengthen the capabilities of future generations in responding to the climate crisis through various activities, including environmental education.

2023 Environmental Education

Topic	Climate crisis and endangered species
Subject	40 children at Siheung Local Children's Center (29 students in the lower grades, 11 students in higher grades)
Purpose	As the climate crisis continues to worsen, issues on the importance of ecosystems and biodiversity are emerging. We thus seek to improve the ecological awareness of future generations through relevant education.



Education on endangered species

Biological Conservation Activities

In order to minimize the impact on natural capital, HL D&I Halla conducts an environmental impact assessment before starting construction in order to identify biodiversity risks embedded in the workplaces and nearby areas. In 2023, we took protection measures for 13 protected species (endangered and legally protected species in Korea) at six sites out of a total of 65 sites, and conducted continuous monitoring even after taking the measures to preserve the biodiversity.

Planting for Preserved Area Restoration
(*Henon Bamboo, Shrub, Herb etc.)

450 plants

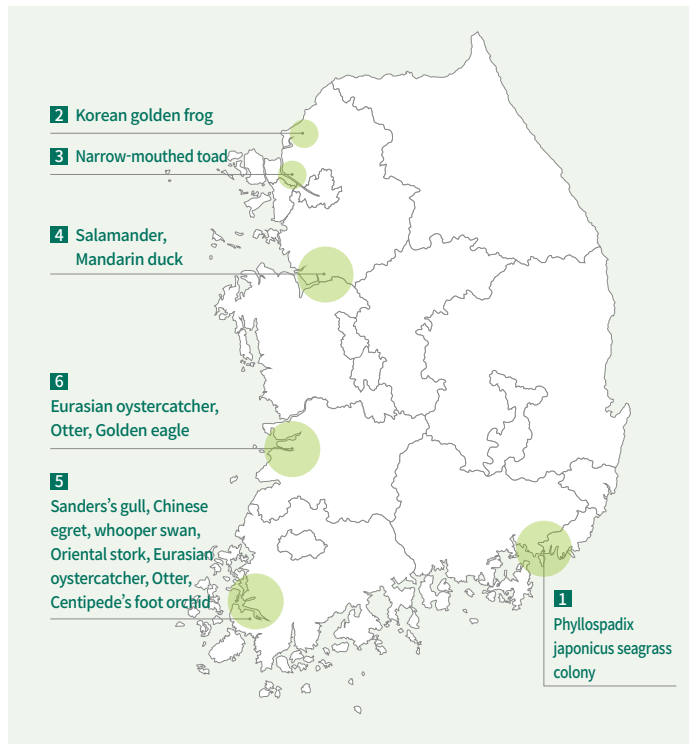


Captured and Migrated Korean Golden Frogs

352 individuals



Status of Protected Species



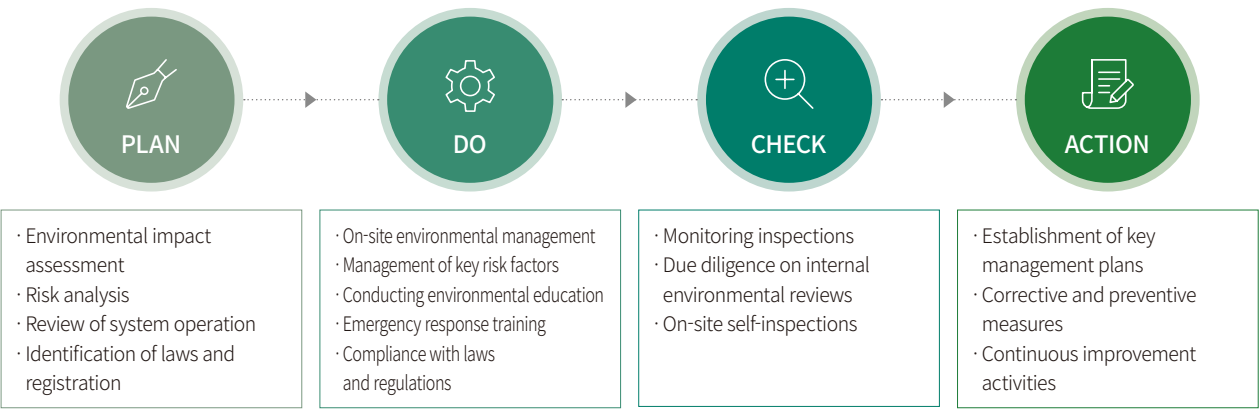
No.	Sites	Category	Scale (construction period)	Protected species	Impact	Protective Measures
1	Busan New Port West Container 2	Port	Apr. 2019 – Aug. 2024	Phyllospadix japonicus seagrass colony	Degradation of habitat	<ul style="list-style-type: none"> Adjusting construction intensity by monitoring nearby sea areas to minimize environmental damage and interference Implementing post-environmental impact survey for seagrass-related consultation (twice)
2	Gimpo~Paju Road Section 4	Road	Feb. 2019 – Dec. 2025	Korean golden frog		<ul style="list-style-type: none"> Conducting detailed survey of endangered species (Jul 17, 2019) Capturing and migrating 352 golden frogs
3	Wondang~Taerigan Metropolitan Road	Road	Jul. 2021 – Jul. 2024	Narrow-mouthed toad		<ul style="list-style-type: none"> Installing protective fences to prevent damage from construction prior to migration Permitting capture and release of narrow-mouth toad
4	East Pyeongtaek Zone 1	Road	Dec. 2020 – Dec. 2024	Salamander, Mandarin duck		<ul style="list-style-type: none"> Direct impact on habitat is expected to be minimal, but we minimized the damage to forest and habitat and conducted monitoring on a regular basis.
5	Coast Guard West Maintenance Center	Port	Feb. 2019 – Mar. 2025	Sanders's gull, Chinese egret, whooper swan, Oriental stork	Noise pollution	<ul style="list-style-type: none"> Preventing water pollution by installing anti-pollution barrier, etc.
				Eurasian oystercatcher, Otter	Degradation of habitat	<ul style="list-style-type: none"> Preventing mudflat pollution by installing anti-pollution barrier, etc. Minimizing water pollution, providing rest areas, and installing protective signs
				Centipede's foot orchid		<ul style="list-style-type: none"> Preserved area restoration Planting 150 henon bamboos, 100 rose shrubs, 200 hydrangea herbs (Sep. 04, 2023)
6	Wido Port outer reinforcement	Port	Dec. 2022 – Dec. 2026	Golden eagle, Eurasian oystercatcher, Otter	Noise pollution	<ul style="list-style-type: none"> Training construction workers on legally protected species Preventing mudflat pollution by installing anti-pollution barrier, etc. Minimizing water pollution, providing rest areas, and installing protective signs

Environmental Management at Workplaces

On-site Inspection for Sustainable Management

HL D&I Halla evaluates sustainability management at each site in the first and second half of each year to check environmental management performance and continue improvement activities. We are implementing corrective measures by checking the implementation status of manuals, procedures, and guidelines based on the quality and environmental management system at all sites, and checking compliance with various laws and regulations, such as environmental laws and the Construction Technology Promotion Act. Based on the inspection results, we grant the ‘Sustainability Management Award’ to excellent sites, and give rewards to managers of excellent sites to enhance the practice of sustainable management.

On-site Inspection PDCA Process

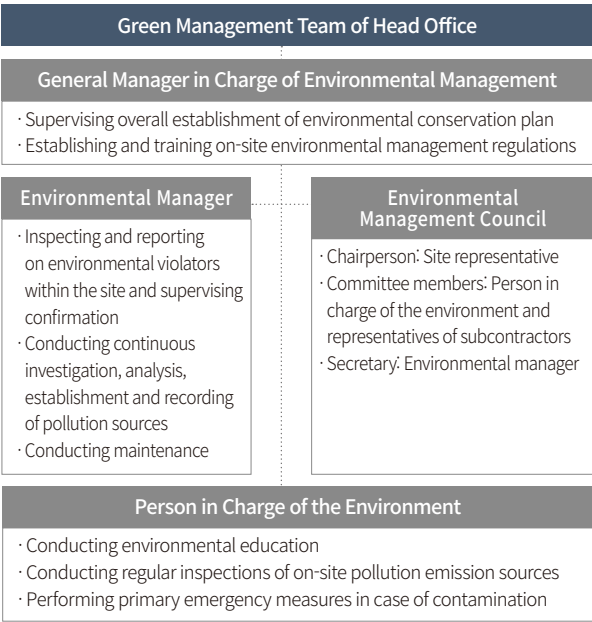


Classification	On-site Inspection Items
ESG performance	(E-Environmental) Management of greenhouse gases, Management of pollutants, Ecosystem conservation (S-Social) Human rights guarantees, Education/Training, Social contribution, Communication (G-Governance) Risk management, Legal compliance, Information security
System	Environmental impact assessment, Key quality management, Property/Preservation management, Construction management, Inspection/Test/Monitoring, Review of management status, etc.
Compliance with laws and regulations	Construction Technology Promotion Act, Atmospheric Environment Conservation Act, Noise and Vibration Control Act, Construction Waste Recycling Promotion Act, Waste Management Act, Groundwater Act, Sewerage Act, Water Environment Conservation Act, Soil Environment Conservation Act, Safety Control of Dangerous Substances Act

Environmental Management Organization

HL D&I Halla systematically manages the worksite environment by forming an environmental management organization for each site. All regulations applicable to construction sites throughout all stages of construction, from commencement to completion, are stipulated in the guidelines of the sites, and are strictly managed to increase the level of compliance with environmental laws and regulations and environmental management at all sites. Furthermore, we are reporting the status of site environmental management to the Board of Directors and the CEO on a semi-annual basis.

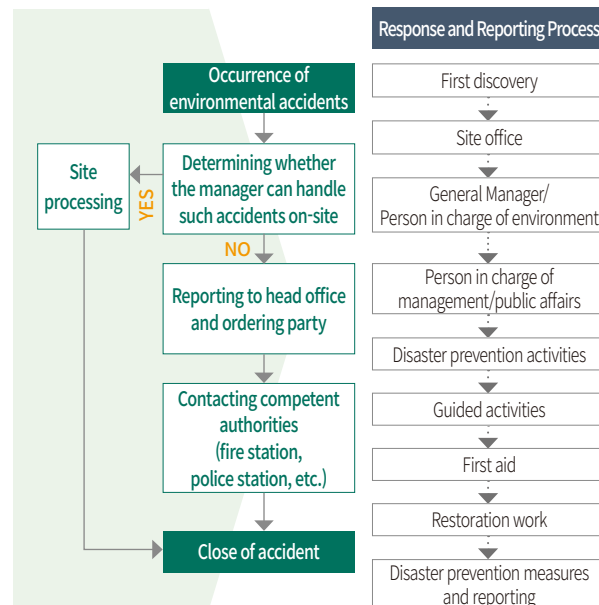
Environmental Management Organizational System



Environmental Accident Response System

HL D&I Halla has established a prompt and efficient environmental accident response system to minimize damage in the event of an environmental accident or emergency, such as environmental pollution, that may occur at the site. Through analyses of possible environmental impacts and risks for each site, we have established response scenarios and shared them throughout the company. We are conducting environmental emergency response simulation training at all sites to increase our ability to respond in the event of an actual accident, and reflecting any improvements made during training in the response system.

Environmental Accident Response Process



Compliance with Environmental Laws and Regulations

HL D&I Halla has been establishing an environmental law management and response system in each major field to comply with environmental laws and regulations. We have registered and managed the laws and regulations that must be complied with in each field in the in-house system. Based on the legal compliance checklist for each site, we conduct semi-annual inspections and monthly environmental management compliance assessments at all sites, and share the resulting corrective measures and follow-up measures company-wide to prevent recurrence. In addition, we regularly monitor the enactment and revision of laws and regulations to inform all workplaces of any additional information identified so that all workplaces can respond in advance.

Strategies for Compliance with Major Environmental Regulations in the Construction Industry

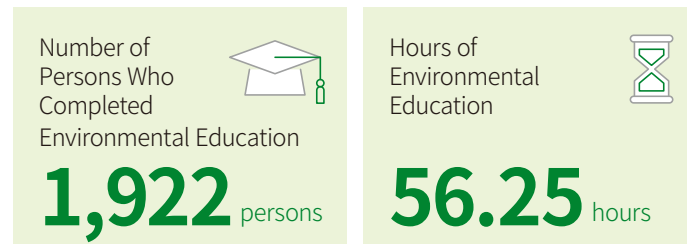
HL D&I Halla has conducted an analysis on major environmental issues, and risks and opportunities related to environmental laws and regulations, as well as potential financial impacts. Additionally, we have established sector-specific response strategies to proactively address major environmental regulations.

Classification	Major Laws and Regulations	Regulations	Countermeasures	Risks and Opportunities	Potential Financial Impact	Financial Impact Scale
Atmosphere	Atmospheric Environment Conservation Act	Compliance with standards of action for each discharge process	IoT-based fugitive dust/noise/vibration monitoring	Reinforced legal requirements/ Civil complaints from local residents	Increase in facility investment costs and direct/indirect costs for reducing environmental load	Medium (KRW 600 million per year)
Noise/Vibration	Noise and Vibration Control Act		Distribution of response guides for fine dust emergency reduction measures by process			
Water resources	Water Environment Conservation Act	Appropriateness of non-point source pollution management standards	Management of non-point source pollution reduction facilities and preparation of operation ledger	Strengthened policies and regulations	Increase in operating costs due to the introduction of low energy and new and renewable energy	Low (KRW 100 million per year)
Chemical substance	Chemical Substances Control Act	Appropriateness of hazardous chemical substance management standards	Installation of MSDS and bulletin board			Low
Greenhouse gases	Framework Act on Carbon Neutrality	Implementation of greenhouse gas reduction	Expansion of application in each stage and development of technology	Long-term soil degradation	Increase in soil contamination remediation costs	Medium (KRW 226 million)
Soil	Soil Environment Conservation Act	Secondary pollution prevention measures	Investment in soil remediation technology			Low
Waste	Wastes Control Act	Appropriateness of waste separation and disposal	Investment in waste-treatment technology and expansion of recycling/reuse	Securing waste treatment technology	Increase in operating costs for eco-friendly waste disposal	High (KRW 3 billion per year)

Spreading an Eco-friendly Culture

Environmental Education

In order to raise employees' awareness of environmental management, HL D&I Halla conducts environmental education for head office personnel, site environmental managers, supervisors and managers of subcontractors, and workers. We provide education on environmental laws, waste disposal, site and surrounding area management measures, etc., on a semi-annual basis — and for new sites, we visit the each site to provide customized education, considering the unique characteristics of the site. In particular, we strive to raise awareness of environmental management by activating group training for site workers after the restrictions due to the COVID-19 pandemic were lifted.



* Including our employees and subcontractors

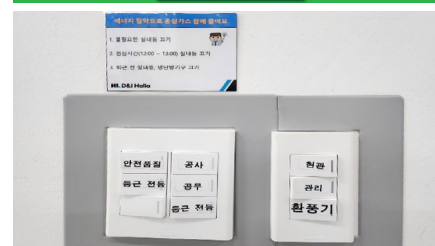
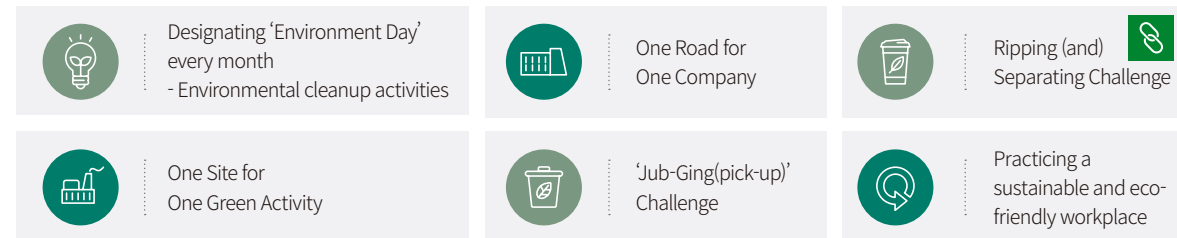
Environmental Education Program

Classification	Details of training
Employees	<ul style="list-style-type: none"> Environmental laws and regulations Waste storage and treatment Response to emergency reduction measures for highly concentrated fine dust Dissemination of site environmental management and accidents
Subcontractors	<ul style="list-style-type: none"> Environmental management considering characteristics of the site Site and surrounding area management measures when opening a site Guidelines on construction site groundwater management, etc.

Practicing Eco-friendly Activities in Daily Life

HL D&I Halla is participating in various activities to protect the environment even in the office, such as the resource circulation program 'ZERO WASTE,' the 'Ripping (and) Separating' Challenge, the paperless campaign, and turning off office lights during lunchtime campaign. In addition, in order to create an eco-friendly workplace, we are practicing energy conservation, saving printing paper and water usage, prohibiting engine-idling, maintaining appropriate indoor temperature, and properly separating the wastes. In addition to implementing measures to mitigate the negative impacts on local communities due to business activities, we actively practice environmental cleanup at each site. This includes activities like 'One Site for One Green Activity' and 'One Road for One Company,' which involve cleaning surrounding site areas, as well as public facilities such as streets, parks, etc.

Activities to Reduce Environmental Impact on Local Communities



TCFD Report

TCFD of HL D&I Halla

Establishment of Roadmap for Climate Change Response

HL D&I Halla is striving to help create a sustainable society by quickly responding to climate change. Climate change not only poses real risks to physical infrastructure such as workplaces, but can also have a negative impact on a company's financial soundness. In particular, the construction industry, which is building a business value chain with companies in various industries throughout the business process — from the supply and demand of construction materials to commencement and completion of construction — is exposed to a wider range of risks, which require the construction industry to proactively respond to climate change risks. In this regard, HL D&I Halla is actively implementing effective climate change response activities by establishing a mid- to long-term roadmap under the strategic goal of 'creating a sustainable low-carbon and eco-friendly workplaces.' In addition, in order to enhance our climate change response capabilities, in the third quarter of 2023, we informed the board of our membership in the Task Force on Climate-related Financial Disclosures (TCFD) and declared our support to TCFD initiative. Furthermore, starting with our 2023 Sustainability Report, we transparently disclose our activities and outcomes in alignment with the four pillars of TCFD recommendations to build consensus on the climate crisis with all stakeholders, including the government, companies, and customers.

The Four Pillars of TCFD



Roadmap to Advance Climate Change Strategy

	~2022 Establishment of foundation for climate change response	~2025 Advancement of climate change response strategy and management system	~2030 Securing climate change response leadership
Governance 	<ul style="list-style-type: none"> Establishment of the ESG Committee (Integrity Management Committee) under the Board Establishment of the ESG Council within affiliates Establishment and operation of an ESG dedicated organization (Green Management Team) and a Sustainability Management Council Establishment of an environmental performance evaluation system 	<ul style="list-style-type: none"> Advancement of climate change risk management governance: Development of climate change response management indicators at the board level Reflection of ESG items in the management KPI Introduction of environmental performance indicators to the KPI of the CEO and all employees 	<ul style="list-style-type: none"> Playing a leading role as a leading company in responding to climate change Activation of low-carbon and eco-friendly supply chain management and support
Strategy 	<ul style="list-style-type: none"> Establishment of an environmental performance evaluation system to create a low-carbon and eco-friendly workplaces and obtaining and maintenance of environmental management certificate Establishment of climate change and carbon neutrality strategies and mid- to long-term carbon emissions reduction goals Including strategies for internal emissions (Scope 1&2) and supply chain emissions (Scope 3) Expansion of low-carbon and eco-friendly technologies and construction methods 	<ul style="list-style-type: none"> Establishment of SBTi-based reduction goals and strategies Establishment and operation of a greenhouse gas inventory system for carbon emissions management Development of climate change scenario analysis methodology Expansion of investments and portfolio in low-carbon and eco-friendly new businesses 	<ul style="list-style-type: none"> Implementation of strategies to strengthen climate resilience and response based on climate change scenario analyses Implementation of climate change response tasks and achievement of goal to become an eco-friendly sustainable company by monitoring greenhouse gas reduction amounts, and through feedback Expansion of low-carbon and eco-friendly investment scale
Risk Management 	<ul style="list-style-type: none"> Review of climate change related transition/physical risks and opportunities considering characteristics of the industry 	<ul style="list-style-type: none"> Reviewing risks and opportunities based on climate change scenario analysis, and establishment of response plans for high-emission businesses Introduction of a financial impact-based evaluation system that reflects climate risks 	<ul style="list-style-type: none"> Establishment and stabilization of corporate ESG risk-assessment system Strengthening company-wide ESG risk integrated management and response system
Metrics and Targets 	<ul style="list-style-type: none"> Measurement and disclosure of greenhouse gas emissions Internal emissions (Scope1&2); Supply chain emissions (Scope3) Measurement and disclosure of energy intensity Disclosure of investment in environmental management, eco-friendly/new business, and acquisition of green technology 	<ul style="list-style-type: none"> Expansion of supply chain (Scope 3) subject to greenhouse gas emissions measurement and monitoring of performance Monitoring of performance in energy, environmental management and investment, green technology, etc. 	<ul style="list-style-type: none"> Review and re-establishment of strategies for low-carbon, eco-friendly mid- to long-term goals Achievement of eco-friendly investment, energy savings and greenhouse gas reduction (2030)

Governance

Governance to Respond to Climate Change

HL D&I Halla's governance to respond to climate change consists of the board of directors, management, and operational team, and the company clearly defines the roles and responsibilities of the governance to establish an effective climate change response system. The Board of Directors, management, and working group communicate organically with each other in the process of managing overall environmental and climate change issues. In order to strengthen company-wide climate change response capabilities, we have established mid- to long-term policies and strategies considering the impact of climate change risk and opportunity factors on business, and are continuously checking the level of implementation of detailed tasks.

Board of Directors

The Board of Directors deliberates and decides on strategies and plans to respond to climate change and to promote ESG at the company level, and makes final decisions on climate change-related issues.

CEO

The CEO continuously checks the implementation of internal activities in accordance with the climate change strategies and oversees management activities in response to climate change.

Green Management Team

The Green Management Team, an organization that implements climate change responses, is directly under the supervision of the CSO and plays a key practical role in managing such responses. The team leads the establishment of a Sustainability Management Council to ensure implementation of goals, activities, and performance management by each department in response to climate change.

Integrity Management Committee (ESG Committee)

The Integrity Management Committee, operating under the Board of Directors, manages and supervises overall issues related to ESG, climate change, and the environment, playing a key role in strengthening the climate change risk response system.

CSO

The CSO is in charge of ESG and establishes climate change strategies and implementation plans and disseminates roadmaps every year to encourage all employees of the company to respond to climate change and participate in practicing ESG.

Sustainability Management Council

Relevant departments have cooperated to form a Sustainability Management Council in charge of climate change, the environment, and ESG-related tasks. The Council is implementing and managing climate change responses and ESG activities at each site and workplace.

Board of Directors and Committees	Board of Directors <ul style="list-style-type: none">· Deliberation and decision on strategies and plans regarding climate change response and ESG promotion· Review of key climate-related issues (investment, business plan, etc.) and making final decisions
	Integrity Management Committee (ESG Committee) <ul style="list-style-type: none">· Management/supervision of ESG, climate change, and environmental issues· Operation of climate change risk management system
Management	CEO <ul style="list-style-type: none">· Management and reporting of environmental and climate change issues· General management of climate change-related businesses, etc.
	CSO (ESG General Manager) <ul style="list-style-type: none">· Management of overall environmental management issues, review of major issues of climate change· Encouraging establishment and implementation of climate change response strategies and implementation plans
Working Group	Green Management Team (promoting ESG) <ul style="list-style-type: none">· Establishment of climate change response strategies and plans· Establishment of climate and ESG strategic tasks and collaboration with relevant departments· External communication such as climate disclosure
	Sustainability Management Council <ul style="list-style-type: none">· Implementation of climate change detailed tasks and achievement of goals

Board of Directors' Environmental Agenda and Resolution Status

Dates of Board Meetings	Board Agenda Items	Approval status
Apr. 24, 2023	<ul style="list-style-type: none">· 2023 Sustainability Management Strategies· Setting SBTi Greenhouse Gas Reduction Goals	Reported
Jul. 27, 2023	<ul style="list-style-type: none">· Publication of Sustainability Report (2022)· Declaration of Support for the Environmental Initiative, TCFD· Climate Change Response Strategy and Climate Change Risk Management Report	Reported
Dec. 14, 2023	<ul style="list-style-type: none">· Report on the results of promoting sustainability management (ESG) in 2023· Major Environmental Performance Status and Improvements· Introduction of Electric Vehicles at Head office	Reported
	<ul style="list-style-type: none">· Approval on the 2024 Sustainable Management (ESG) Promotion Plan· Promotion Plan for Achieve ESG Goals (Key Environmental Performance Goals)	Approved

Strategy

Identification of Risks and Opportunities

To strengthen its ability to respond to climate change, HL D&I Halla analyzed potential physical and transition risks that may arise in corporate management and business activities. As a result, we understood that climate change can affect the losses of construction and operation costs, increase raw material prices, and damage the procurement process such as supply chain — and that changes in policies, technologies, markets, and reputation can have a significant impact on our business. Accordingly, HL D&I Halla conducted a financial impact assessment of climate change risks and opportunities by type to understand the potential impact of climate change on business operations, profits, and growth prospects. We plan to advance the analysis of financial impacts and strengthen resilience by establishing a scenario analysis methodology considering the characteristics of future business.

● High ● Medium ● Low

Classification	Category	Risks and Opportunities	Possibility of occurrence		Potential Financial Impacts	Counterstrategies	Scale of Financial Impact (KRW)
			Short-term	Mid-to long-term			
Transition Risks	Policies and Laws	· Request for greenhouse gas emissions reduction	H	H	· Decrease in financial risks related to carbon credits and carbon taxes due to reduced greenhouse gas emissions · Increase in financial burden due to strengthened carbon-related regulations including external carbon credit costs and carbon taxes, and rising costs of carbon credits.	· To reduce carbon tax expenditures by reducing greenhouse gas emissions	226,884,000
		· Strengthening environmental regulations and disclosure standards	H	H	· Increase in cost burden for greenhouse gas management in the supply chain · Increase in consulting costs to respond to regulations and disclosures	· To introduce a monitoring system to reduce greenhouse gas emissions · To introduce new and renewable energy resources, etc.	Medium
	Technologies	· Transition to eco-friendly and low-carbon technology · Introduction of facilities for higher energy efficiency and strengthening investment in reduction technologies	L	H	· Increase in research and development expenses (R&D) on new and alternative technologies for transition to low-carbon technology	· To develop low-carbon technology through investment in eco-friendly technology	618,153,962
		· Potential failures in investment in new technology	M	L	· Increase in financial burden due to the failure of investment in new technology	· To manage investment risks using risk management system	Medium
	Markets	· Increasing raw material costs	H	H	· Increase in costs of eco-friendly, low-carbon raw materials and transportation	· To reflect domestic and overseas raw material market conditions and outlook analysis results	Medium
		· Increasing market uncertainty due to climate change	M	H	· Increase in raw material costs due to changes in raw material suppliers in the event of floods and heatwaves	· To manage the value chain	418,377,718
	Reputation	· Changes in consumer and investor preferences	M	H	· Decrease in sales due to changes in consumer preferences caused by insufficient response to demands for zero-energy building certification	· To expand eco-friendly and zero-energy building certification	6,034,038,048
Physical Risks	Acute	· Delays in construction period due to extreme weather (typhoons, floods, heatwaves, forest fires, etc.)	M	H	· Increases in construction costs, operating costs, and management and inspection costs · Incurring of costs for restoration of workplaces damaged by climate change · Operating profit declines due to continuous production interruptions caused by increased damage to workplaces and sites	· To identify measures to improve construction delays by continuously monitoring abnormal climate	38,870,000 (*Long-term: 10,765,300,000)
	Chronic	· Decreased labor productivity due to long-term effects of climate change such as increase in average temperature	M	H	· Decrease in labor productivity due to changes in climate patterns such as extreme heat · Increased inconvenience to nearby residents due to prolonged construction	· To establish energy/environment monitoring and a predictive management system	2,264,600,000 (*Long-term: 85,091,500,000)
Opportunities	Products/ Services	· Access to eco-friendly new business markets	M	H	· Increase in sales due to increased market demand for renewable energy and small modular reactors (SMRs)	· Small modular reactor (SMR), combined heat and power (CHP) etc. · Investment plan in renewable energy	High
		· Increased customer preferences for buildings using eco-friendly technology	M	H	· Establishment of a foundation for sustainable growth and increase in sales through expansion of eco-friendly buildings, services and eco-friendly businesses · Creation of demand by promoting the eco-friendly image of the company	· To expand building energy saving technologies, zero energy buildings, and green building certification. · To create an eco-friendly building brand	High
	Energy Resources	· Use of highly efficient energy · Expansion of eco-friendly, low-carbon technology	M	H	· Reduction of operating costs through the utilization of low-carbon/high-efficiency equipment (reduced carbon emissions, reduced energy usage)	· To manage a construction equipment list and carbon emissions and energy usage	831,400,000
		· Participation in the carbon market	M	H	· Reduction of financial risks related to carbon credits and carbon taxes	· To secure carbon credits by reducing carbon emissions	Medium
	Resource Efficiency	· Improvement of energy resource efficiency · Recycling and resource circulation · Expansion of eco-friendly transportation · Expansion of eco-friendly building materials	H	H	· Reduction of operating costs through the improvement of energy efficiency · Reduction of transportation costs through eco-friendly transportation and energy efficiency · Reduction of greenhouse gases through the use of eco-friendly transportation methods · Reduction of costs and increase in profits through improved productivity and resource circulation	· To promote the introduction of eco-friendly transportation · To use eco-friendly resources and materials · To advance waste recycling methods	Medium
	Markets	· Entering new markets in response to climate change · Diversification in eco-friendly investment and business portfolio	H	H	· Diversification of profit structure by securing new markets and customer groups · Securing corporate sustainability by diversifying business portfolio	· Eco-friendly products and branding · To establish market development strategies related to climate change	Medium
	Resilience	· Expansion of new and renewable energy · Promotion of energy efficiency · Discovery of eco-friendly alternative resources and revitalization of resource circulation	H	H	· Strengthening fixed asset and supply chain stability by improving resilience · Increase in brand value by building an eco-friendly corporate image · Increased investment inflow due to increased reputation, etc.	· To establish a strategy to diversify the business portfolio (development of climate change-related markets, branding strategy, etc.)	High

* Calculation of financial impact is based on 'Short-term' impact. 'Long-term' impact is separately stated

Strategy

Establishment of Climate Change Scenario Analysis Methodology

By analyzing climate change scenarios, companies can scientifically evaluate the impact of climate change on the company's business and new business development, and establish preemptive countermeasures in preparation for uncertain future situations. In this regard, HL D&I Halla plans to analyze scenarios by reflecting plausible scenario contexts such as physical climate and environmental changes, policy changes, socioeconomic changes, market and technological changes based on internationally accepted climate change scenario analysis standards presented by the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA).

Definition and Identification of Climate Change Risks

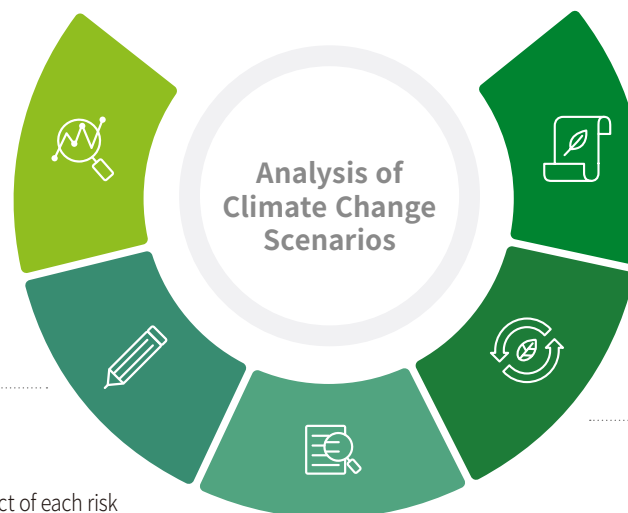
- Definition of climate change-related transition risk and physical risk
- Relevance assessment of climate change risk and detailed classification of risks

Selection of Climate Change Scenarios

- Establishment of change patterns and future vision according to scenarios
- Identification of expected impact according to parameters and presumed situations

Risk Assessment by Climate Change Scenarios

- Assessment of potential impact of risk by scenario
- Identification of risk level through assessment of probability and impact of each risk



Identification of Climate Change Scenario Analysis Results

- Identification of major climate change risks based on scenario analysis results
- Review of necessity to revise scenario analysis through environmental and climate-data monitoring

Review of Necessary for Climate-Data Monitoring, Evaluation and Feedback

- Review of necessity to revise scenario analysis through environmental and climate-data monitoring

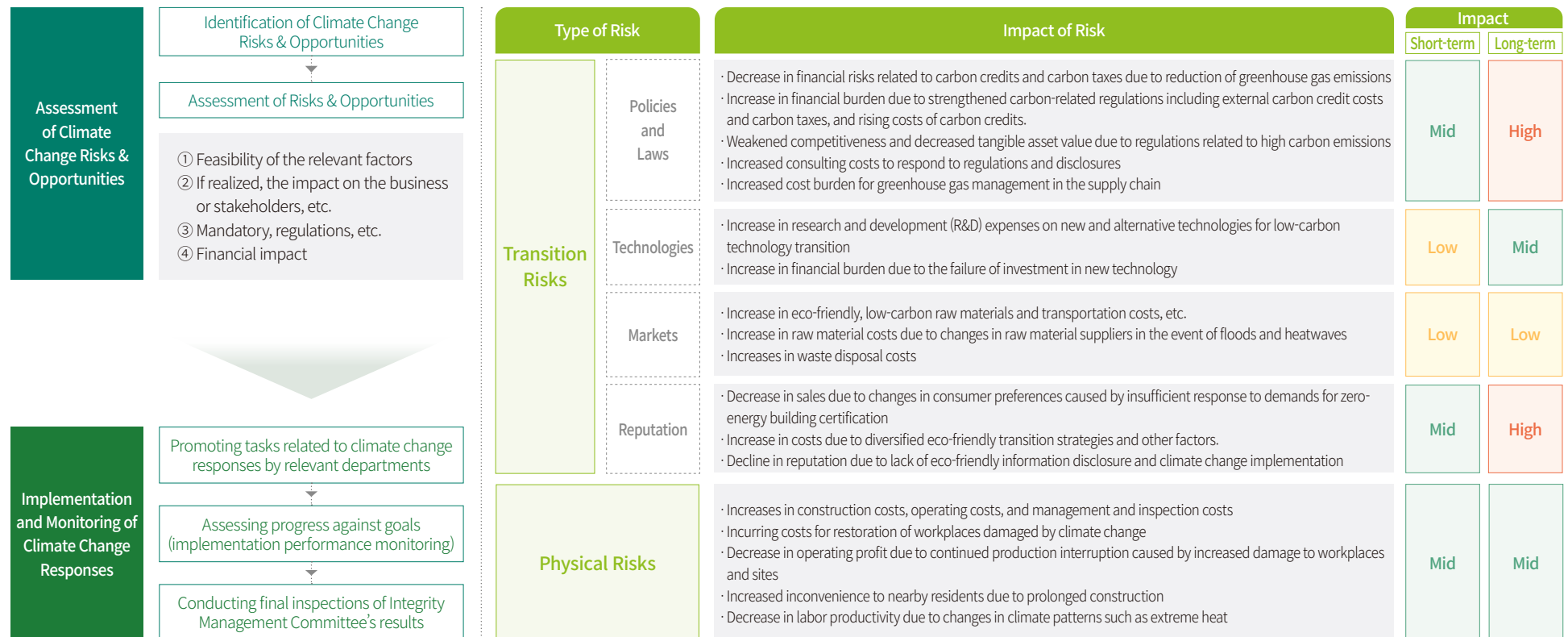
Climate change scenario analysis is a process that identifies and defines corporate- and workplace-specific risks resulting from climate change by conducting comprehensive analyses, including relevance assessment and selection of climate change scenarios. Through this process we will measure the likelihood and resulting impact of climate change risks according to each scenario, identify major climate change risks, and establish counterstrategies to mitigate the impact of the risks and secure resilience.

HL D&I Halla is monitoring key parameters such as the level of implementation of climate change and environmental policies, energy consumption and trends in greenhouse gas emissions by energy source, the collection of greenhouse gas emissions information in the supply chain, and carbon prices. Based on the accumulated database (DB), we plan to analyze climate change scenarios at the corporate-level to define physical risks more scientifically, and check and improve our climate change counterstrategies. Going forward, we plan to improve the level of climate change scenario analyses through conducting more systematic DB management.

Risk Management

Climate Change Risk Management

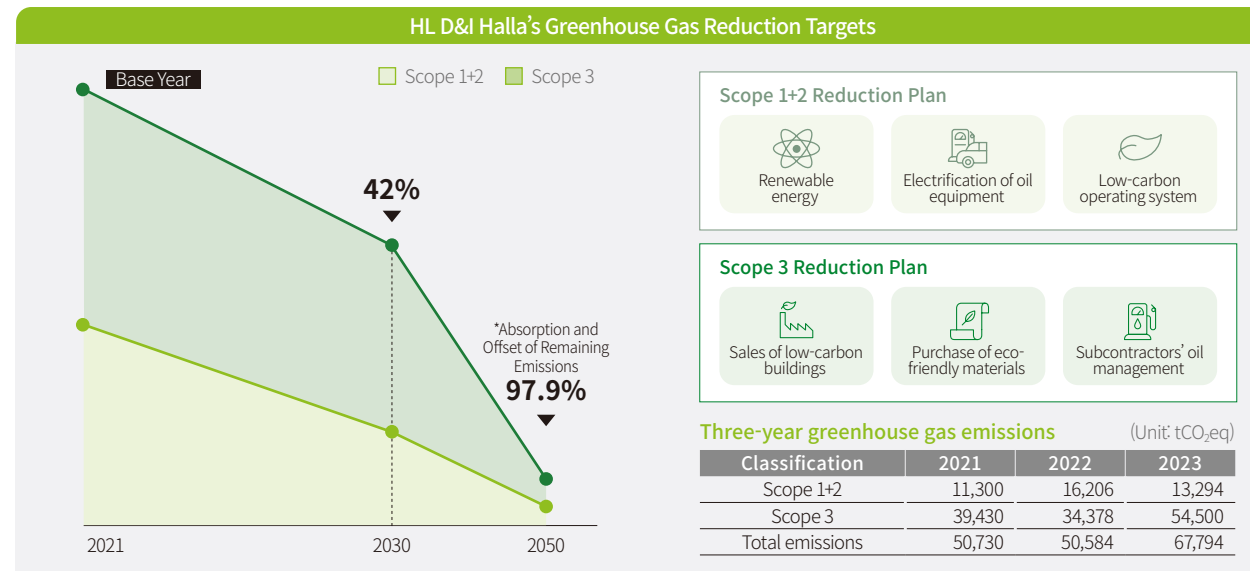
HL D&I Halla operates a company-wide integrated ESG risk management system, including climate change risk, to respond to and manage risks and issues that may arise due to climate change in a rapidly changing environment. The Green Management Team, an organization dedicated to climate change, identifies climate change-related risks that may arise throughout the entire business operation process, including new business development and investment — and establishes management plans for each risk and manages major indicators such as greenhouse gas emissions, energy use, air pollution, water use, waste and recycling. We are reviewing and reporting risks related to climate change periodically in accordance with the management system, and establishing a rapid reporting system in the order of 'Risk management team → Risk manager → C-Level management' to respond quickly when risks occur. Based on this reporting process, we identify the potential impacts of transition and physical risks due to climate change, establish counterstrategies, and implement the roadmap step by step.



Metrics and Targets

Climate Change Management Indicators: Reduction Target

HL D&I Halla effectively manages greenhouse gas emissions, energy and water usage, and waste emissions to identify and manage the risks and opportunities of climate change. At the same time, we are collecting information on a number of eco-friendly technologies acquired and performance against investment plan as indicators related to eco-friendly business. Furthermore, although HL D&I Halla is not a company subject to GHG and Energy Target Management Scheme, it voluntarily established greenhouse gas emissions reduction targets based on third-party verification and SBTi RCP 2.6 standards to respond to climate change. As such, HL D&I Halla is managing greenhouse gas emissions with the goal of achieving carbon neutrality by 2050.



Evaluation indicators	Details of evaluation	Unit	Performance in 2023			Mid- to long-term roadmap		
			Target	Performance	Achievement rate (%)	Short-term (2024)	Mid-term (2030)	Long-term (2050)
Greenhouse gas emissions	GHG-reduction compared to BAU	tCO ₂ eq	16,000	13,294	100	13,227	Reduction by 42%	Reduction by 97.9%
Energy usage	Energy consumption per unit	TJ/KRW 100 million	0.052	0.016	100	0.04	0.04	0.035
Introduction of eco-friendly vehicles	Number of eco-friendly vehicles	Unit	1	1	100	Implementation of targets	Expanded to company-wide level	Expanded to all sites

* When the target is overachieved, the achievement rate is indicated as 100%. ** Energy intensity is based on sales.

Greenhouse Gas and Energy Reduction Activities

HL D&I Halla has established a greenhouse gas inventory system, and it monitors greenhouse gas emissions on a monthly basis. We manage not only greenhouse gases generated within the company (Scope 1 and 2), but also greenhouse gases generated in the supply chain (Scope 3), and we are carrying out activities to reduce greenhouse gases and energy.

Head Office	<ul style="list-style-type: none"> Turning off unused electronic devices, installing computer power-saving programs, and turning off office lights during lunch hours. Maintaining appropriate indoor temperature <ul style="list-style-type: none"> - 26°C in summer, 20°C in winter Converting business vehicles to eco-friendly vehicles (electric vehicles) (One vehicles in 2023)
Sites	<ul style="list-style-type: none"> Monitoring and managing greenhouse gas emissions by site through operation of a greenhouse gas inventory system Installing rubber gaskets in the gaps of office entry doors Installing electricity meters for each subcontractor Replacing temporary lighting with LED lights at the sites
Private Power Generation System (Solar Power)	<ul style="list-style-type: none"> Implementing energy independence through the installation of solar-power generation facilities, a new renewable energy source, on the rooftops of all apartments built since 2021 Solar-power generation capacity (2023: 1,506kW, 2022: 432kW, 2021: 411kW)

WITH PEOPLE



WITH PEOPLE

- 040 Safety & Health
- 047 Talent Management
- 051 Human Rights Management

Safety & Health

Due to the nature of the construction industry, which involves a high degree of hazardous work, safety and health is an essential factor for the sustainable management of a company. In this regard, HL D&I Halla has established a systematic safety and health system with the goal of achieving ZERO workplace accidents, and is actively striving to reduce and prevent industrial accidents by promoting various safety and health activities to provide a safe and healthy working environment for workers.

2023 KEY POINTS

Introduction of

Mobile Risk Assessment System



Inspection of construction equipment

1,593 Times



Mortality rate

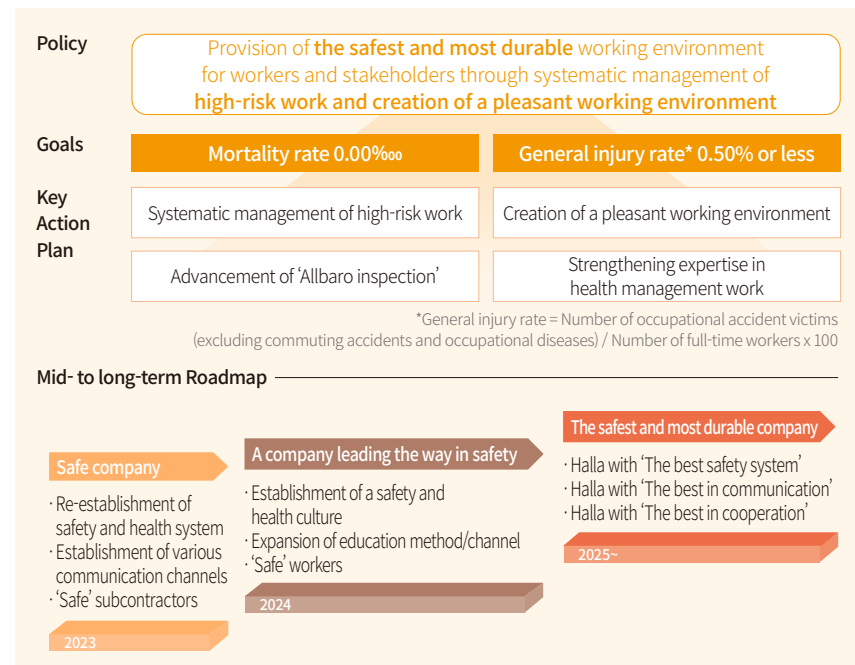
0.00% Achieved



Safety & Health Management System

Safety & Health Management Policy

HL D&I Halla is striving to establish a corporate culture that prioritizes safety and health above all else. In order to create the safest and healthiest working environment, we obtained ISO 45001 certification, an international safety and health management system, for the first time in the construction industry, and ensure an advanced safety and health management system at a global level. The safety and health management system is applied to all stakeholders, including all executives and employees, subcontractors, all workers at the workplace, shareholders, customers, and the local community, to ensure the safety and health of stakeholders vulnerable to risks.



ISO 45001 Certification

HL D&I Halla has obtained and maintained ISO 45001 certification, an international safety and health management system established by the International Organization for Standardization, for the first time in the construction industry.



Mid- to long-term Safety Management Goals				
Classification	Unit	2024	2025	2026~
Mortality rate	% ₀₀₀	0	0	0
General injury rate	%	0.50	0.45	0.40

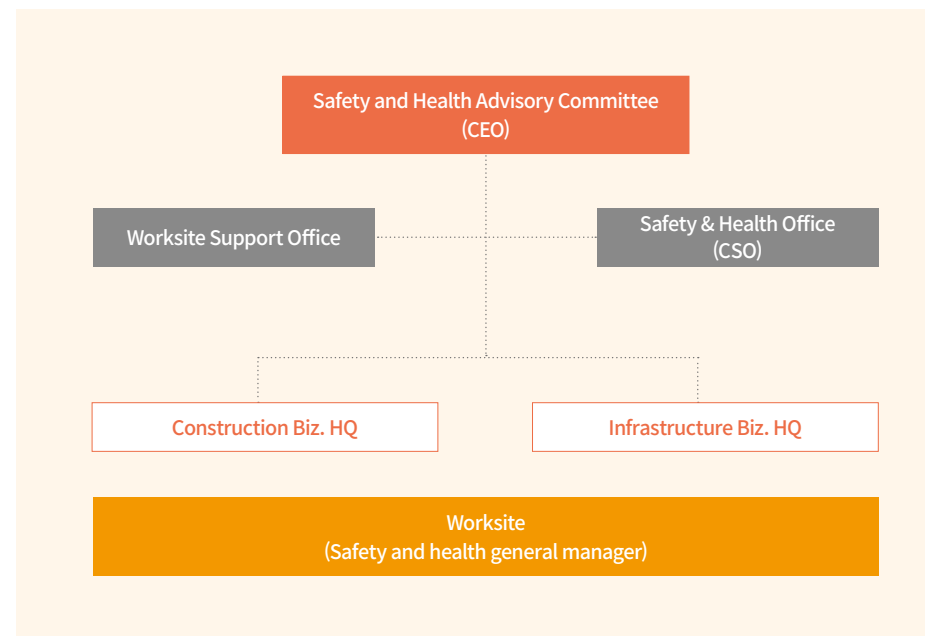
Percentage of sites applying
Occupational Safety and
Health Management System

100%

Safety and Health Management Organization

HL D&I Halla has been establishing a company-wide safety and health management system led by the Safety & Health Office under the supervision of the CSO as a dedicated department. The safety and health department serves as a control tower for company-wide safety and health activities, and strengthens safety and health management capabilities by carrying out activities relating to safety and health plans, evaluations, and inspections for each business. We hold meetings of a Safety and Health Advisory Committee to deliberate and decide on important safety and health issues and report them to the Board of Directors on a regular basis to manage and supervise major safety and health risks.

Organizational chart for Safety and Health Management



Safety and Health Advisory Committee

HL D&I Halla holds Health and Safety Advisory Committee meetings on a quarterly basis to inspect the health and safety status and deliberate and decide on major issues related to health and safety management. The Health and Safety Advisory Committee, chaired by the CEO, consists of members from each related department to deliberate and resolve safety and health work performance and issues requiring decision-making — such as disaster occurrence status, disaster recurrence prevention measures, risk reporting center operation performance, and external agency inspection status.



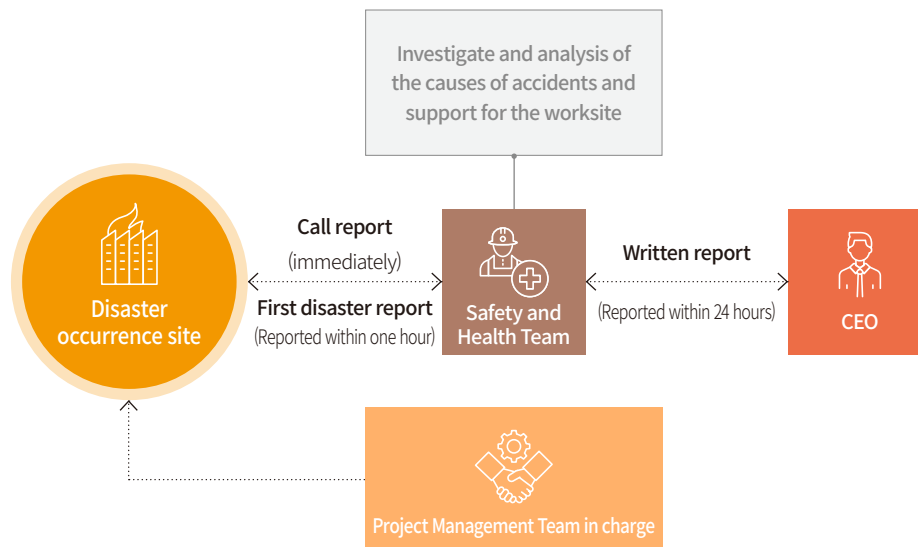
Meeting Cycle	Every quarter (Four times per year)
Major agenda for 2023	<ul style="list-style-type: none"> Legal interpretation and obligations under the Serious Accidents Punishment Act Changes in the safety and health policy regulations of the Ministry of Employment and Labor Changes in items used for occupational safety and health management expenses Focused response to special supervision by the Ministry of Employment and Labor Strengthening intensive management of sites nearing completion and those engaged in hazardous operations etc.



Safety Accident Response System

HL D&I Halla has been establishing a safety accident response system to respond quickly upon occurrence of a safety accident. General accidents other than serious accidents are reported to the CEO through online disaster reporting within one hour of the occurrence or recognition of the accident; and emergency reports, including serious disasters, are reported immediately upon recognition of the disaster. When an accident occurs, the on-site safety and health manager and the safety and health team conduct an accident investigation following established procedures, and carry out response measures, and share recurrence prevention measures with each workplace to prevent similar accidents of the same type.

Safety Accident Reporting Process



Smart Safety Management System

Hi SMART System

HL D&I Halla has developed and operated the Hi SMART system, an integrated control and smart safety and health system. With the Hi Smart system, we can transmit and receive the location of site workers in real-time, prevent workers from approaching hazardous areas, and identify safety injuries in the workplace at all times by measuring the location of equipment. In addition, we can control the hazardous factors by sharing hazardous situation with workers, linking the system with IoT devices.

Key Features of the Hi SMART System



Innovative Monitoring On Smart (IMOS) System

The Innovative Monitoring On Smart (IMOS) system is an integrated construction site monitoring system that detects the real-time location of workers. It supports site access and real-time communication between workers and managers by linking with various smart safety equipment provided on-site. The linked IMOS system enables on-site real-time integrated control, real-time detection of risks faced by workers, and dangerous zone approach notification, etc., and is used as an on-site real-time integrated control system.

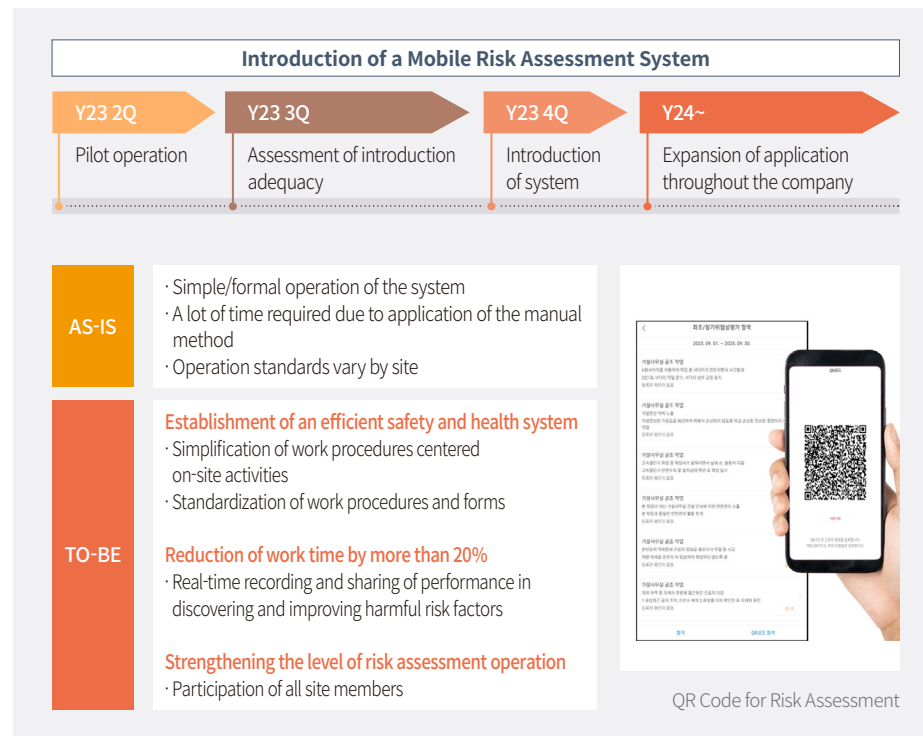
AI Risk Detection System

The AI risk detection system utilizes big data at the construction site. We have preemptively introduced an AI risk detection system using AI image recognition technology, as well as sensor-based individual safety management using existing IoT technology to manage safety at construction sites. We are realizing workers' autonomous safety management and supplementing the role of safety manager at scattered sites by checking safety rule compliance status through real-time monitoring, identifying workers' risky behavior and responding immediately to risky incidents.

Workplace Safety and Health Management

Conducting Risk Assessments

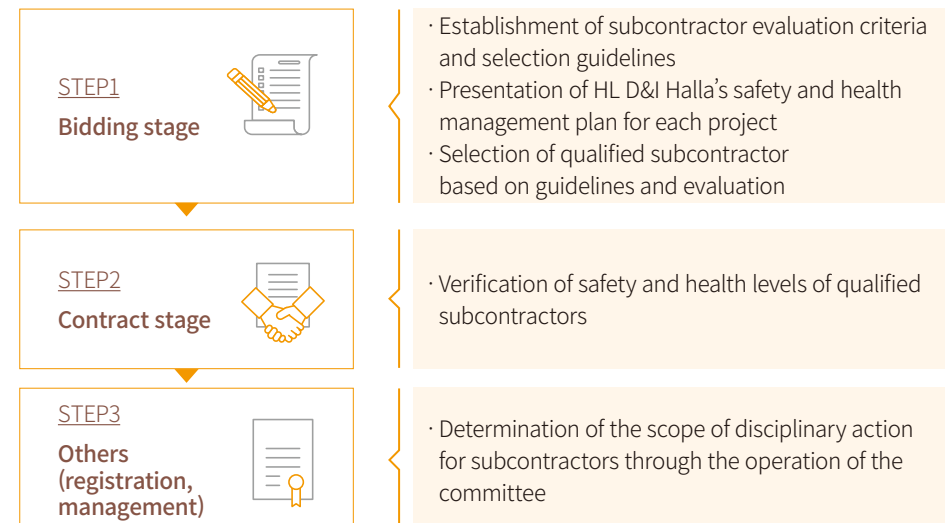
HL D&I Halla conducts risk assessments to identify harmful and risk factors in advance and establish countermeasures accordingly. Risk assessments are carried out in accordance with a six-step process throughout the entire work process. The risk assessment can identify most of the safety and health factors that affect workers. We classify the identified factors into three grades of high, medium, and low risk; and we implement the reduction measures according to the risk level to reduce the possibility of accidents. In 2023, we introduced a more convenient and efficient mobile-based risk assessment system and implemented pilot operation in two locations. In 2024, we plan to expand risk assessment throughout the company in order to strengthen the level of risk assessment operation.



Subcontractor Safety and Health Evaluation Process

HL D&I Halla regularly evaluates the level of safety and health capabilities every year to ensure safe construction sites. The safety and health evaluations of subcontractors are carried out through three stages — namely: ‘bidding stage,’ ‘contract stage,’ and ‘others (registration, management).’ In the bidding stage, we first select a qualified subcontractor based on the subcontractor’s autonomous evaluation result and safety capability diagnosis result, and conduct due diligence on the selected subcontractor in the contract stage. We support the subcontractors to supplement their weakness identified through due diligence, and then in another stage, we hold a committee meeting led by the CEO to determine the scope of disciplinary action for a subcontractor, such as cancellation of registration/limitation of participating in bid. We provide consultation to the subcontractor subject to the disciplinary action to strengthen its safety capabilities, and operate a consulting support system to improve the safety and health management system of subcontractors supported by an external consulting company.

Subcontractor Safety and Health Evaluation Stage



On-site Safety and Health Inspection: “Allbaro Inspection”

In order to check the status regarding the establishment and implementation of the safety and health management system at the site, and fulfillment of obligations under the safety and health-related laws, HL D&I Halla carries out Allbaro Inspections through its inspection team at least once per quarter, and inspection on implementation status of head office-led safety and health activities, at least once a half year to evaluate its construction site from an objective perspective. Based on the results of the inspections, sites with bad results are designated as special inspection targets for intensive management, and major issues or best practices are disseminated to other sites to improve the level of safety management at all sites. In particular, in 2023, we carried out activities to prevent electric shock accidents by conducting inspections by an external professional agency on vulnerable sites with electrical facilities.

Falling	Health MSDS	Electric shock	Dropping	Collisional Stricture	Overturning
129	23	68	85	43	40
Fire	Explosion	Collapse	Safety signs	Miscellaneous	Total (cases)
29	44	37	68	18	584

Improvement Rate Through Allbaro Inspection

100%

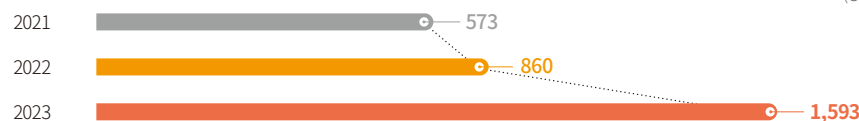


Strengthening Construction Equipment Inspections

HL D&I Halla is striving to create safe sites by strengthening construction equipment management standards and preventing risk factors resulting from aging and defects of equipment. When equipment such as cranes, lifts, pile drivers, etc., are first brought onto the construction sites, they are inspected by a designated external professional agency according to the prescribed cycle, to prevent major accidents due to equipment defects. In 2024, we plan to improve our accident response capabilities and understanding by implementing ‘head office-led equipment inspection and safety education consulting’ to ensure proper safety education and inspection of construction equipment.

Number of Construction Equipment Inspections

(Unit: Times)



Workplace Safety Management System

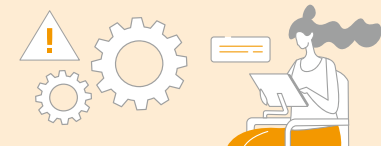
Worker-Risk Report Center

To guarantee the rights of on-site workers to work safely, HL D&I Halla operates a ‘Worker-Risk Reporting Center,’ where workers can report when a dangerous situation arises. In principle, all reports are subject to improvement action immediately upon reporting, and the results of the action taken are reported to the head office within one week from the date of the report to confirm the completion status of action taken. A total of 10 cases were reported to the Center in 2023, and actions have been taken in all cases.



Rate of Taking Actions for Reported Risks

100%



Implementation of Prior Work Permit System

When performing high-risk work, HL D&I Halla implements a ‘Prior Work Permit System,’ under which the company should fill out a work permit application specifying the details of work and safety measures before starting the work, and obtain approval from the authorization holder.

Implementation of Right to Suspend Dangerous Work

HL D&I Halla allows workers to utilize the ‘Right to Suspend Dangerous Work’ if they determine that the environment or situation is unsafe beyond the scope of the right to suspend the work stipulated in the Occupational Safety and Health Act.



Safety and Health Activities

Resolution Conference for 100 Days of Zero Serious Accidents

On September 20, 2023 HL D&I Halla held a conference to mark 100 days of Zero serious accidents, with the attendance of the CEO and safety and health managers from all sites. With a sense of crisis recognizing that it will be difficult for us to fulfill the ideology of respect for humanity and our corporate social and ethical responsibilities if conventional types of accidents such as collapse and falling are not eradicated and continue to be repeated, we held the conference in order to prevent future accidents and complete the fourth quarter of 2023 with zero serious accidents. The conference was held in the order of selecting the areas requiring the most intensive management at the site level, creating and shouting safety and health slogans, and having all workers sign up to participate in the resolution. Through the conference, all workers were encouraged to identify risk factors, and solidify their commitment to zero serious accidents through voluntary participation in the improvement activities.



Convention marking 100 Days of Zero Serious Accidents

Participation in the Ten-million Signature Campaign to Prevent Industrial Accidents

On February 27, 2023, HL D&I Halla participated in the 'Ten-million signature campaign to prevent industrial accidents' promoted by the Korea Federation of Health and Safety. A total of 3,437 foreign workers, including HL D&I Halla employees, as well as employees of subcontractors, participated in the signature campaign, solidifying their resolution to prevent industrial accidents. As proactive prevention of industrial accidents is the most important, we recognize the importance of preventing industrial accidents through the campaign. We will continue to take the lead in creating safe workplaces.

Disaster Response Simulation Drills

HL D&I Halla has been consistently conducting simulation drills for various disaster situations that can occur at construction sites. In the second half of 2023, an disaster response simulation drill was conducted with the purpose of ensuring the effectiveness of initial disaster responses, by taking the time to verify the initial response manual and individual mission cards in preparation for cases of a safety accident occurring at a highway construction site. This served as an opportunity to once again reflect on the importance of safety activities with not only head offices employees, but also site workers. Going forward, we will continue to adopt a disaster response manual tailored to the characteristics of the site and create a safety and health culture to ensure continuous education and training.



Disaster Response Simulation Drills

Training on Safety and Health

HL D&I Halla conducts various types of training on safety and health to improve safety and health-related professional capabilities. In addition to regular safety and health training programs, we are posting safety education videos on the company channel for all workers to watch anytime, anywhere to raise their safety awareness. In particular, in 2023, we produced and distributed 12 safety and health guide videos for equipment inspection and heavy material handling for proper safety education and inspection of construction equipment so that the supervisors can understand safety inspection methods before commencing the work and check for equipment defects in advance.

Training Program on Safety and Health

Safety and Health Manager Workshop

Workshops are held twice per year for all safety and health managers to strengthen their work capabilities and communicate with other sites.

Number of persons
trained in 2023

194 persons



Training on Safety and Health Awareness (Mind-set)

New safety and health topics are selected every year to improve the expertise of site managers and construction and public affairs team leaders.

128 persons



E-learning Training for All Employees

Korea Occupational Health and Safety Agency's e-learning training provided to supervisors.

776 persons



Training on Safety and Health for Subcontractors

Safety and health training provided to site managers of all subcontractors.

91 persons



Enhancement of Site Workers' Health

HL D&I Halla provides health promotion programs to protect the safety and health of site workers. We have established and operated programs tailored to the characteristics of each site, and strived to create a pleasant working environment and manage the health of workers. We measure work environments and check the workers' health on a regular basis, and operate rest facilities and provide appropriate break times to help relieve their physical fatigue and mental stress. In addition, in preparation for emergency situations, we put in place automatic external defibrillators (AEDs) and provide training on emergency rescue activities.



Providing dust masks and earplugs



Conducting training for workers



Providing health counseling and guidance on wearing protective equipment to workers

Hearing Preservation Program

HL D&I Halla evaluates noise exposure by site, and conducts special health check-ups on those exposed to noisy work to prevent harmful impacts on hearing

**19 Processes /
448 persons participated**

Respiratory Preservation Program

HL D&I Halla conducts regular work environment measurements and health checkups to prevent respiratory diseases caused by dust-generating work and fine dust

All Processes / for all workers

Musculoskeletal Disorder Prevention Program

HL D&I Halla classifies tasks that place excessive burdens on the musculoskeletal systems of workers, and identifies harmful factors to improve their working environments

**30 Processes /
662 persons participated**

Workers in Confined Spaces

HL D&I Halla provides education on risk factors, gas measurement, work procedures, etc., to prevent oxygen deficiency and suffocation disasters

**8 Processes /
160 persons participated**

Site
Workers
Health
Program

Talent Management

Human talents are the assets and the future of HL D&I Halla. To create a sustainable corporate culture, we hire talents considering employee diversity, and conduct customized training for competency development, and fair performance management. In addition, we operate a variety of welfare programs to ensure the best workplace and improve the quality of life for our employees.

2023 KEY POINTS

Enhancement of employee diversity



Increasing proportion of female workers

7.9% in 2022 ▶ **8.4%** in 2023



Increasing numbers of disabled workers

5 persons in 2022 ▶ **21** persons in 2023

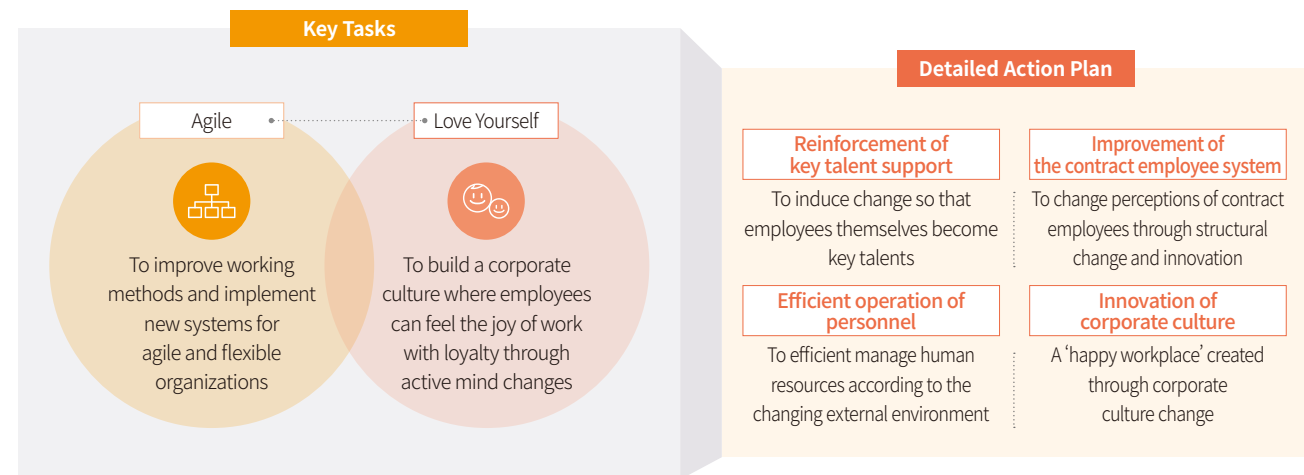


Talent Management System

Talent Management Promotion Strategy

HL D&I Halla strives to attract and nurture excellent talents so that diverse talents with creative and challenging mindsets can lead positive changes in our corporate culture. We efficiently manage our workforce based on performance rather than seniority or position, and create a healthy organizational culture of mutual respect based on fairness and cooperation.

Tasks for Talent Management



Fair Recruitment and Securing Talent

HL D&I Halla operates a fair and transparent recruitment process to discover excellent talent that meets with its HR vision. When hiring employees, we prohibit discrimination based on gender, region of origin, religion, etc., and we are actively considering to convert contract employees with excellent performance into full-time employees (*Nine contract employees were converted to full-time employees in 2023) considering the characteristics of the construction industry. In addition, we are striving to establish objective and reasonable evaluation standards for each recruitment sector and to strengthen recruitment fairness and expertise.

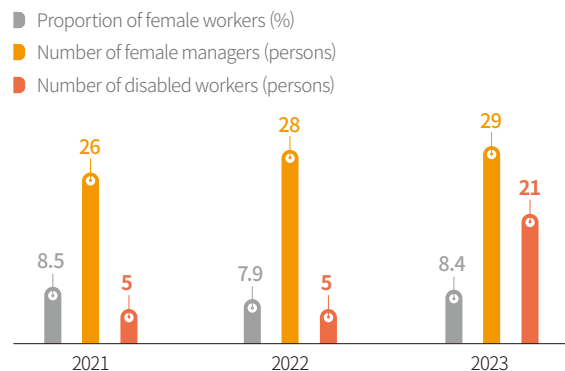


Talent Management Activities

Employee Diversity

HL D&I Halla is actively recruiting female talent to achieve its annual female worker employment goals and expanding the number of female managers to help female talents develop their capabilities, thereby expanding diversity and inclusiveness in employment. In addition, we are striving to create jobs for the underprivileged and fulfill our social responsibilities by recruiting disabled sports players in various fields such as table tennis, billiards, and sjoelen.

Employment Status of Women and the Disabled



Mid- to long-term Employment Goals

Classification	Unit	2024	2025	2026
Female workers	%	9.00	10.35	11.00
Female managers	%	3.00	3.37	3.50

* Manager: Manager(Gwa-jang) or higher

Talent Development and Competency Development

HL D&I Halla provides a variety of education programs for the growth and enhancement of employee's competencies and measures the effectiveness of the program after the education and manages major indicators to ensure that effective education is achieved. At the Group Human Resources Development Center, we conduct common training programs for the Group, such as introductory training for new/experienced employees, leadership training, and basic job training. Additionally, we independently operate education programs on topics such as ESG and health and safety, and basic courses for construction PM, providing employees with opportunities for learning and growth. To enhance job expertise, HL D&I Halla supports external education for construction technicians and executives, and regularly conducts a 'Construction Project Management' program designed to strengthen employees' project management skills, considering the industry's project-based nature. This program aims to achieve successful projects through seamless collaboration, based on an understanding of the importance of project management and familiarity with operations in other departments. In 2023, a total of 568 employees completed this program.

Employee Training Programs

Core-talent training

- Group's core-talent fostering course
- Site-manager training course
- Academic training support
- CEO courses

Self-development education

- Self-development courses for executive/team leaders
- E-Learning courses
- Foreign language courses via phone
- HL D&I Halla's E-Library

Job training

- Finance/Marketing/HR job training
- Training on ESG/Health and safety mindset
- Training for Project Management
- Job training for construction engineers/Education for engineers

Global competency improvement training

- Language course for fostering global talents
- Individual intensive language course
- Overseas language course

Training by position level/basic education

- Introductory courses for new employees
- Courses for new team leaders
- Courses for new executives
- Capability improvement courses for team members
- Special lectures for employees



Retiree Support System

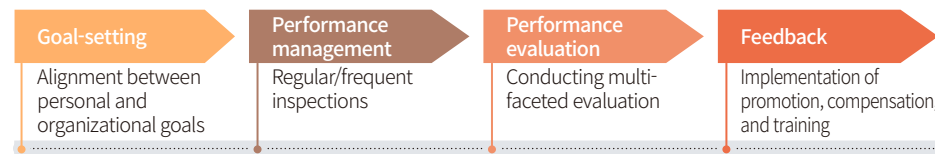
HL D&I Halla operates a retiree support system aimed at assisting retirees in extending their employment and adjusting to life after retirement. Anyone who scheduled to retire at the age of 50 or older, with more than one year of service, can participate in the program regardless of the reason for retirement. Additionally, participants are offered various education programs such as assessments and counseling for tailored career planning after retirement, education for reemployment, and entrepreneurship, etc. In order to support more successful retirement and job transition, we plan to expand support for the retirees to participate in outsourced training programs provided by external organizations, depending on the retiree's preferences.

Fair Performance Evaluation and Compensation

Performance Evaluation

When evaluating the performance of employees, HL D&I Halla conducts a multi-faceted evaluation using various data such as personal competency diagnosis, team member evaluation, goal achievement process, and performance compared to goals. Evaluation results are used as the basis for promotion and compensation, and we support employees' systematic and professional growth through post-evaluation feedback.

Performance Evaluation Process



Employees' efforts in achieving their goals and the compensation for such efforts.

Award for excellent site in the 'Reduction of Operating Costs'

HL D&I Halla gave awards and rewards to five sites (DHL Incheon Gate Extension site, Gyeongbu-Dongtan Straightening section 2, Busan New Port West Container 2, Coast Guard West Maintenance Depot, Yeongam Samho Dolphin Quay) that have saved current expenses, and employees who had contributed in enhancing work efficiency through ideas close to their work through the one-person-one-proposal program.



Selection of teams with excellent performance

In order to promote the growth of employees and improve labor productivity, HL D&I Halla encouraged and gave rewards to the Finance Team and Outsourcing & Purchase Management Team who delivered excellent work performance, even in difficult external environments.

Benefits

HL D&I Halla operates a variety of employee-welfare and benefit packages with the philosophy that improving employees' quality of life promotes the growth of the company, and provides the same rewards and welfare support to contract workers as it does to regular employees. HL D&I Halla plans to continuously improve its welfare system by reflecting the interests and needs of its employees, and thereby enhance employee satisfaction.

Benefit Packages

Housing fund support	Loans for housing stabilization of the employees are provided at annual 3% interest rate when purchasing or renting a home
Accommodation fee support	Accommodation fee support is provided for site workers
Moving expense support	Actual moving expenses caused by relocation are reimbursed considering the region, distance, etc.
Medical checkup	Regular medical checkups are performed for all employees so that they can stay healthy and prevent illnesses
Customized comprehensive medical checkup	Regular comprehensive medical checkups are carried out for employees and their spouses over a particular age or position
Support for family event	When there is a family event, family event leave, a family event allowance and a wreath are given
Operation of cooperation	Promoting welfare and mutual aid among employees
Support for clubs	Support for in-house club activities such as soccer, bowling, fishing, marathon, Giuhoe (go), hiking, photography, etc.
'Hanmaeum' Festival	Sports day or related events are held annually for physical training and to improve the morale of employees
ESOA operation	When capital is increased by issuing new stocks, within 20% of the stocks issued are allocated to members of the Employee Stock Ownership Association
Founding anniversary event	A founding anniversary fund is given to all employees to commemorate the founding of the company
Travel expense support	Support for holiday expenses, travelling expenses for visiting hometowns during the national holidays, gimjang (Kimchi-making), etc.
General expense support	Support for domestic and overseas business travel expenses, starting a new post domestically and overseas, etc.
Transportation expense support	Support for transportation fees and downtown transportation costs
Company welfare card system	Welfare points are given to promote the welfare of employees and provide benefits from using credit cards
Education expense support	Support is given for kindergarten, middle and high schools and college registration and tuition fees for employees' children
Long-term employee reward system	Special vacation and souvenirs (gift certificates, etc.) are given to long-term employees every five years starting from 10 years of service.

Organizational Culture

Creation of a Horizontal Organization

HL D&I Halla has continuously maintained the 'Agile (Love Yourself)' corporate culture introduced in 2021 for smooth communication among employees. We are actively innovating and changing the work methods, such as prohibiting unnecessary document work, and meetings and encouraging employees to leave work on time. We also conduct activities such as in-house campaigns to change the mindset of leaders and provide related training and books to promote an organizational culture of mutual respect regardless of gender, age and rank.

Win-win Labor Management Relations

HL D&I Halla guarantees free union membership for employees in accordance with the labor-related laws and operates a labor management council for the purpose of facilitating communication between labor and management, and promoting common interests. The labor union has three full-time members, including the chairperson, and the labor management council, and is composed of an equal number of members appointed by employer and employees. Collective agreements are concluded every two years through collective bargaining with the labor union, and labor management council meetings are held at least quarterly to discuss various issues such as enhancement of employee welfare, safety management, and complaints handling.

Labor Union Membership
Rate in 2023

96 %



2023 Ordinary Regular General Meeting Assembly of Labor Union

Family Friendly System

System to Protect Maternity

HL D&I Halla operates a maternity protection system, including childcare leave and reduced working hours during pregnancy and childcare, to ensure that employees can achieve work-life balance. In 2023, in order to further reduce the burden of employees for childbirth and childcare, we expanded the days of leave before and after childbirth to 180 days (90 days of statutory leave, 90 days of unpaid leave) through a collective agreement.

Flextime Work System

HL D&I Halla introduces and implements a diverse flextime work system such as flexible working hours, staggered working hours and remote work to improve the quality of life of its employees, and to enhance work efficiency in an autonomous working environment.

Flextime Work System of HL D&I Halla

Three-month flexible working hour system



Implementation of flexible working hours on a three-month basis (Additional wages paid for hours exceeding 40 hours per week based on eight working hours per day)

Staggered working hour system



Employees can choose time to start work between 8 a.m. and 10 a.m. based on eight working hours per day

Compensatory leave



In case of overtime work, compensatory leave is provided according to the statutory rate

Deemed working hour system



An employee who goes on domestic business trips, holiday, training, and reservist training is deemed to have worked for eight hours per day

Human Rights Management

HL D&I Halla respects the dignity, values, freedom, and rights of all stakeholders. We support and comply with the Universal Declaration of Human Rights, and carry out human rights friendly management activities in compliance with the principles presented in the UN Guiding Principles on Business and Human Rights.

➤ 2023 KEY POINTS

Conducting Human Rights Impact Assessments



Ratio of employees who completed human rights education

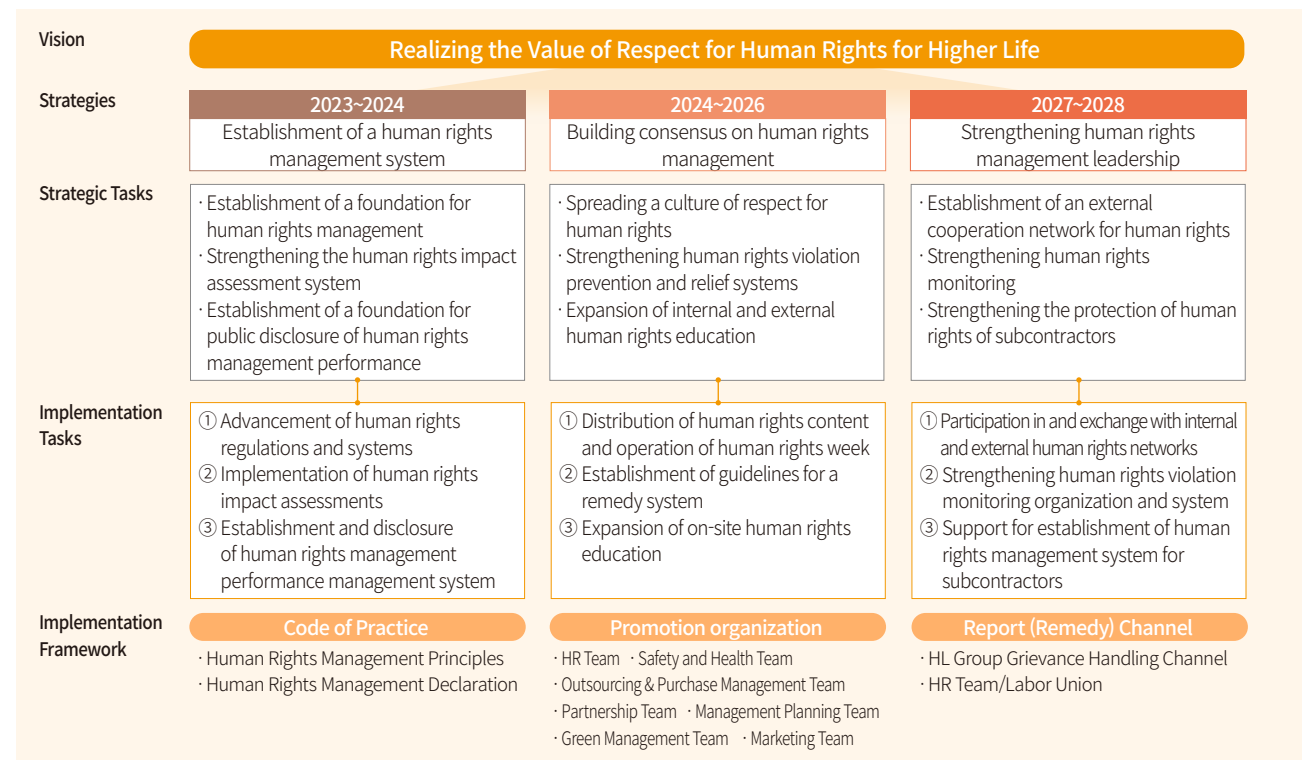
99%



Human Rights Management System

Human Rights Management Strategy

HL D&I Halla practices human rights management to respect and protect the human rights of all stakeholders throughout its management activities, and strives to enhance diversity within the organization and create an environment without discrimination. We manage human rights risks through human rights impact assessments and grievance handling channels, and strive to internalize human rights management through continuous monitoring and improvement activities.



Mid- to long-term Human Rights Management Goal

Classification	Unit	2024	2025	2026
Scope of Human Rights Impact Assessments	%	Including 10% of subcontractors	Including 30% of subcontractors	Including 50% of subcontractors
Ratio of employees who completed human rights education	%	100	100	100

Human Rights Management Policy

HL D&I Halla has established human rights management principles and announced the Human Rights Management Declaration to protect human rights in all processes of corporate activities and spread the value of respect for human rights.

HL D&I Halla Corp. Principles of Human Rights Management

	01 Respect for Human Rights		02 Prohibition of Discrimination		03 Prohibition of Forced Labor and Child Labor
	04 Responsible Supply Chain Management		05 Compliance with Working Conditions and Labor Laws		06 Safety and Health
	07 Protection of Human Rights of Stakeholders		08 Ensuring Environmental Rights		09 Human Rights for Local Communities

HL D&I Halla Corp. Declaration of Human Rights Management

HL D&I Halla is contributing to enrich the world by taking bold strides to transform how people live, move, and imagine — under the vision of “Innovator Today, Pioneer Tomorrow.” HL D&I Halla also believes that practicing ethical management in the spirit of righteousness is the foundation of sustainable management, enabling us to prosper together with our stakeholders and fulfill our social responsibilities. Based on this belief, HL D&I Halla respects dignity, values, and the rights to seek happiness of all stakeholders — in order to prosper together with our stakeholders including customers, employees, shareholders and investors, subcontractors and local communities.

To this end, HL D&I Halla continuously strives to comply with labor relations laws and regulations and customer requirements in each country or region where it operates, and strives to conform to the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights.

HL D&I Halla announces this Human Rights Management Declaration to seek human rights-based development that prospers together with stakeholders. In addition, this Declaration applies to all members of HL D&I Halla, and those who have business relationships with HL D&I Halla. In the event of a conflict between this Declaration and local laws and regulations, the more stringent standard shall be followed, and this Declaration may be amended to reflect local laws and industry characteristics.

Human Rights Management Organization

HL D&I Halla, together with affiliates of the HL Group, has been establishing organic human rights management governance and promoting systematic human rights management activities.

Establishment and Operation of HL Group Human Rights Management Organization



Human Rights Risk Management

HL D&I Halla strives to minimize negative human rights impacts by identifying actual and potential human rights risks through human rights impact assessments and implementing improvement measures for important risk factors. Starting from 2024, we plan to expand the human rights risk management to the sites and supply chain, and further strengthen the human rights violation prevention system by incorporating human rights risk inspections into the key indicator for the evaluation of subcontractors.

Human Rights Management Activities

Human Rights Impact Assessment

HL D&I Halla conducts human rights impact assessments to regularly monitor its human rights management implementation status and transparently discloses activities to protect and promote the human rights of stakeholders. The checklist that we used for self-inspection complies with the guidelines of the National Human Rights Commission of Korea and the UN Global Compact (UNGC), and we are continuously amending and supplementing it in collaboration with external professional organizations to conduct a more suitable and advanced evaluation for the company. In February 2024, we conducted an evaluation with a total of 195 questions in 11 areas, and we plan to take gradual actions and respond to the improvement elements identified through the evaluation.

Human Rights Impact Assessment Process



Details of Assessment

Assessment Area	Main Details	Number of questions
Human rights management system	Declaration of a comprehensive policy on human rights management and establishment of a procedure for obligatory implementation monitoring	45
Non-discrimination in employment	Provision of a non-discriminatory working environment in employment regardless of gender, place of birth, affiliation, etc.	17
Freedom of association and collective bargaining	Guarantee and protection of workers' collective bargaining rights and freedom of union activities	14
Prohibition of forced labor	Prohibition of forced labor of any kind, including compulsory overtime work	9
Prohibition of child labor	Prohibition of employment of children under 15 years of age, and checking whether necessary measures are taken when legally hiring young people	14
Ensuring occupational safety and health	Activities to protect workers' safety (workplace monitoring, provision of safety education/training, provision of essential equipment, etc.), protection of vulnerable workers, support for disaster/injured workers	20
Responsible supply chain management	Establishment of systems to prevent human rights violations of subcontractors and monitoring of human rights protection compliance status	6
Protecting human rights of stakeholders	Prevention of infringement of the rights of local residents/stakeholders and protection of property rights, intellectual property rights, etc.	13
Ensuring environmental rights	Establishment and maintenance of environmental management system, disclosure of environmental information, activities to prevent and mitigate environmental impacts, establishment of emergency response plans	23
Protection of consumer rights	Compliance with laws and regulations for consumer protection (Labeling and Advertising Law, etc.), action to be taken in case of product defects, protection of consumer information	18
Protection of employee rights	Activities to prevent employees' human rights violations, horizontal organizational culture, maternity protection and work-life balance, strengthening the right to rest, protection of employee information	16

Assessment Results and Improvement Actions

2023 Assessment Results 92.1 points out of 100 points	
Assessment Area	Improvement plans and areas for enhancement
Human rights management system	<ul style="list-style-type: none"> · Re-establishment of human rights management declaration founded upon research results, including stakeholder human rights status and opinion collection · Advancement of human rights impact assessment process and indicators, and expansion of targets (including subcontractors) · Strengthening the human rights management system, including establishment and operation of a human rights management committee and a human rights compliance monitoring organization · Development of quantitative indicators for human rights management and strengthening of objective disclosure of human rights management performance · Improvement of practical regulations on the human rights violation remedy system
Non-discrimination in employment	<ul style="list-style-type: none"> · Inspection and improvement to enhance service and labor practices, and eliminate discrimination for non-regular workers and foreign workers
Prohibition of forced labor	<ul style="list-style-type: none"> · Development of measures to strengthen and monitor involuntary-labor-prevention measures for subcontractors
Responsible supply chain management	<ul style="list-style-type: none"> · Supplementation of specific implementation plans such as evaluating and monitoring human rights protection situations to spread human rights management to subcontractors and prevent human rights violations
Protection of employee rights	<ul style="list-style-type: none"> · Continuously conducting campaigns and promotional activities to spread a culture of respect for human rights among executives and employees

Reporting and Remedy of Human Rights Violations

HL D&I Halla operates various Grievance Handling Channels to protect the human rights of all stakeholders, including executives and employees. When we receive a report on grievances, we take prompt and fair action in accordance with our remedy procedures, and we prioritize the safety of victims and informants during the grievance handling process. In 2023, a total of zero complaints were reported through the Grievance Handling Channel.

In addition, we not only operate a Grievance Handling Channel, but also regularly evaluate its effectiveness. We are using a checklist consisting of the eight principles of CSR Europe’s Management of Complaints Assessment Results for evaluation, and we continuously inspect and improve our remedy procedures based on the evaluation results.

Grievance Reporting Channel

HL Group Integrated Reporting Center

HR Team/Labor Union

Anyone can report human rights grievances related to HL D&I Halla through the HL Group Integrated Reporting Center.

Human rights grievances are handled under the supervision of HL D&I Halla’s labor management council. When a human rights issue arises, employees can report it to the HR Team or Labor Union by email, phone, in person, or in writing.

Grievance Handling Process

Report human rights violations

- Report via the Grievance Reporting Channel

Immediate investigation by the responsible department to confirm human rights violations

- Immediate investigation of reported contents
- Guaranteeing identity of victim/informant

Approval of remedial measures

- Reporting to the highest decision-making authority or submitting agenda items to the decision-making body

Notification of decisions and further actions

- Immediately notifying the victim of the decision
- Disciplinary/judicial action if necessary

Education on Human Rights

HL D&I Halla conducts online human rights education annually (4 hours) for all employees. In order to improve the human rights awareness of employees and prevent human rights violations in advance, we are providing human rights education every year on various topics such as prevention of workplace bullying and sexual harassment, and we are strengthening our human rights protection capabilities by encouraging all employees to participate in the education.

Ratio of Employees Who Completed Human Rights Education

100%

Survey on Human Rights Awareness

HL D&I Halla conducted a survey on human rights awareness in March 2024 to diagnose human rights awareness of employees. A total of 169 employees participated in the survey. We plan to come up with suitable measures to raise human rights awareness based on the survey results. In addition, to improve field labor practices that were identified as needing to be supplemented, we plan to provide executives and site managers with training based on actual cases, including blind spots on workers’ human rights, cases of human rights violations, and relevant laws that must be observed to protect human rights at least three times.

Survey Period	March 19 (Tuesday) - April 2 (Tuesday), 2024
Survey Targets	Total of 169 employees of HL D&I Halla
Survey Purpose	Enhancement of human rights management policies and systems by raising employees’ awareness of a culture of respect for human rights and inspection on the status of human rights management
Survey Contents	Awareness of human rights management, organizational culture of respect for human rights, efforts to spread a culture of respect for human rights, experience of human rights violations, awareness of relief procedures, opinions of executives and employees related to human rights management



WITH PARTNER	
056	Shared Growth
060	Customer Satisfaction
066	Quality Management
070	Sharing Management

Shared Growth

HL D&I Halla seeks to realize the value of coexistence by working together and growing together. We are strengthening our win-win cooperation system by establishing a fair trade culture and promoting mutual competitiveness. We will build a foundation for continuous and stable shared growth by communicating with our subcontractors based on the firm belief that subcontractors are our partners moving toward the same goals.

2023 KEY POINTS

Expansion of consultation on sustainability management of subcontractors

- Conducting evaluation on 171 companies
- Providing support of KRW 106.04 million



2023 Evaluation for mutual cooperation among construction companies

Received the highest grade

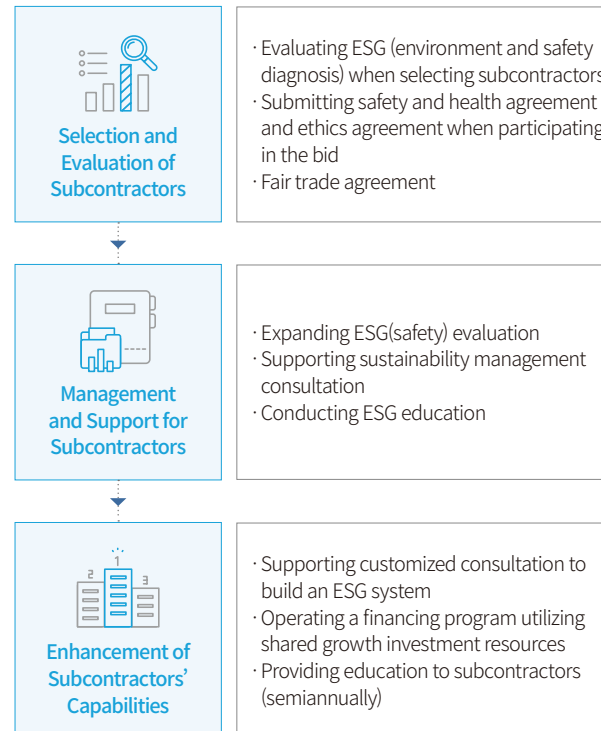


Sustainable Supply Chain Management

Supply Chain Management System

HL D&I Halla promotes win-win cooperation between the head office and subcontractors based on smooth communication and transparent and fair transaction order. Organization dedicated for supply chain management is responsible for fair trade and shared growth — strengthening partnerships with subcontractors, and carrying out various mutually beneficial win-win management activities.

Supply Chain Management Process



Selection of Subcontractors

HL D&I Halla evaluates the ESG capabilities of subcontractors, including environment and safety, at the bidding stage, and restricts those that don't meet internal standards. In addition, in order to promote the implementation of ESG management by subcontractors, we require those to submit safety and health agreements and ethics agreements before bidding.

Subcontractors' Status

HL D&I Halla classifies its subcontractors by sector such as architecture, civil engineering, and facility for systematic communication and support, and provides various forms of support — such as welfare and management consultation to subcontractors selected as excellent/elite subcontractors according to the results of the annual evaluation.

Status of Subcontractors by Sector (As of December 2023)

Total number of subcontractors 1,058 companies			
Architecture	343 companies	Civil engineering	205 companies
	31 new companies		16 new companies
Equipment rental	13 companies	Facility	204 companies
	0 new companies		9 new companies
Electricity	193 companies	Common	100 companies
	5 new companies		25 new companies


Evaluation and Support for Subcontractors ESG

HL D&I Halla conducts ESG evaluation of its subcontractors for sustainable supply chain management, and provides various kinds of support such as education and consulting, to subcontractors that require improvement according to the evaluation results. HL D&I Halla plans to expand activities to raise ESG awareness and strengthen capabilities so that all subcontractors in the supply chain can build a consensus on ESG management and achieve sustainable growth.

Supply Chain ESG Evaluation Goals

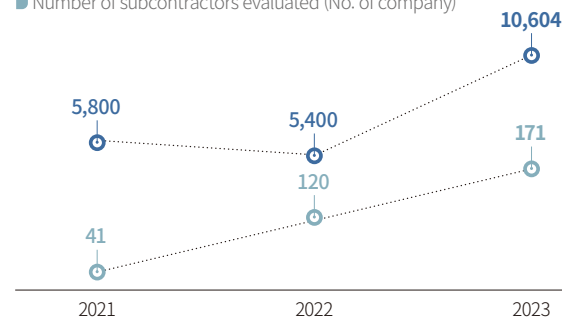


HL D&I Halla Subcontractors Safety Evaluation Table

 Safety and Health Competency Checklist	Items	Points
	Safety and health management system	20
	Execution level	35
	Operation management	20
	Disaster occurrence level	20

Status of Evaluation and Support for Subcontractors in 2023

- Sustainability management consulting fee for subcontractors (KRW 10,000)
- Number of subcontractors evaluated (No. of company)



ESG Education for Subcontractors

HL D&I Halla provides education on ethics, safety, and fair trade to its subcontractors. After the education, we conduct a survey for effectiveness evaluation and reflect the feedback results to improve the curriculum.

Details of ESG Education for Subcontractors

Period	First half	Second half
Target	Subcontractors engaging in hazardous works About 120 companies	Elite and new subcontractors About 100 companies
Topic	① Understanding Integrity Management ② Understanding and management strategy of credit rating ③ Safety evaluation and ESG management	① Information on the Severe Accident Punishment Act ② Information on subcontract payment system ③ Education on the revised law, such as the delivery price indexation system



Education on Mutual Growth for Subcontractors in the first half of 2023

Win-win Management Activities

Support for Subcontractors

HL D&I Halla operates a variety of subcontractor support systems to practice win-win cooperation with its subcontractors.

Supporting Excellent Subcontractors

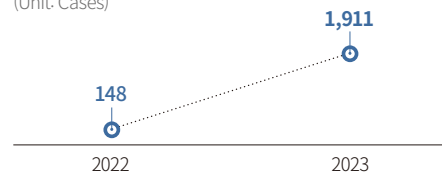
HL D&I Halla is implementing a excellent subcontractors system to establish a foundation for sustainable and stable shared growth. We are strengthening partnerships by providing various benefits, such as reduction of performance bonds and preferred recommendations for joint contracting sites, to excellent subcontractors who receive an annual evaluation of 90 or more points.

Improvement of Payment Conditions

In order to minimize the financing burden on our subcontractors and strengthen financial stability, we make early payments of subcontract amounts and make payments in cash.

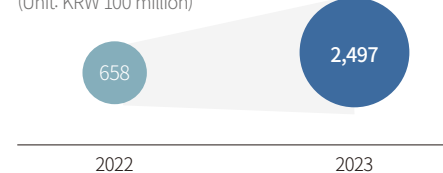
Number of Early Payment Cases in 2023

(Unit: Cases)



Early Payment Amount in 2023

(Unit: KRW 100 million)



'Evaluation for mutual cooperation among construction companies – Highest Grade'

HL D&I Halla received the highest grade with 99 points in the "2023 Evaluation of Mutual Cooperation among Construction Companies," conducted by the Ministry of Land, Infrastructure and Transport. Evaluation for mutual cooperation is a system that evaluates the degree of mutual cooperation among large and small and medium-sized construction companies to promote balanced growth of the construction industry and efficient performance of construction work by establishing close mutual cooperation relationships. The Ministry evaluates joint contracting with subcontractors and subcontracting performance, nurturing of subcontractors and trustworthiness every year. Companies that receive the highest grade are given additional points in the trustworthiness evaluations such as pre-qualification (PQ) and qualification screening for public projects, and penalty point reduction under the Framework Act on the Construction Industry.

2023 Evaluation Results

99 points

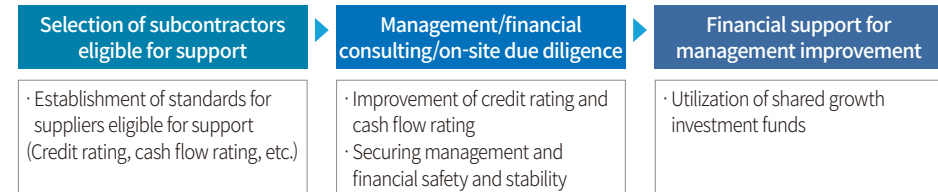
Alleviation of Subcontractors' Financial Burdens

HL D&I Halla implements a 'delivery price indexation system' to reduce the cost burden on its subcontractors due to rising raw-material prices and adjusts the contract amount according to price fluctuations, etc. In addition, we are the third company in Korea's construction industry to establish a stamp-duty payment system within the e-procurement system to improve convenience of our subcontractors, and we support our subcontractors to secure economic stability by increasing the stamp-duty payment rate of head office (50% → 70%) from 2022.

Support for Consultation on Financial Due Diligence

By utilizing shared growth investment funds, we provide management consulting to new subcontractors or those whose external evaluation ratings do not meet our standards.

Management Support Process for Subcontractors



'Let's Eat Together!' Campaign

HL D&I Halla conducts a campaign to support food trucks at all sites every year. In 2023, we conducted a campaign under the slogan of 'Let's Eat Together!' to provide seasonal snacks and boost the morale of site workers.



'Let's Eat Together!' Campaign at Siheung Bank District-2 Apartment Site

Communication with Subcontractors

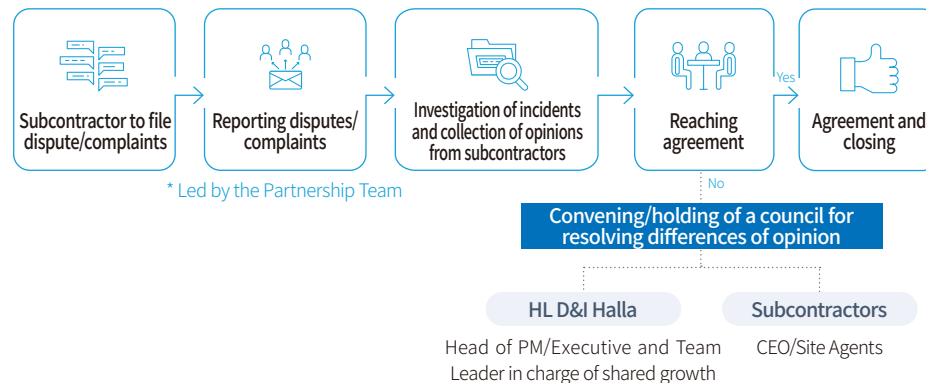
Autonomous Win-win Council for Subcontractors ‘Hanwoolhoe’

HL D&I Halla operates ‘Hanwoolhoe’, an autonomous win-win council for subcontractors, and promotes various programs such as information sharing activities between head office and subcontractors, and among subcontractors, and training by external lecturers to promote mutual benefit and strengthen competitiveness of subcontractors. Subcontractors who have received an annual evaluation rating of ‘excellent’ at least twice over three years can be Hanwoolhoe members, and in 2023, a total of 51 companies participated in Hanwoolhoe activities.

Grievance Handling System

HL D&I Halla operates a variety of grievance handling channels, including an unethical behavior cyber reporting center, subcontractors’ portal, and direct reporting at head office/site, to promptly receive and handle complaints from subcontractors. When differences of opinion arise between the head office and subcontractors, we provide guidance on the dispute resolution process through our subcontractors’ portal in order to resolve the disputes smoothly. After complaints and disputes are resolved, we carry out activities such as follow-up monitoring and system improvement to prevent recurrence. In 2023, a total of zero complaints were reported through the grievance handling channel.

HL D&I Halla-Subcontractor Dispute Resolution Procedure



Subcontractor Proposal Contest

HL D&I Halla has been operating a Subcontractor Proposal Contest since 2020 to create shared value and strengthen the competitiveness of subcontractors. The Subcontractor Proposal Contest is a system through which not only subcontractors, but also non-subcontractors not registered with HL D&I Halla, can participate and suggest ideas to increase cost reduction and improve quality. Among the proposed ideas, we select excellent ones, going through the 1st and 2nd deliberations. Excellent ideas are given rewards and transaction opportunities, and proposed ideas are applied to the relevant fields through review by relevant departments.

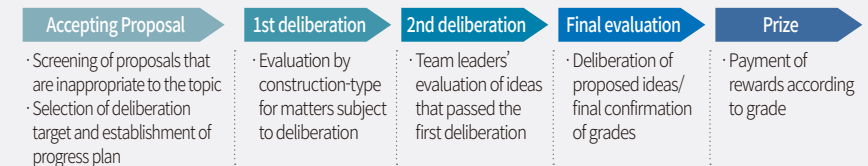


Areas for Contests

Classification	Areas for contests
Technology proposal	<ul style="list-style-type: none"> Proposals/technologies contributing to quality improvement and innovation in construction methods/technology development, cost reduction, and enhanced productivity Safety/Environment/Process/Quality improvement Smart construction, ESG management, OSC method
Investment proposal	<ul style="list-style-type: none"> Subcontractors' proposal of ideas to develop new technologies and methods and reduce costs

Amount of Reward for Subcontractor Proposal Contest
(*Cumulative amount from 2020 to 2023)
KRW
133.1 million

Evaluation Process



Results of the 2023 Subcontractor Proposal Contest

Ranking	Sector	Details of proposal	Proposing companies	Rating
1	Machinery	Establishment of system distributor water-leak detection system	Cotech Co., Ltd.	Excellent award
2	Architecture	Pile lifting tool (machining pile work)	Seongwoong P&C Co., Ltd.	Prize for encouragement
3	Machinery	One-touch modularization system	PPI Co., Ltd.	Prize for encouragement
4	Electricity	Wireless interconnection digital wireless communication auxiliary equipment	ZENrft Co. Ltd.	Work of merits
5	Electricity	AI-based firefighting charging system	KOOLSIGN Co., Ltd.	Work of merits

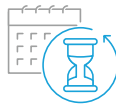
Customer Satisfaction

HL D&I Halla is not only pursuing technological innovation that reflects customers' voices to improve customer satisfaction, but also striving in various aspects to provide a satisfactory customer experience from contract to post-occupancy. Going forward, we will think from the customer's perspective and make continuous efforts to meet customer needs and resolve inconveniences.

➤ 2023 KEY POINTS

Shorten defect management period

- Goal:
Processing within
15 days on average



Voice of Customer (VoC)
processing rate

100%



OVERVIEW

ESG SYSTEM

ESG TOGETHER

APPENDIX

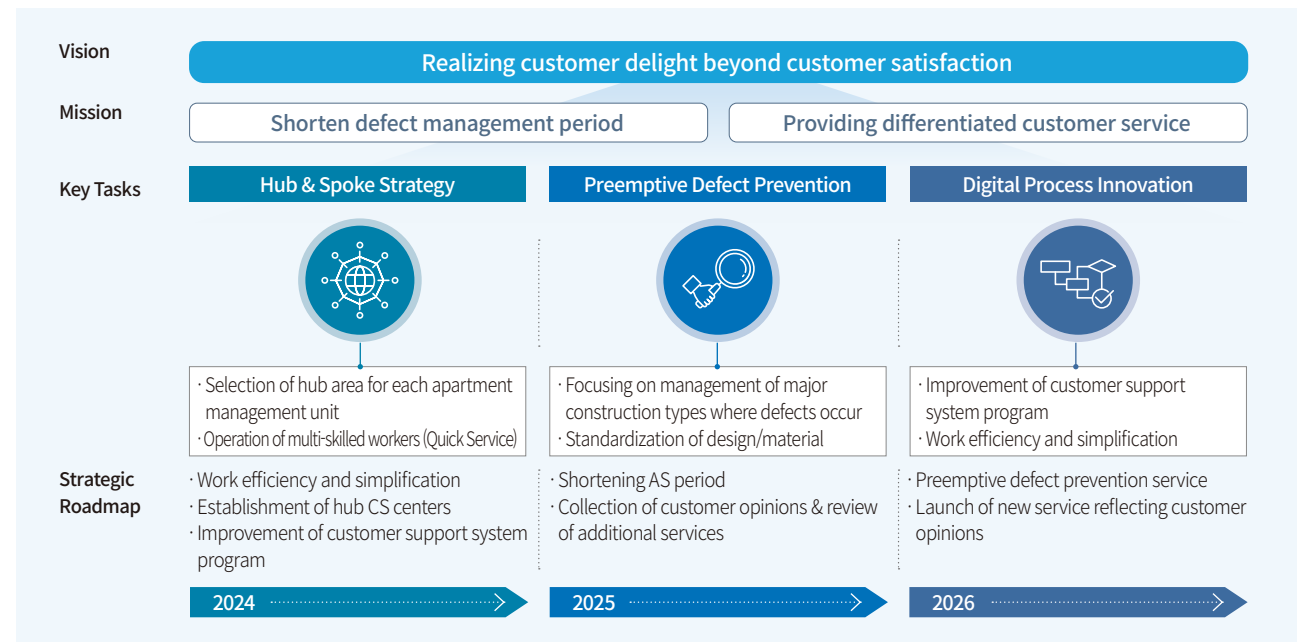
WITH GREEN | WITH PEOPLE | **WITH PARTNER** | WITH GOVERNANCE

Customer Satisfaction System

Customer Satisfaction Strategy

HL D&I Halla always listens to the voices of customers to realize customer satisfaction by providing products and services that reflect customer needs and trends. In addition, we have established a management plan to preemptively prevent defects and are minimizing customer inconvenience by promptly managing defects that have already occurred.

Customer Satisfaction Vision and Strategy



Mid- to long-term Goal of Consumer Rights Protection

Classification	Unit	Short-term	Mid-term	Long-term
Customer complaint resolution rate*	%	85	90	95

*HMAS Processing Rate

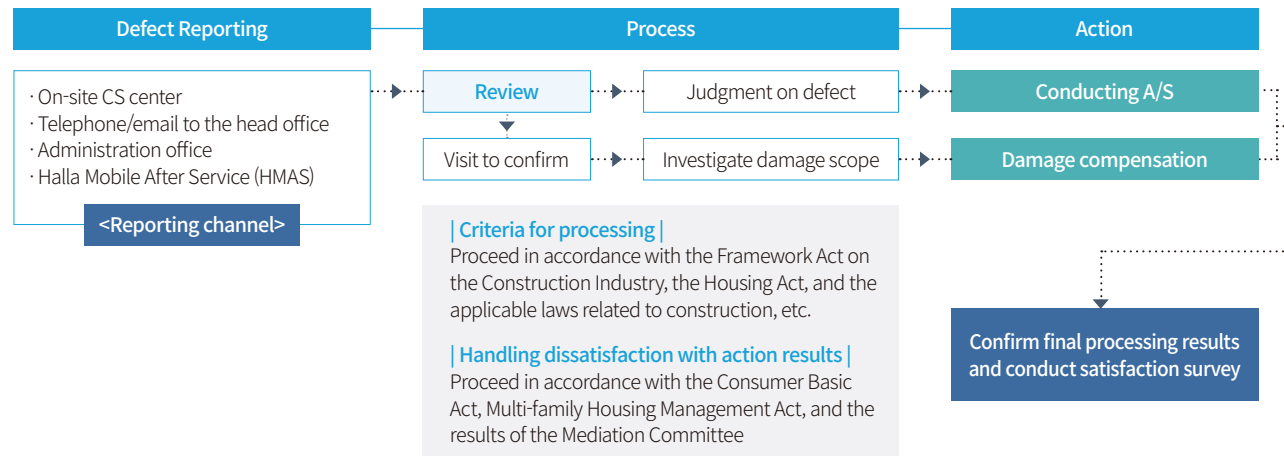
*Short-term (~2024), Mid-term (~2026), Long-term (~2030)

Activities for Customer Satisfaction

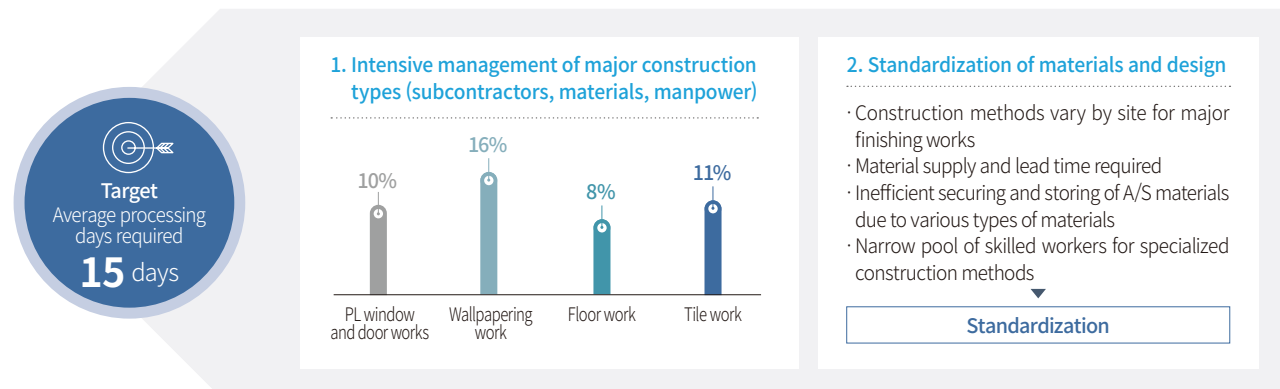
Customer Complaint Handling Process

HL D&I Halla promptly and fairly handles customer complaints according to procedures, and establishes and implements measures to prevent recurrence of complaints by analyzing the complaints content received and processing results.

CS Processing Procedure



Activities to Shorten Defect Management Period

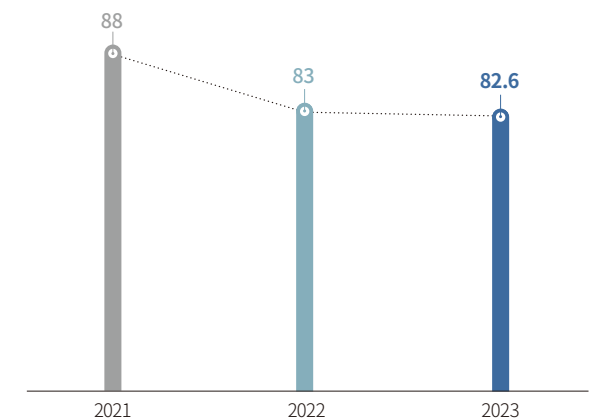


Mobile Defect Management System

HL D&I Halla operates a mobile defect management system, HMAS (Halla Mobile After Service), to quickly and efficiently correct defects and improve customer convenience. Residents not only can report defects in real-time through the HMAS web page, but can also easily check the details of defects reported and processing status. Starting in 2024, we plan to improve the mobile defect management system to make it more convenient to use by developing a separate mobile app and establishing a system to automatically send defect management requests to subcontractors.

HMAS Processing Rate

(Unit: %)



Protection of Customer Rights and Interests

Provision of Fair Trade Information

HL D&I Halla transparently discloses information about products (residential and commercial facilities) and contracts to ensure rational choices for consumers. We not only provide sufficient information in the documents such as sales notices, product descriptions, and contracts, but we also deploy professional counselors when operating model house or promotional centers to actively provide consumers with the information they need.

Details of Information Disclosed for Customers

Products	Basic Information	Notices related to the complex, such as location, specifications, defect repairs, insurance, move-in procedures, sites, mobile communication facilities, etc.
	Information on Product Prices	Information on payment methods, contract cancellation, cancellation penalty, discount and delay damage, intermediate payment loan, etc.
	Information on Rights to Products	Resale of presale rights on apartments, transfer of ownership, etc.
Contract	Information on Contractors	Consent to collection and use of personal (credit) information, and guidance on the purpose of collection and use

Product and Service Safety Principles

Distribution of 'Guidebook for Daily Life'

HL D&I Halla distributes a Guidebook for Daily Life to residents in the apartment complex to ensure the safety and health of customers. This Guidebook contains information on the location, usage, management standards, and emergency measures for safety-related facilities such as safety, security, and firefighting facilities in complex facilities and households. In order to improve customer accessibility and create a green environment by saving resources, we are considering service improvements to enable the use of the guidebook, previously distributed in print, on mobile devices.

Improvement of Customer Satisfaction

Communication with Customers

HL D&I Halla continuously communicates with customers throughout the entire process of sales, construction, and move-in via the Halla Vivaldi service website. We are striving to meet the needs of consumers by sharing progress in construction in real-time through the bulletin board of tenant at the customers' requests, and in 2023, we updated our website to allow residents to easily be issued certificates of expected occupancy required for assignment of schools for their children, or a certificate of payment required for smooth financing. HL D&I Halla will not overlook even the smallest inconvenience to its customers, and will continue to listen attentively to their voices.



Issuance of certificate of expected occupancy

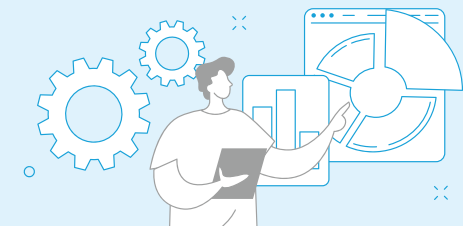
Management of Customer Complaints

HL D&I Halla receives various customer inquiries and complaints through the Voice of Customers (VoC) bulletin board on its website. In 2023, a total of 763* complaints were reported through the VoC, and all the complaints were forwarded to the relevant departments for action, according to their content, in order to fully resolve their complaints.

* Cases on advertisement/promotion, duplicate report, and test are excluded

Voice of Customer (VoC)
Processing Rate

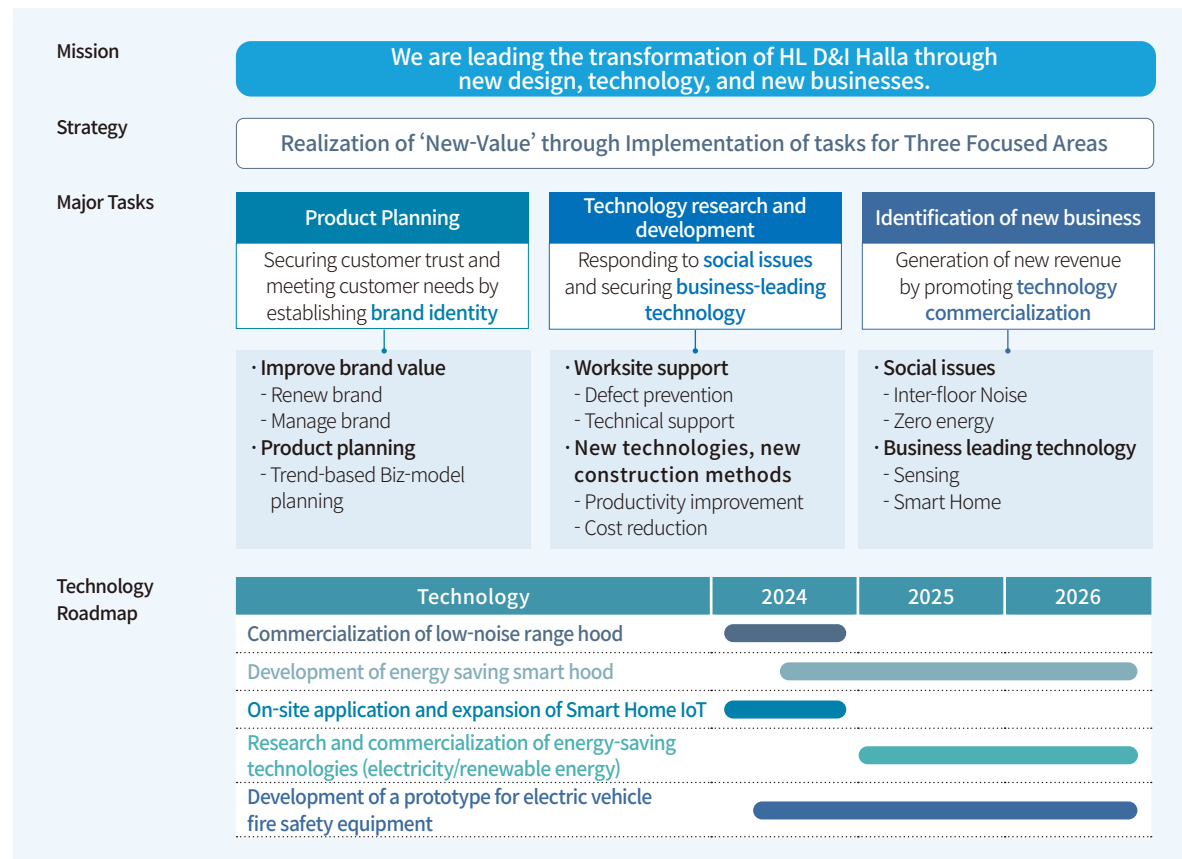
100 %



Technology Innovation

Technology Innovation Strategy

HL D&I Halla is establishing a technology innovation strategy by reflecting rapidly changing trends in the construction industry and customer voices. We are actively conducting researches in worksite support technologies required to improve work productivity and efficiency and ICT convergence smart construction technology to secure future growth engines, and are actively applying technology that reflects social issues such as carbon reduction and safety enhancement throughout the business to create sustainable value.



Development of Eco-friendly Construction Methods and Technologies

HL D&I Halla strives to develop eco-friendly construction methods and technologies to contribute to reducing carbon emissions and energy use.

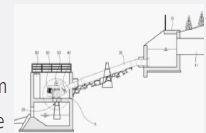
Eco-friendly Construction

- Small caliber steel pipe pile method with screws attached to allow drilling and installation simultaneously
- Development of layered construction of exterior insulation for public housing
- Modular middle and high-rise stratification and factory productivity improvement technology



Resources/Energy

- Sewage waste water heat recovery device
- Control method for small hydro power generation system
- Flow response type small hydro power generation device



New Environmental Technology

- Small hydro power generation technology for sewage treatment plants that responds to real-time flow rate by linking variable pitch of O.M.I. type water tank and semi-Kaplan water wheel

Green Technology

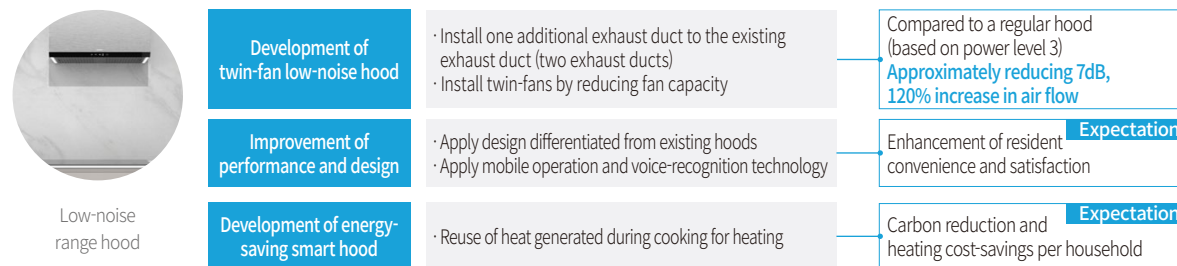
- Micro-pile method in which the head is reinforced using a rotatable stopper (stopper pile method)

Securing Low-noise and High Performance Technology

Low-noise Range Hood

HL D&I Halla has developed a low-noise range hood to relieve residents' stress and discomfort caused by range hood noise. The technology is scheduled to be applied in HL D&I Halla's apartment building starting in 2024 (as paid option). We are continuing the research with the goal of developing a smart hood that contributes to carbon reduction by combining a sensible heat exchanger with a low-noise range hood.

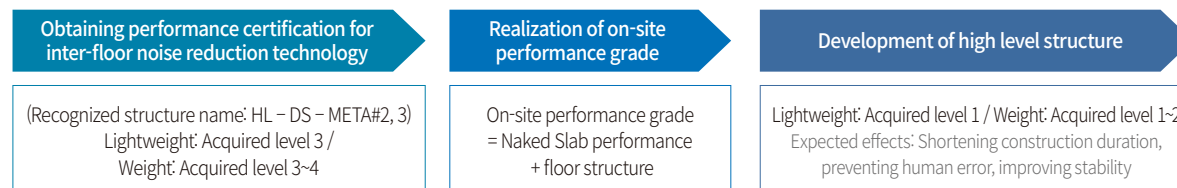
Research Progress Stage



Inter-floor Noise Reduction Floor

HL D&I Halla has developed a new structure that is effective in reducing weight-impact noise in accordance with the implementation of the post-floor noise validation system. In 2023, in recognition of the effectiveness of the structure, we obtained a performance certification (grade 3 and 4) from the Korea Institute of Civil Engineering and Building Technology. We plan to improve the performance with the goal of obtaining a high-level performance certification (grade 1 and 2) by identifying and supplementing matters to be improved through on-site application from 2024.

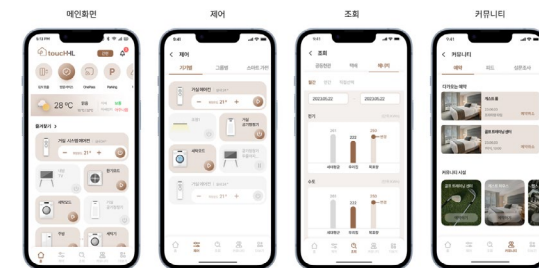
Research Progress Stage



Establishment of Smart Home

Smart Home Service 'touchHL'

HL D&I Halla has developed a mobile smart home service 'touchHL' to improve quality of life and maximize residential convenience. Residents can use a variety of residential services such as remote inspection of a meter and elevator calls using the touchHL mobile app, and can organically utilize homenet service, smart home appliances, and voice recognition services by linking it with 3rd party services. In 2024, we plan to launch a car-to-home/home-to-car service that connects homes and cars by integrating services with Hyundai Motor Group. Going forward, we will add services in various areas such as healthcare and energy-saving to create a more convenient and sustainable residential environment.

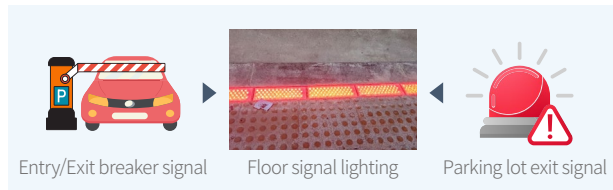


touchHL Usage Screen

Creation of Safe Apartments

Pedestrian Border Floor Traffic Light

HL D&I Halla designed a floor-type traffic signal light that operates linked with the vehicle approach signals to reduce safety accidents that may occur in situations where people must unavoidably approach the roadway, such as riding a school bus, or while looking at a smartphone on the move. We plan to apply it to apartment complexes to be built.



Fire Safety Equipment for Electric Vehicles

HL D&I Halla has developed fire safety equipment for electric vehicles (EVs) and is verifying its effectiveness through simulation. We plan to firstly apply it to the Icheon Ami District in 2024, and upon completion to conduct a hot smoke test using artificially made smoke to compare the results with the simulation.

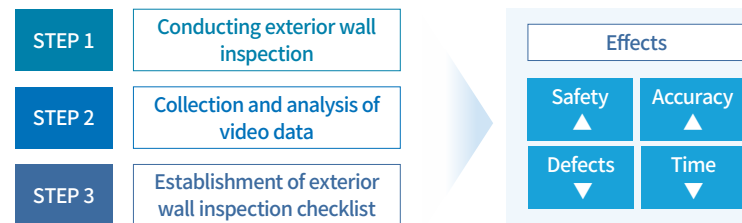
Parking Lot Safety Coloration

HL D&I Halla has been developing safety color guidelines for color-blind persons, the elderly, etc. in collaboration with KCC, and plans to paint safety signs on the parking lot floor and walls based on these guidelines.

Utilization of Drone Technology

Exterior Wall Inspection Using Drones

HL D&I Halla uses drones to preemptively inspect for problems such as cracks in exterior walls that are difficult to see with the naked eye. Currently, the technology is being used when inspecting the exterior walls of buildings at various sites, including the New Government Complex in Sejong City, and we are using AI-based drones on a pilot basis for more efficient and accurate inspections in Dangsu APT, Suwon.



Exterior wall inspection using drones

Prevention of Construction Risks through Measurement with Drones

HL D&I Halla uses overlapping technology of drone-based measurement and design drawing to prevent risks that may arise during construction by applying it to various infrastructure/construction sites.

Construction stage	Commencement	Construction	Completion
Checklist	Boundary invasion	In-correct construction / Non-construction	Consistency with design drawings



Identification of New Business Opportunities through Advancement of Drone Technology

HL D&I Halla plans to start golf course maintenance business based on drone technology that has been advanced at various construction sites. We plan to apply the technology to golf course management based on data such as 3D maps and digital maps collected with drones.

Quality Management

HL D&I Halla strives to provide excellent products and services to customers based on its corporate philosophy of 'We never compromise on quality.' Since quality is closely related to not only customer satisfaction but also public safety, we are committed to securing quality capabilities through continuous technological development and internalization of quality values.

➤ 2023 KEY POINTS

Quality Management Organization Structure Revision



Publication of Q-Brief

containing social issues and litigation cases



Quality Management System

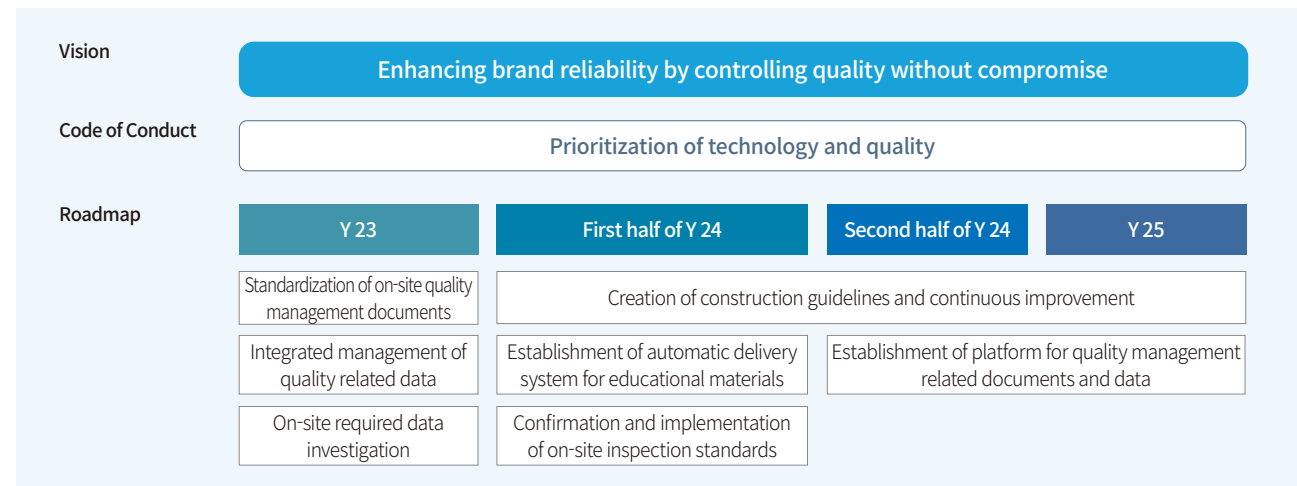
Quality Management Strategy

HL D&I Halla prioritizes product safety and quality in its management activities and performs step-wise improvement tasks to strengthen company-wide quality capabilities based on its quality policy, consistently providing quality products and services to customers even in a rapidly changing environment.



HL D&I Halla Quality/Environment/Safety Policy

Quality Management Vision and Strategy



Quality Management Organization

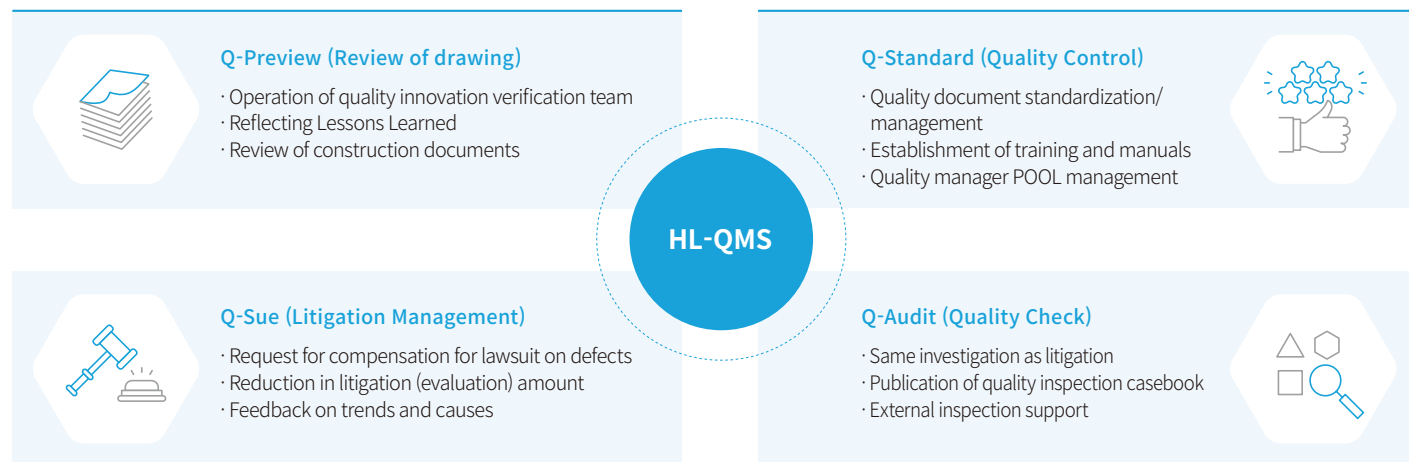
Through reorganization in October 2023, HL D&I Halla has advanced its quality management system so that the technology, quality, and service organizations can independently strengthen their capabilities while collaborating organically when necessary to realize quality innovation and customer satisfaction.



Quality Management System

HL D&I Halla carries out systematic quality management activities throughout the entire process from the project planning stage, to commencement and completion of construction, and follow-up management, in accordance with the quality-management system certified by the international standard ISO 9001. In performing some preliminary quality inspections, we actively collaborate with external professional organizations to more thoroughly verify product safety and ensure the reliability of inspection results.

HL-QMS(Quality Management System)

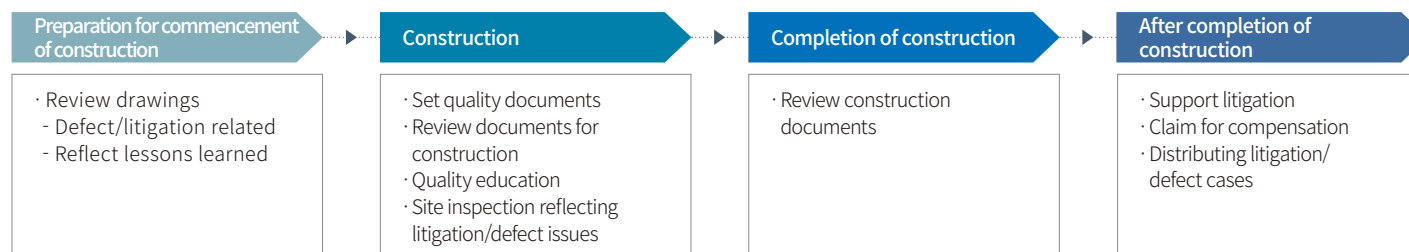


ISO 9001 Certification

HL D&I Halla has acquired and maintained the ISO 9001 Certification, a quality management system certification, established by the International Organization for Standardization.



Quality Control Process



Quality Management Activities

Quality Improvement Activities

HL D&I Halla practices quality management through internal quality control reviews, construction and completion of quality inspections, and quality campaigns, continuously striving to improve the quality level. We discuss quality improvement through meetings with subcontractors, and prevent the occurrence of defects by conducting regular/frequent on-site inspections.

Quality Management Activities



01 | Internal Audit on quality control



02 | Quality Inspection Day event



03 | Quality management meeting



04 | Third stage external agency inspection before completion



05 | Construction quality inspection



06 | Quality campaign



07 | Monthly quality meeting

Strengthening Quality Management Capabilities

Conducting Quality Conferences

HL D&I Halla enhances company-wide quality awareness through regular quality meetings hosted by the CEO and the Technology Quality Innovation Office and collaborates with relevant departments to preemptively prevent defects.

Quality Conference Activities

Classification	Cycle	Details
CS Conference	Once per month	Introduction of internal and external quality issues, sharing defect cases and identifying causes of defects, establishment of measures to prevent recurrence
CS Report (CEO)	Once per month	Reporting on CS Conference results, reporting on the work of the CS/Quality Innovation Team
Quality Campaign	Once per quarter (CEO attends once per half year)	Conducting on-site inspections and conducting training on quality issues
TQM Conference	Once per half year	Reporting on the work of the Quality Innovation Team, quality issues, etc.
CEO Message	-	Sharing quality issues by sending implementation statements throughout the company

Quality Education and Publication of Q-Brief

HL D&I Halla strives to improve quality by sharing the latest laws and construction related guidelines with sites. We are conducting quality training using a variety of materials such as casebooks on defects and educational videos, and we began to publish Q-Briefs containing on-site inspection results and lawsuit cases from 2023. In 2024, we plan to expand and revise work guidelines across all processes to efficiently share information on quality issues and strengthen communication at sites.

Publication of Defect Casebook



19 cases

Production of Training Videos



46 types of work

Distribution of Q-Brief



2 types of work

Strengthening On-site Quality Inspections

Implementation of Quality Audits

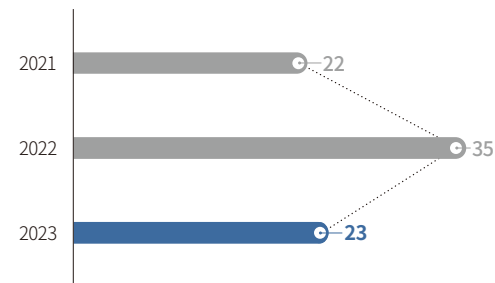
HL D&I Halla conducts quality audits at all sites. Based on quality environment rules and the in-house construction evaluation system, we are evaluating compliance with laws and internal goals, and conducting inspections by process rate and regularly managing any major defects.

Quality Audit Implementation Steps

Inspection steps	Inspection time
Step 1	Upon completion of deployment of all employees
Step 2	Upon conducting for wet construction
Step 3	Upon conducting for the entire processes
Step 4	Three months before completion

Quality Audit Implementation Status

(Unit: Cases)



Holding Quality Commitment Convention

HL D&I Halla regularly conducts quality commitment conventions to provide safe and high quality products. In 2023, the CEO and our employees visited construction sites every quarter for joint inspections to improve quality, provided education, and disseminated quality policies through meetings with subcontractors to raise quality awareness and responsibility of site workers.



2023 Q3 Quality Commitment Convention

Interview

Aiming for High Quality and Zero Defects

Head office CS Team, Professional Jeon Sang-min



Please explain what you are doing for quality control

Quality is controlled before and after the completion of construction. All the following works fall under quality control responsibilities – from reviewing drawings before completion to conducting on-site B/S inspections to prevent defects and complaints that may arise after occupancy, to handling defects, complaints, litigation, and all tasks related to A/S after completion.

What do you care about the most among your duties?

Currently, I manage A/S services at approximately 20 sites, and I also manage our company's customer support system. The customer support system is an online defect management system of our company that shares with tenants in real-time the entire process, from defect report to correction. The customer support system has a lifespan of over 10 years, and once set up, it is difficult to change midway, so we are concentrating on setting up the system appropriately.

What capabilities should a quality control team member have?

When being asked by a resident, we have to explain why the problem occurred and how to deal with it, so we need to have engineering knowledge and on-site experience. In addition, I think the member needs to be equipped with negotiation skills to meet and talk with tenants and a strong mentality to control his/her mindset.

What are three virtues you would like to maintain and why?

I want to have trust as the first, second, and third things. Trust is like glass; once it breaks, it cannot be put back together. Keeping in mind that one slip of the tongue, or an inappropriate action, can destroy trust with other persons, I will always try to maintain trust with other persons with a righteous and humble attitude.

Sharing Management

Companies must strive to coexist with the local community as members of the community, fulfill their responsibilities, and create social value as corporate citizens. HL D&I Halla recognizes that the sustainable development of society is a stepping stone for the company's long-term growth, and will form a desirable community culture where the company and society develop together through sharing management activities based on the active participation of executives and employees.

➤ 2023 KEY POINTS

Monetary value of employees' volunteer activities
KRW 91.91 million



Total voluntary service hours
505 hours



OVERVIEW

ESG SYSTEM

ESG TOGETHER

APPENDIX

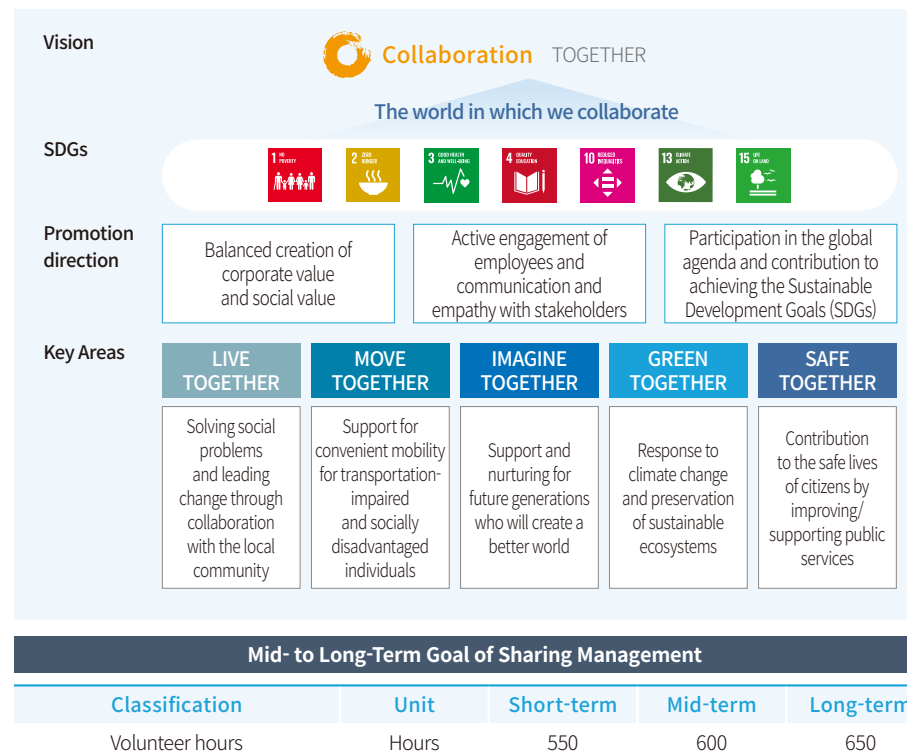
WITH GREEN | WITH PEOPLE | **WITH PARTNER** | WITH GOVERNANCE

Sharing Management System

Sharing Management Promotion Strategy

HL D&I Halla has established a sharing management philosophy based on the core values of the HL Group, which seeks coexistence through consideration and communication. We are carrying out a variety of sharing activities centered on five core areas linked to the UN's Sustainable Development Goals (SDGs), and we aim to go one step further beyond just providing material and financial support by collaborating 'together' through emotional sharing. In 2023, we implemented a new social contribution program that takes advantage of the characteristics of the construction industry. We plan to advance the sharing management system from a mid- to long-term perspective to create sustainable and effective social value.

Vision and Goals of Sharing Management



Sharing Management Philosophy

Continuous Social Contribution Activities

We carry out social contribution activities by setting goals and detailed plans from a mid- to long-term perspective rather than just holding simple one-off events.

Community-based Welfare System

We conduct community-based social contribution activities targeting nearby areas of each construction site across the country, not limited to certain regions

Comprehensive Welfare Activities

We develop a wide range of welfare activities in the broad category of supporting low-income and vulnerable groups without restrictions on age, nationality, etc.

Welfare that Shares the Heart

We practice emotional sharing tailored to the individual characteristics of support recipients, centered on the HL D&I Halla in-house club.

*Short-term (~2024), Mid-term (~2026), Long-term (~2030)

Sharing Management Activities

LIVE TOGETHER

'Bread of Love' Making Event

HL D&I Halla held a 'Bread of Love' making event at the Songpa Volunteer Sharing Center in Seoul together with the Korean Red Cross in November 2023. A total of 16 employees and labor union officials participated in the event, and a total of 300 loaves of bread were made and delivered to underprivileged children in the Anyang area.



'Bread of Love' Making Event

Walking Event for Neighbors

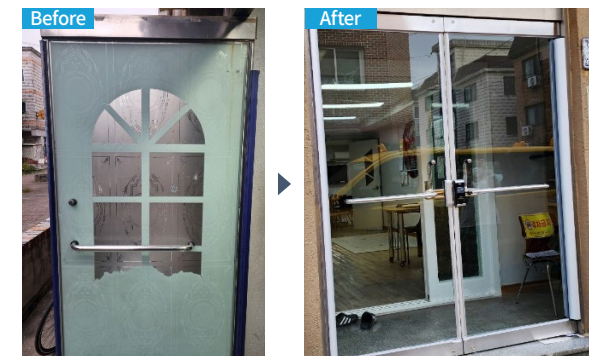
HL D&I Halla held a sharing walk event at Eunpa Lake Park adjacent to the 'Gunsan Halla Vivaldi The Prime' apartment complex to commemorate the sale of 'Gunsan Halla Vivaldi The Prime.' For the health of Gunsan citizens and community development, this event was held by donating a certain amount of money for each participant who achieved the Eunpa Lake Park walking mission. When 3,000 people achieved the mission, a total of KRW 30 million was donated to Gunsan City. The donations delivered to Gunsan City were used to help neighbors in need in the city.



Delivering Donation of Gunsan Neighbor Love

Improvement of Residential Life

Taking advantage of the characteristics of the construction industry, HL D&I Halla provides wallpapering and floor change service and necessary supplies to local children's centers in Siheung City that need interior renovation. This is HL D&I Halla's unique social contribution activity to transform the spaces where children live into safer, more vibrant, and warmer spaces. In 2023, we supported the environmental improvement of a total of two local children's centers by replacing the wallpaper and old front door of the Sihwa Area Children's Center, and replacing the heated flooring and painting the walls at the Mokgam Area Children's Center.



Front Door Replacement at Sihwa Area Children's Center

MOVE TOGETHER

Support for Walking Assistance Device for Vulnerable Senior Citizens

In celebration of the Chuseok (Thanksgiving) holiday, HL D&I Halla delivered 37 walking assistance devices to low-income seniors living in Siheung City who have difficulty moving around. A walking assistance device is a device that not only helps the elderly move comfortably and safely, but can also be used to take a break while walking or to store items. HL D&I Halla expects that the provision of walking assistance devices will offer an opportunity to guarantee the elderly's right to free movement and help overcome social alienation. Going forward, we will continue to provide support for the elderly in vulnerable groups.



Support for Walking Assistance Devices

IMAGINE TOGETHER

Sponsorship of Children from Vulnerable Groups

HL D&I Halla cooperates with local children's centers to support various cultural experience activities for the youth such as watching movies, outings to amusement parks, and experiencing winter sports, so that local youngsters can grow into healthy members of society. In addition, in 2023, we raised a total of KRW 2.19 million through voluntary donations from executives and employees, and provided scholarships to World Vision to support the education of underprivileged children. Going forward, HL D&I Halla will continue to strive to support and nurture future generations through customized support and various programs for local children.



Experiential Learning at Amusement Park

Sponsored HL Anyang Ice Hockey Team

HL D&I Halla has continued to sponsor the HL Anyang Ice Hockey Team for approximately 30 years in order to invigorate the community through sports. HL Anyang Ice Hockey Team is the only domestic hockey team participating in the Asian League Ice Hockey, and HL D&I Halla seeks to contribute to nurturing domestic ice hockey players, improving performance, and expanding the base of winter sports through support of the ice hockey team.



HL Anyang Ice Hockey Team

GREEN TOGETHER

'Jub-Ging(pick-up)' Challenge

HL D&I Halla conducted a 'Jub Ging' Challenge to raise employees' awareness of environmental protection and contribute to environmental cleanups in the local communities through physical activities. Jub Ging means a plogging activity, an environmental protection activity in which people pick up garbage while jogging or walking. In 2023, based on the active participation of executives and employees, we expanded the areas of the Jub Ging Challenge not only around the head office but also to the construction sites.



'Jub-Ging' Challenge at Head Office

Tree Sharing Campaign

Since 2021, HL D&I Halla has been participating in a tree sharing campaign with HL Group to respond to climate change and preserve sustainable ecosystems. Tree sharing is an activity that indirectly contributes to biodiversity conservation and the preservation of endangered plants. In 2023, in order to deliver a message of hope to underprivileged seniors, 43 employees donated trees that they had nurtured for two months to the Songpa Senior Welfare Center near the workplace. Going forward, HL D&I Halla plans to continue tree sharing and expand its activities.

Social Contribution Expenses

KRW

136 million



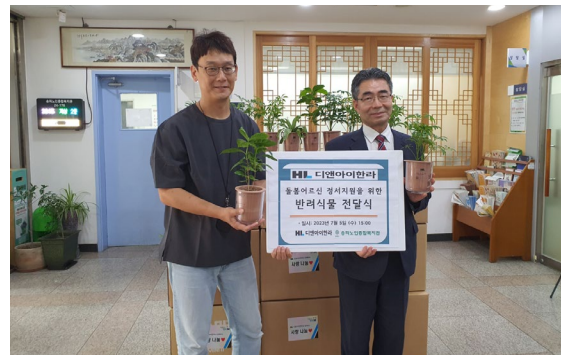
Total Volunteer Hours

505 hours



Number of Persons Participating in Volunteer Activities

82 persons



Tree Sharing Ceremony





WITH GOVERNANCE

WITH GOVERNANCE

- 075 Governance
- 079 Integrity Management
- 083 Risk Management

Governance

HL D&I Halla has established sound governance based on the principles of independence, expertise, and diversity, and operates the Board of Directors following the principles of Integrity Management. We are transparently disclosing corporate governance information to internal and external stakeholders through various channels such as sustainability reports, website, and business reports, and actively communicate with the Board of Directors to build a company-wide ESG consensus.

> 2023 KEY POINTS

Evaluation of Board Activities

4.8 points on average



Board of Directors ESG Key Agenda

4 reporting items

1 resolution item



Board of Directors (BOD)

Composition of the Board

HL D&I Halla's BOD consists of a total of seven members, and in order to maintain the independence of the Board, more than half of the non-executive directors (four non-executive directors account for 57.1% of the total board members) are appointed in accordance with Article 542-8 (1) of the Commercial Act. The BOD has been granted comprehensive authority over corporate management and performs independent decision-making and management supervision functions for transparent corporate management. The CEO serves as the Chairperson of the BOD to ensure prompt decision-making. Matters regarding such as the term of office of directors, and prevention of conflicts of interest follow the BOD Operating Regulations.

Status of BOD Members

(As of February 2024)

Position	Name	Gender	Career	Position	Name	Gender	Career
CEO	Hong Suk-hwa	Male	Current) CEO of HL D&I Halla Former) CEO of HL Holdings	Non-executive Directors	Kim Seung-kyu	Male	Current) Non-executive Director of HL D&I Halla Former) Vice President, Management Support, Woori Bank
Executive Director	Kwon Ju-sang	Male	Current) Head of Management Support HQ, HL Group		Chung Sang-ho	Male	Current) Non-executive Director of HL D&I Halla Former) Chairperson of the Korea Transportation Safety Authority
	Choi Hyung-jin	Male	Current) CFO of HL D&I Halla		Kim Si-kon	Male	Current) Non-executive Director of HL D&I Halla Former) Professor of Railway Management and Policy Department at Seoul National University of Science and Technology
					Park Kye-hyun	Female	Current) Non-executive Director of HL D&I Halla Former) Prosecutor, Seoul High Prosecutors' Office

Diversity, Independence and Expertise of the Board

HL D&I Halla does not place any restrictions on gender or age when appointing the Board members, and includes experts with extensive knowledge and practical experience in the construction industry, so that the BOD, which is the main decision-making body, can make decisions from a balanced perspective. The directors of HL D&I Halla are appointed at the general shareholders' meeting after being nominated by the BOD and Non-executive Director Candidate Recommendation Committee. Appointed directors are guaranteed independence to freely express their opinions within the Board.

Board Skill Matrix

Classification	Kim Seung-kyu	Chung Sang-ho	Park Kye-hyun	Kim Si-kon
Construction		●		●
Law			●	
Finance	●			

Board Operations

The BOD is convened with three-day prior notice in accordance with Article 6 of the BOD Operating Regulations. In 2023, a total of nine board meetings were held, including regular meetings and ad-hoc meetings, and 17 agenda items were resolved.

BOD Operation Status

Classification	Unit	2021	2022	2023
Number of board meetings held	Times	11	9	9
Total number of agenda items	Cases	35	27	17
Attendance rate	%	96	98	100

Key ESG Agenda Items and BOD Resolutions

Date	Areas	Board agenda item	Approval status
Feb. 8, 2023	E-S-G	· 2022 ESG evaluation status and 2023 ESG implementation plan	Reported
	G	· Evaluation results of BOD activities in 2022	Reported
	S	· Approval of the 2023 safety and health plan	Approved
Mar. 2, 2023	G	· Report on the operation status of the internal accounting management system in 2022	Reported
Apr. 24, 2023	E-S-G	· 2023 Sustainability Management Strategy · Selecting ESG KPIs and improvement tasks · Setting SBTi greenhouse gas reduction goals	Reported
Jul. 27, 2023	E-S-G	· Publication of sustainability report (2022) · Declaration of support for the Environmental Initiative, TCFD · Report on counterstrategies for climate change and climate change risk management	Reported
Oct. 26, 2023	G	· Approval for revision of Audit Committee operating regulations	Reported
Dec. 14, 2023	E-S-G	· Report on the results of promoting sustainability management (ESG) in 2023 · ESG evaluation results and improvements · Major environmental performance status and improvements · Introduction of electric vehicles at head office · Materiality assessment results in 2024	Reported
	E-S-G	· Approval of the 2024 sustainable management (ESG) promotion plan · 2024 ESG KPI-Based Executive Assessment · Promotion plan for achieve ESG goals (Key environmental performance goals)	Approved

Board Evaluation

Since establishing a board activity evaluation system in 2022, HL D&I Halla has conducted annual evaluations of board activities and improved board operations based on the results. The evaluation, which is out of 5 points, is carried out through self-assessment by each board member. The evaluation covers areas such as board's role and responsibility, structure, and operations. The 2023 BOD activity evaluation result is 4.8 out of 5 points.

Evaluation of Board Activities

	Classification	Grade
Role and Responsibilities of the BOD	Roles, Responsibilities and Obligations of the Board	4.92
Board Structure	Composition, Independence, Leadership	4.66
BOD Operations	Procedures, Agenda, Information Collection	4.78
Committees within the BOD	Committee Structure, Committee Operation	4.95
Reflection of Evaluation Results	Evaluation and Improvement of BOD	4.68

Board Remuneration

The remuneration for directors is paid monthly by dividing the total annual salary, which is approved at the General Meeting of Shareholders, in accordance with the remuneration standards stipulated in the Articles of Incorporation. The retirement benefits for directors are paid according to the executive retirement benefits payment regulations, which is resolved by the General Meeting of Shareholders.

Board Remuneration Status

(Unit: Persons, KRW 1,000)

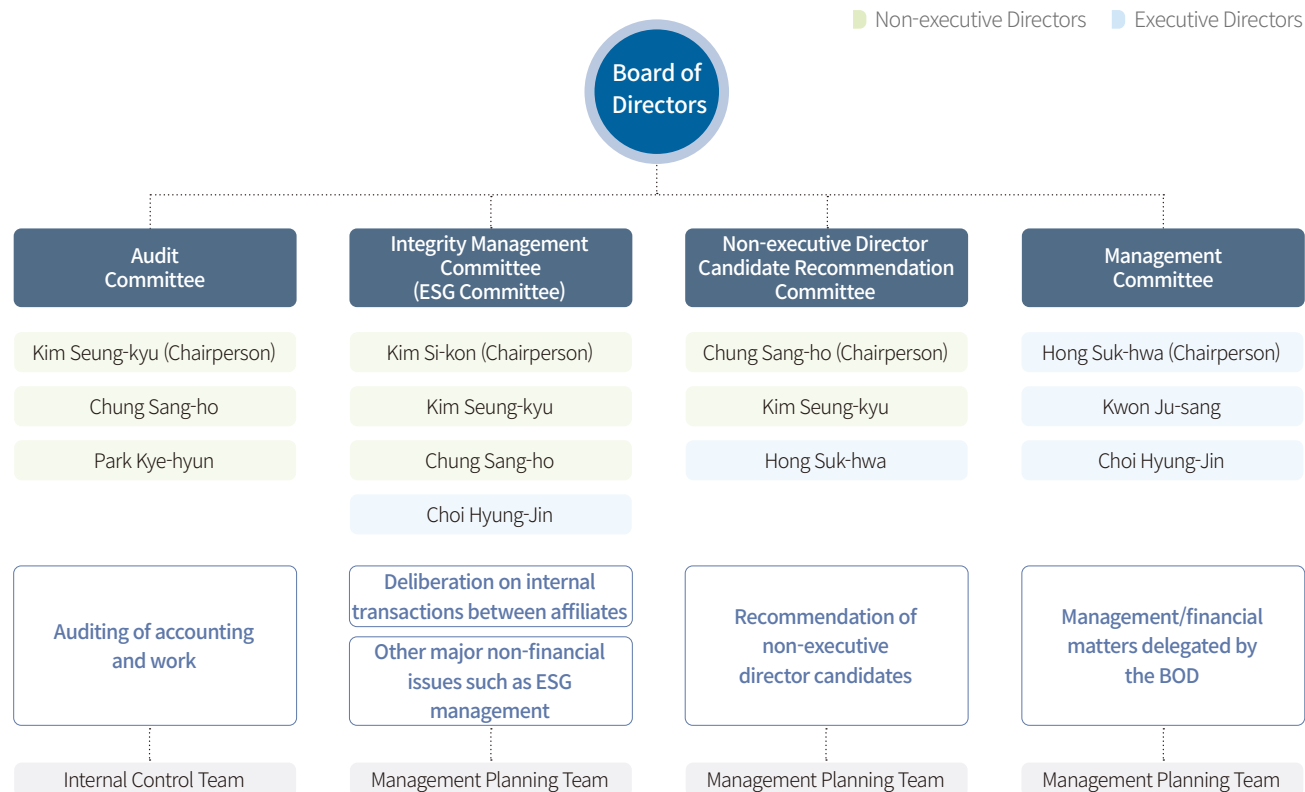
Classification	Number of persons	Total remuneration	Average remuneration per person
Registered Directors ¹⁾	3	1,757,756	585,919
Non-executive Directors ²⁾	1	54,820	54,820
Members of the Audit Committee	3	164,960	54,987

1) Excluding Non-executive Directors and Audit Committee members 2) Excluding Audit Committee members

Board Committees

As subcommittees under the BOD, HL D&I Halla operates the Audit Committee, Integrity Management Committee (ESG Committee), Non-executive Director Candidate Recommendation Committee, and Management Committee. Each committee operates independently and performs its respective roles and functions responsibly. The Non-executive Director Candidate Recommendation Committee consists of a majority of Non-executive Directors in accordance with Article 4 of the operating regulations, and the Audit Committee performs its audit duties in compliance with the principles of independence and objectivity.

Composition and Roles of Committees



Board Development Support

Board of Directors' Regulations of HL D&I Halla stipulate that Non-Executive Directors may receive active support from external experts to efficiently perform their duties, and the company provides a variety of training to strengthen the Board's capabilities. In 2023, we held special lectures for executives on topics such as the economy and AI technology, and provided training on 'corporate governance and Audit Committee systems, operations and activity plans' to improve the Audit Committee's job expertise.

Board Training Implementation Status

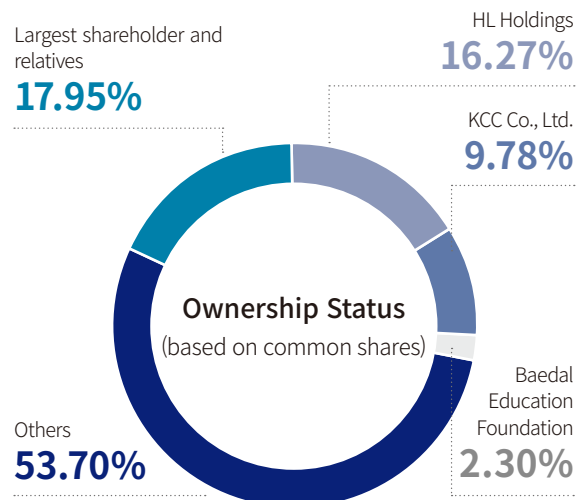
Date	Targets	Contents
Apr. 17, 2023	Non-executive Directors	Macroscopic changes in the global economy and responses
Jul. 17, 2023	Non-executive Directors	How to secure corporate AI competitiveness
Jul. 27, 2023	Audit Committee	Corporate governance and audit committee system, operation, and activity plans
Oct. 23, 2023	Non-executive Directors	Preparing for the future regarding the population crisis

Protection of Shareholders' Rights and Interests

Ownership Status

As of December 31, 2023, the total number of shares issued by HL D&I Halla comprised 46,865,434 shares (37,858,601 common shares, 9,006,833 preferred shares). Currently, the largest shareholder of HL D&I Halla is Chung Mong-won, the chairman of HL Group, and the ownership of affiliate persons including the largest shareholder is 46.31% (common shares). We follow the one-share, one-vote principle, and strive to guarantee fair voting rights for shareholders in accordance with the Commercial Act and related laws and regulations.

Ownership Status



Protection of Shareholders' Rights and Interests

Shareholder Return Policy

Since announcing the shareholder return policy in September 2021, HL D&I Halla has been striving to enhance shareholder value by implementing dividends and share buyback/cancellations within 40% of separate net profit. The amount of shareholder return is determined considering the business environment, profit and loss, and financial stability of the relevant year, and if the financial target is not achieved, dividends or share buybacks may not be implemented. HL D&I Halla will carry out dividends and shareholder returns at an appropriate level by considering reinforcement of the competitiveness of existing businesses, securing of growth engines, and shareholders' value.

Communication with Shareholders

HL D&I Halla transparently provides corporate information to all shareholders through the IR materials (both in Korean and English) posted on our website and Data Analysis, Retrieval and Transfer System (DART). We hold a Non-Deal Roadshow (NDR) every quarter and actively participate in various meetings and briefing sessions organized by securities companies, meetings with investors, etc. to enhance corporate trust. Going forward, HL D&I Halla will continue to listen to the voices of shareholders and promptly communicate with them based on accurate information.

 [HL D&I Halla IR Information](#)

2023 HL D&I Halla Investor Day

In September 2023, HL D&I Halla held the 'HL D&I Halla Investor Day' to explain the company's management status, future growth strategy, financial goals, safety and health activities, etc., to attendees. Additionally, we visited the Halla Vivaldi construction site located at Yangpyeong Station with them. Through these efforts, we actively endeavored to engage in proactive communication with shareholders.



Integrity Management

HL D&I Halla has complied with the basic principles to make appropriate decisions, and fulfill its compliance obligations based on the philosophy of Integrity Management, the founding spirit and core value of the HL Group. We are committed to enhancing the ethical awareness of employees, and stakeholders by consolidating the culture of practicing Integrity Management.

> 2023 KEY POINTS

Investment in information protection

KRW 4.73 billion



Completion of fair trade training for executives and employees

60 persons for 8 hours



Integrity Management System

Integrity Management Promotion Strategy

In order to fulfill its social responsibilities and obligations as a corporate citizen, HL D&I Halla has laid out internal and external ethics and a culture of compliance based on the principles and implementation system of Integrity Management and is promoting Integrity Management that is faithful to the basics and principles of the company.

Vision and Principles of Integrity Management

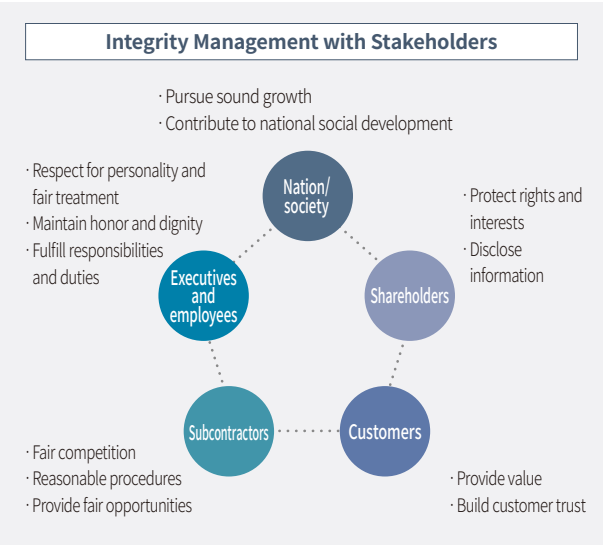
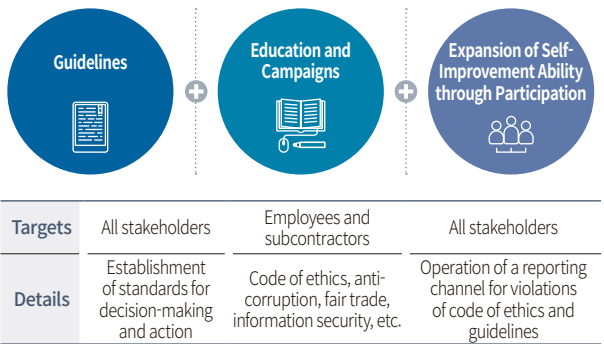


Integrity Management Process



Integrity Management System

HL D&I Halla has established an Integrity Management System to create an environment in which it fulfills its corporate social responsibilities and obligations and encourages employees and stakeholders to practice Integrity Management.



Integrity Management Activities

Integrity Management Education

HL D&I Halla strives to internalize ethical awareness among its members by conducting regular integrity management education every year. In 2023, we conducted mandatory education using HL Group's ethical management-related video, as well as education on the code of ethics, detailed ethical guidelines, and internal accounting management for all executives and employees and subcontractors.

Integrity Management Education

- Education on information security
- Education on privacy protection
- Education on ethical management
- Education on internal accounting management (for related departments)

Unethical Behavior Report

HL D&I Halla receives reports on unethical behaviors through the online report center and various methods including phone, fax, mail, and mobile. HL Group's Integrity Management Office and HR Team are dedicated to receive the reports and conduct investigations into the reports and if unethical behavior is found to be true, disciplinary action against the person involved in the unethical behavior or related person is taken in accordance with HR regulations. In addition, HL D&I Halla operates a whistleblower protection system to prevent secondary damage that may occur due to whistleblowing. In 2023, the total number of reports on unethical behaviors of HL D&I Halla was zero.



Online Report Center for Unethical Behavior

Whistleblower Protection System

Confidentiality obligations

- Information which may disclose or indicate the identity of the whistleblower must not be disclosed.
- All employees of the Integrity Management Office must sign a confidentiality agreement to maintain confidentiality.

Obligation to prohibit disadvantageous actions

- No one can take any disadvantageous action against a whistleblower in terms of status/administrative/economic status for the reason of making an internal report, etc.
- In cases where there are clear concerns about disadvantageous measures, the whistleblower may apply for "No-disadvantageous measures" (Anti-Corruption & Civil Rights Commission)

Reduction of responsibility for voluntary informants

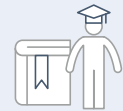
- Voluntary informants are exempted from responsibility in consideration of the degree of misconduct, usual working attitude, and level of self-reflection when taking disadvantageous action against an informant.
- Strict confidentiality protection shall also be provided for voluntary informants

Practicing Fair Trade

HL D&I Halla is faithfully implementing the 'Four Major Practices of the Fair Trade Commission' to prevent unfair transactions with subcontractors and spread a culture of win-win cooperation. We are implementing contracts to ensure fair trade compliance when concluding a contract, and we are striving to strengthen the autonomous compliance system and establish a company-wide fair trade culture by operating the Subcontract Internal Deliberation Committee, and conducting differentiated fair trade education for each job.

Status of Completion of Fair Trade Education for Executives and Employees

60 persons, **8** hours



Four Major Practices of the Fair Trade Commission

Signing Contracts in a Responsible Manner

We strive to establish reasonable and fair trade practices with SME subcontractors and to conclude desirable contracts.

Subcontract Internal Deliberation Committee

The Subcontract Internal Deliberation Committee was organized to deliberate on the fairness and legality of the subcontract transaction in advance.

Principles for Promoting Fair Trade

Issuing and Preserving Documents in a Responsible Manner

We clarify matters regarding the issuance of documents in subcontracting transactions. By facilitating the exercise of rights and fulfillment of obligations, we promote the spread and settlement of a desirable and advanced documentation culture.

Fair Selection and Operation of Subcontractors

HL D&I Halla contributes to building a fair subcontracting culture by strengthening transparency and fairness in transactions with subcontractors.

Information Security

Information Security Policy

HL D&I Halla is establishing an information protection management system led by the CISO (Chief Information Security Officer) of the Group Information Security Team. We are conducting activities to protect corporate and personal information based on security management regulations, and we conduct annual reviews and improvements of these regulations to strengthen information security. HL D&I Halla also complies with relevant laws and regulations to safely protect personal information, and informs all stakeholders of our personal information processing policy via our website.



Information Security Incident Response System

HL D&I Halla prevents security incidents through periodic security inspection activities in connection with the failure prevention activities of the HL Group Data Center (GDC) and the Group's Information Security Team. Upon the occurrence of information security issues, we respond in accordance with the 'Security Incident Management' standard specified in the security management regulations, and after taking action against the incident, we cooperate with the GDC to identify the cause of the incident and take steps to prevent recurrence, in order to prevent similar incidents from occurring.

Personal Information Leak Incident Response Process



Information Protection Activities

Disclosure of Information Protection Status

In accordance with information protection-related laws, HL D&I Halla discloses its information protection status, including investment in information protection and information protection personnel status, to the Korea Internet & Security Agency (KISA), a comprehensive disclosure portal.

Amount of Investment in Information Protection

(Unit: KRW million)



Information Security Training

HL D&I Halla conducts information protection training at least once annually to strengthen employees' information protection awareness and capabilities. In 2023, a total of 1,072 employees completed information security training, and all employees of HL D&I Halla have agreed to the pledge of security and compliance.

2023 HL D&I Halla Information Protection Activities	
Participate in the Cyber Threat Information Analysis and Sharing System (C-TAS)	Online training on information protection and personal information protection
Sign up for personal information protection liability insurance	Prepare HL Group security and compliance pledge collectively
Conclude HL Group's standard anti-virus software contract	Inspect HL HRD Center personal information management level
Conclude HLD&I Halla PC integrated security control solution contract	Conduct mock hacking of the Group companies' web system
Revise HL Group information protection and privacy policy	-

Risk Management

HL D&I Halla has established an integrated risk management system to flexibly respond to fluctuating situations caused by changing market environments. We identify and manage risk factors throughout our business activities in advance based on the integrated risk management system to ensure business stability and corporate sustainability.

2023 KEY POINTS

Establishment and Operation of the Integrated Risk Management System



Establishment of an Independent Audit Committee Support Organization



Training on the Internal Accounting Management System

Completion Rate 100%

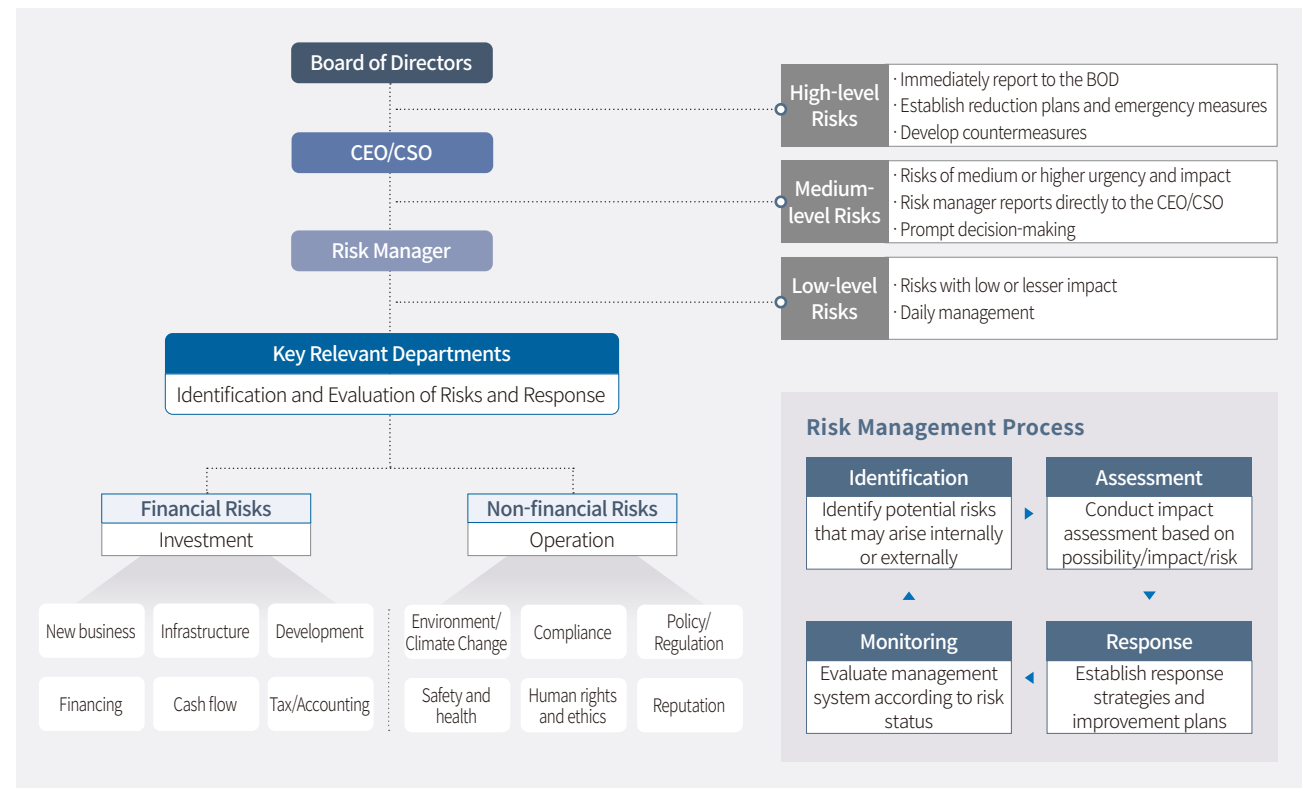


Integrated Risk Management

Risk Management System

HL D&I Halla has established an integrated risk management system by dividing risks into financial (investment) and non-financial (operational) risks for preemptive risk management. We define matters subject to risk management for each field that can affect overall corporate activities and select measurable management indicators, and require the relevant departments to manage each risk factor. We manage risk levels by classifying the risk level into high/middle/low according to the degree of negative impact, and upon the occurrence of a risk, the risk manager reports it to the CEO/CSO and the Board of Directors to ensure a prompt response.

Risk Reporting System



Internal Control

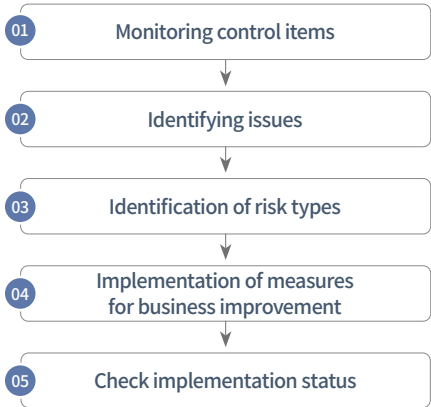
Internal Accounting Management

In 2023, HL D&I Halla conducted internal accounting management system related activities through the dedicated ‘Internal Control Team’ to ensure financial report reliability, prevent fraud, and assess design and operational status. We provided relevant training to personnel and managers responsible for internal control, and annually reported the system’s operational status to the Board of Directors and Audit Committee. Internal control monitoring is conducted by checking and evaluating through a checklist Entity Level Control (ELC), Process Level Control (PLC), and Information Technology General Controls (ITGC) based on Risk & Control Matrix (RCM). In 2023, we conducted evaluations for a total of 220 control items, and found no significant shortcomings had occurred in design and operation.

Internal Control Monitoring Items

Entity Level Control (ELC)	· Controlled environment · Risk assessment · Control activities · Information and communication · Monitoring
Process Level Control (PLC)	· Identification and designing of control items for each task
Information Technology General Controls (ITGC)	· Identification and designing of IT environment, authority, and system development/operation control items

Internal Control Monitoring Process



On-site Inspection Monitoring Results in 2023

On-site Inspections

3 cases



Promotion of zero unimplemented action plans

11 cases



Dissemination of findings from on-site inspections

- Sending enforcement statement
- Spreading the findings through Shared Growth Team meeting



Audit System

HL D&I Halla has established and operated an Audit Committee to fulfill its responsibilities and roles for sustainable management, including corporate transparency. The Audit Committee performs its audit duties in an independent position from the Board of Directors, executive agencies, and other departments and is guaranteed independence. In 2023, the Audit Committee was given the authority to transfer and evaluate a team leader of the Audit Committee supporting organization, thereby securing the basis for its roles as an independent internal audit ‘support organization’. The Audit Committee held a meeting with auditors without the presence of management to minimize the influence of management and secure the objectivity of communication.

Internal Accounting Management System Training Completion Rate

100 %

Required completion: 260 persons
Voluntarily completion: 636 persons



04

APPENDIX

086	ESG DATA CENTER
094	GRI Standards 2021 Index
097	SASB Index
098	TCFD Index
099	2023 ESG Evaluation & Certification
100	Major Association Membership and Awards
101	Independent Assurance Statement
105	Greenhouse Gas Verification Statement

ESG DATA CENTER

Economy

	Classification	Unit	2021	2022	2023	
Assets	Assets ¹⁾	KRW billion	1,521.4	1,667.4	1,724.3	
	Current assets	KRW billion	778.2	766.6	872.3	
	Non-current assets	KRW billion	727.1	900.9	852.0	
Liabilites	Liabilites ²⁾	KRW billion	1,104.8	1,240.2	1,268.7	
	Current liabilities	KRW billion	650.9	679.5	834.3	
	Non-current liabilities	KRW billion	450.7	560.7	434.4	
Capital	Capital	KRW billion	416.5	427.2	455.6	
	Capital stock	KRW billion	245.2	245.2	245.2	
	Capital surplus	KRW billion	150.1	150.1	149.9	
	Other components of equity	KRW billion	(1.8)	(1.6)	(1.5)	
	Accumualted other comprehensive income	KRW billion	1.9	2.3	1.5	
	Retained earnings	KRW billion	21.1	31.1	60.5	
	Non-controlling interest	KRW billion	-	-	-	
Ordering Status	Order backlog	Consolidated basis	KRW trillion	4.7	4.6	4.8
		Non-consolidated basis	KRW trillion	4.6	4.5	4.7
Asset Ratio	Crrrent ratio	%	119.6	112.8	104.6	
	Debt-to-equity ratio	%	265.2	290.3	278.5	
	Equity-to-asset ratio	%	27.4	25.6	26.4	

1) Including KRW 16.1 billion of non-current assets scheduled for sale in 2021

2) Including KRW 3.2 billion of non-current liabilities scheduled for sale in 2021

	Classification	Unit	2021	2022	2023
Income Statement	Sales	KRW billion	1,475.3	1,472.1	1,572.0
	Cost of sales	KRW billion	1,290.7	1,326.6	1,419.4
	Gross profit	KRW billion	184.6	145.5	152.6
	Operating profit	KRW billion	78.6	52.6	50.7
	Net profit before tax	KRW billion	74.5	36.7	34.0
	Corporate tax	KRW billion	1.3	11.5	3.4
	Profit from continuing operation	KRW billion	73.2	25.1	30.7
	Profit from discontinued operation	KRW billion	26.8	0	-
	Net profit	KRW billion	99.9	25.1	30.7
Technological Innovation	R&D workforce	Persons	19	9 ³⁾	22 ⁴⁾
	R&D investment	KRW million	3,213	3,880	3,640
	R&D-to-sales ratio	%	0.22	0.26	0.23
	Patent	Cases	68	55	50
	Construction new technology	Cases	5	5	6
	Environmental new technology and green technology	Cases	1	2	2
	Disaster safety new technology	Cases	1	1	1
	Design patent	Cases	1	2	2
	Trademark	Cases	6	2	2

3) Number of personnel has decreased due to organizational change (In Oct. 2022)

4) Number of personnel has increased due to organizational change (In Oct. 2023)

Environmental

		Classification	Unit	2021	2022	2023
Environmental Audit	Implementation of environmental audit	First half	Cases	22	27	33
		Second half	Cases	24	32	24
		Total	Cases	46	59	57
		Ratio of workplaces with environmental management system certification ¹⁾	%	100	100	100
Practice Eco-friendly Management	Eco-friendly investment	Total amount of environmental investment	KRW million	10,928	15,711	11,572
		Environmental management cost	KRW million	7,749	8,902	10,949
		Investment related to eco-friendly new business	KRW million	1,000	5,000	-
		Investment in IoT system	KRW million	2,163	1,801	613
		Investment in environmental technology	KRW million	15	8	9.8 ²⁾
	Eco-friendly products Purchasing and certification	Green certification status ³⁾	Number	2	3	3
		Purchases of eco-friendly products and services	KRW 100 million	148.7	873.9	1,226.5
		Number of eco-friendly purchase items	Number	10	13	11
		Eco-friendly sales performance	KRW million	115,889	222,974	478,301
Environmental Laws and Regulation	Violation of environmental laws and regulations	Number of fines imposed on the company	Cases	0	0	0
		Amount of fines imposed on the company	KRW 10,000	0	0	0
Energy ⁴⁾		Total amount	TJ	216	296	245
		Gasoline	TJ	4	4	4
		LPG	TJ	0	0	0
		Brown coal	TJ	1	2	2
		Kerosene	TJ	24	50	25
		Diesel	TJ	16	41	48
		Propane	TJ	0	0	0
		Electricity	TJ	169	196	164
		LNG	TJ	2	3	2
		Energy intensity (compared to sales) ⁵⁾	TJ/KRW 100 million	0.015	0.020	0.016
		Consumption by subcontractors	TJ	568	499	789
		Energy intensity (compared to sales) ⁶⁾	TJ/KRW 100 million	0.053	0.054	0.066

1) All business sites

2) Environmental patent maintenance costs and green-technology certification costs

3) Green building certification

4) HL D&I Halla calculates energy consumption based on 'Construction Industry Greenhouse Gas Calculation Manual (Ministry of Land, Infrastructure and Transport, 2015)'. / To reflect the results of the Greenhouse Gas Verification, the 2021 data has been changed.

5) Excluding subcontractors

6) Including subcontractors

* There was no non-compliance with laws and regulations and sanctions imposed in 2023

** Environmental information disclosed workplaces: Head office, 62 sites

	Classification		Unit	2021	2022	2023	
Greenhouse Gas ⁷⁾	Total greenhouse gas emissions ⁸⁾		tCO ₂ eq	11,300	16,206	13,294	
		Scope1	Head office	tCO ₂ eq	406	439	404
		Place of business	tCO ₂ eq	27	27	26	
		Construction site	tCO ₂ eq	2,774	6,362	5,037	
	Scope2	Head office	tCO ₂ eq	209	215	218	
		Place of business	tCO ₂ eq	7	6	7	
		Construction site	tCO ₂ eq	7,877	9,157	7,602	
	Emission intensity		tCO ₂ eq/KRW 100 million	0.77	1.10	0.85	
	Scope3 ⁹⁾		tCO ₂ eq	39,430	34,378	54,500	
	Emission intensity ¹⁰⁾		tCO ₂ eq/KRW 100 million	3.44	3.44	4.31	
Ratio of workplaces that disclose GHG emissions information		%	100	100	100		
Hazardouse Chemiclas	Ozone -depleting substances ¹¹⁾	Output of Ozone -depleting substances	tCFC-11eq	0	0	0	
		Imports of Ozone -depleting substances	tCFC-11eq	0	0	0	
		Exports of Ozone -depleting substances	tCFC-11eq	0	0	0	
Water	Water consumption ¹²⁾	Total amount	ton	208,869	192,956	177,176	
		River water	ton	111,230	52,924	44,325	
		Underground water	ton	14,900	15,033	16,728	
		Waterworks	ton	82,739	124,999	116,123	
		Ratio of workplaces that disclose water usage ¹³⁾	%	100	100	100	
		Number of accidents involving excess hazardous substances in water	Cases	0	0	0	
Water Pollution Management ¹⁴⁾	Water pollutants ¹⁵⁾	COD emissions	ton	0.8250	1.0670	0	
		TOC emissions	ton	-	-	0	
		BOD emissions	ton	1.1446	0.4052	0.2835	
		SS emissions	ton	0.2820	0.6946	0.4607	

7) HL D&I Halla calculates greenhouse gas emissions based on the principles specified in the Guidelines for Emission Reporting and Certification of the Greenhouse Gas Emissions Trading System (Ministry of Environment Notification No. 2021-21). / To reflect the results of the Greenhouse Gas Verification, the 2021 data has been changed.

8) Scope1+Scope2

9) Scope3 Category 1 GHG calculation theory reflected

10) Scope1+Scope2+Scope3

11) There is no source of freon gas, which is an ozone-destroying substance, at HL D&I Halla head office and construction sites, and regarding refrigerators and air conditioners, which are representative sources of freon gas, there are no freon gas leaks among the products in operation. HL D&I Halla uses eco-friendly refrigerants for refrigerators and air conditioners, and in principle, items that emit freon gas are completely banned.

12) Due to the characteristics of the construction industry, the usage for concrete pouring and measures to reduce fugitive dust are included.

13) Head office/Place of business/Construction site

14) HL D&I Halla does not have a wastewater treatment facility, which is a water pollution discharge facility, and only manage the pollution concentration of private sewage treatment facilities (sewage treatment facilities) (20ppm or less).

15) As a result of amendments to the Sewage Act and the Water Environment Conservation Act, the reporting unit for water pollutants has been changed from ppm to tons, TOC emissions began to be calculated from 2023.

Environmental

	Classification	Unit	2021	2022	2023
Building Materials	Material usage	Reinforcing bar	ton	77,286	63,245
		H-BEAM	ton	15,470	13,232
		Sheet-PILE	ton	920	1,034
		Ready-mixed concrete	m ³	628,315	661,561
		Aggregate	m ³	103,937	156,009
		Ascon	ton	32,763	6,192
	Recycled material usage	Cement	ton	119,409	85,847
		Reinforcing bar	ton	77,286	63,245
		Recycled aggregate	m ³	27,514	22,194
		Regenerated ascon	ton	1,794	162
		Cement ¹⁾	ton	88,515	17,822
Biodiversity	Number of protected species in the project area ²⁾	Species	5 ³⁾	13 ⁴⁾	13 ⁵⁾
Waste	Waste generation	Total amount	ton	154,858	236,916 ⁶⁾
		Construction	ton	148,320	232,171
		Industrial	ton	6,538	4,706
		Specified	ton	0	39 ⁷⁾
	Waste treatment	Total amount	ton	154,858	236,916
		Incinerated	ton	4	0
		Landfilled	ton	0	1,939 ⁸⁾
		Recycled	ton	154,854	234,977
			ton	87,133	87,133

1) Slag cement, Fly ash, Hardening agent

2) Endangered and legally protected species in Korea

3) Eurasian hobby, Korean golden frog, Suwon tree frog, Narrow-mouthed toad, Ranunculus kazuensis

4) Bean goose, Mandarin duck, Salamander, Suwon tree frog, Korean golden frog, Eurasian hobby, Phyllospadix japonicus seagrass colony, Narrow-mouthed toad, Saunders's gull, Chinese egret, Whooper swan, Oriental stork, Eurasian otter

5) Phyllospadix japonicus seagrass colony, Korean golden frog, Saunders's gull, Chinese egret, Whooper swan, Oriental stork, Eurasian oystercatcher, Eurasian otter, Narrow-mouthed toad, Golden eagle, Salamander, Mandarin duck, Centipede's foot orchid

	Classification	Unit	2021	2022	2023
Waste	Amount of construction waste by type	Construction waste ¹⁰⁾	ton	52,803	117,110
		Waste wood	ton	2,198	2,551
		Waste synthetic resin	ton	1,063	1,322
		Mixed construction waste	ton	91,457	95,589
		Others ¹¹⁾	ton	800	15,599
	Amount of industrial waste(general) by type ¹²⁾	Timber waste wood	ton	-	-
		Waste synthetic resin	ton	-	-
	Amount of designated waste by type ¹⁴⁾	Waste paint and waste lacquer	ton	-	-
		Waste fuel oil	ton	-	-
		Waste asbestos	ton	-	-
		Vinyl sheets, dust masks, working uniforms, etc., used when removing asbestos	ton	-	-
			ton	0.01	0.01
	Treatment of construction waste by type	Incinerated	ton	4	0
		Landfilled	ton	0	0
		Recycled	ton	148,316	232,171
	Treatment of industrial waste(general) by type	Incinerated	ton	0	0
		Landfilled	ton	0	1,939
		Recycled	ton	6,538	2,767
	Treatment of designated waste by type	Incinerated	ton	0	0
		Landfilled	ton	0	0
		Recycled	ton	0	39
	Waste recycling rate	%	99	99	100
	Ratio of workplaces that disclose waste emissions	%	100	100	100

6) The total amount of waste generated in 2022 is the sum of 106,000 tons of construction waste generated during demolition work at APT New Construction in Siheung Eunhaeng District 2 and development of persimmon tree aggregate at Seosin-dong.

7) 39 tons of designated waste generated in 2022 is waste oil found during the demolition work at APT New Construction in Siheung Eunhaeng District 2, and is 100% recycled through a fuel/solid fuel product manufacturing treatment method.

8) 1,939 tons of landfill waste in 2022 is waste soil generated during the demolition work at APT New Construction in Siheung Eunhaeng District 2.

9) In 2023, 30kg of landfill wastes were generated at the construction site in Yanggeun-ri, Yangpyeong.

10) Waste concrete, Waste asphalt concrete, Waste bricks, Waste blocks, Waste tiles, Waste construction soil

11) Construction sludge, Waste boards

12) Generated volume began to be calculated from 2023.

Social

Safety

	Classification	Unit	2021	2022	2023
Safety Management	Number of employees applying the occupational safety and health management system ¹⁾	Persons	6,362	6,809	7,064
	Ratio of employees applying the occupational safety and health management system	%	100	100	100
	Number of employees applying the occupational safety and health management system and the internal audit	Persons	6,362	6,809	7,064
	Ratio of employees applied by the occupational safety and health management system and the internal audit	%	100	100	100
	Number of construction sites applied by the occupational safety and health management system and the internal audit	Number	48	45	47
	Ratio of construction sites applied by the occupational safety and health management system and the internal audit	%	100	100	100
	Ratio of construction sites applied by the occupational safety and health management system and the external audits and certification	%	100	100	100
On-site Safety Inspection	Number of safety inspection at construction sites	Times	23	98	169
	Number of inspections of construction equipment	Times	573	860	1,593
	Number of sites subject to inspection	Number	29	33	39
Safety Education	Workshop	Persons	93	196	194
	E-learning	Persons	542	893	776
	Subcontractors	Persons	199	138	91
	Mindset training ver.2 ²⁾	Persons	-	888	128
Industrial Disaster	Industrial accidents ³⁾	Cases	62	78	45
	Industrial accidents victims	Persons	62	78	45
	Industrial accident rate ⁴⁾	%	0.25	0.33	0.36
	General injury rate ⁵⁾	%	0.69	0.82	0.54
	Mortality rate	%	1.10	1.54	0.00
	Injury frequency rate	%	3.94	4.43	2.65
	Labor loss rate	%	2.06	1.41	0.31

1) The number of full-time workers is calculated based on estimated sales in 2023, according to the following formula: average monthly wage in construction industry x number of months worked / (division amount x labor ratio)

2) Mindset training: Implemented for all employees in 2022 and for directors, public affairs, and construction team leaders in 2023

3) Number of approved industrial accidents

4) Formula: (number of accidents victims + number of disease victims)/number of workers covered by workers' compensation insurance x 100 → statement on Industrial Accident Rate

5) HL D&I Halla internal management items, according to the following formula: Occupational accident victims (excluding accidents occurring during commuting, and occupational diseases) / Number of full-time workers x 100

* Industrial accident data has been changed to reflect the review by the Korea Workers' Compensation and Welfare Service.

	Classification	Unit	2021	2022	2023
Work-related Fatality/ Injury	Fatal accident	Cases	0	0	0
	Fatal accident rate	%	0	0	0
	Injury accident ⁶⁾	Cases	3	1	0
	Injury accident rate ⁶⁾	%	0.05	0.01	0.00
	Occurrence of an injury accident requiring record/retention	Cases	3	1	0
	Occurrence rate of a work-related injury accident requiring record/retention	%	0	2	1
	Deaths due to work-related diseases	Persons	0	1	0
	Occurrence of work-related diseases requiring record/retention	Cases	0	2	1
	Total fatalities	Persons	0	1	0
	Fatal accidents due to work-related injuries ⁷⁾	Cases	0.7	1	0
	Rate of fatal accidents due to work-related injuries ⁸⁾	%	2.87	3.12	0.00
	Injury accidents ⁹⁾	Cases	24	22	8
	Injury accident rate ¹⁰⁾	%	0.98	0.69	0.18
	Occurrence of a work-related injury accident requiring record/retention	Cases	24	22	8
	Occurrence rate of work-related injuries requiring record/retention ¹¹⁾	%	0.98	0.69	0.18
	Fatalities due to work-related diseases	Persons	0	0	0
Subcontractors	Occurrence of work-related diseases requiring record/retention	Cases	6	14	2
	Total fatalities ¹²⁾	Persons	0.7	1	0
	Injury frequency rate	%	10.06	9.09	3.77
	Labor loss rate	%	5.26	3.65	0.44
	Number of full-time employees at subcontractors	Persons	2,443.01	3,209.34	4,528.45

6) Excluding fatalities

7) Joint contractors' equity ratio reflected

8) Formula: Number of accidental fatalities/Number of full-time employees at subcontractors x 10,000

9) Injured employees with more than six months or more of medical care, excluding fatalities

10) Formula: (Number of injured employees with more than six months or more of medical care / Number of full-time employees) x 100

11) Formula: (Number of injured employees/Number of full-time employees)x100

12) Joint contractors' equity ratio reflected

Social

Labor

		Classification	Unit	2021	2022	2023
Employee Management	Employment type ¹⁾	Regular employees	Persons	635	651	638
		Temporary employees	Persons	300	311	313
		Total	Persons	935	962	951
	Gender	Male	Persons	855	886	871
		Female	Persons	80	76	80
		Total	Persons	935	962	951
		Managerial position	Persons	670	689	689
	Position	Non-managerial position	Persons	265	273	262
		Total	Persons	935	962	951
		Ratio of female employees	%	8.5	7.9	8.4
	Employee diversity	Number of female managers ²⁾	Persons	26	28	29
		Ratio of female managers	%	4	4.1	4.5
		Number of disabled employees	Persons	5	5	21
New Hires	Newly hired employees(total)		Persons	205	239	179
	Age	Under the age of 30	Persons	55	51	43
		Between the ages of 30 and 50	Persons	120	163	114
		Over the age of 51	Persons	30	25	22
		Ratio of newly hired employees under the age of 30	%	27	21	24
		Ratio of newly hired employees between the ages of 30 and 50	%	58	68	64
		Ratio of newly hired employees over the age of 51	%	15	11	12
	Gender	Female	Persons	21	20	23
		Male	Persons	184	219	156
		Ratio of female among newly hired employees	%	10	8	13
		Ratio of male among newly hired employees	%	90	92	87
Turnover Employees Management	Turnover employees(total)		Persons	201	224	182
	Total turnover rate ³⁾		%	21.4	23.7	18.9
	Voluntary turnover rate ⁴⁾		%	14.3	14.5	10.0
	Gender	Female	Persons	16	22	21
		Male	Persons	185	202	161
		Ratio of female among turnover employees	%	8	10	12
		Ratio of male among turnover employees	%	92	90	88

1) Excluding on-site recruited workers and dispatched workers / Number of non-affiliated workers (dispatched, outsourcing workers, etc.): Total: 19 (2 males, 17 females), based on Business Report

2) Managerial level: Manager(Gwa-jang) or higher position

3) Calculated according to the Turnover Rate Calculation Standards of the Ministry of Employment and Labor (2021 and 2022 data changed due to changes in data calculation standards)

4) Voluntary turnover: In case of turnover during the contract period

		Classification	Unit	2021	2022	2023
Turnover Employees Management	Age	Under the age of 30	Persons	23	39	35
		Between the ages of 30 and 50	Persons	122	158	124
		Over the age of 51	Persons	56	27	23
		Ratio of turnover employees under the age of 30	%	11	17	19
		Ratio of turnover employees between the ages of 30 and 50	%	61	71	68
		Ratio of turnover employees over the age of 51	%	28	12	13
Years of Service	Average years of service of employees	Total	Years	10 years 10 months	10 years 11 months	11 years 4 months
		Female	Years	6 years 10 months	7 years 9 months	7 years 8 months
		Male	Years	11 years 2 months	11 years 1 months	11 years 8 months
Parental Leave	Number of employees eligible for parental leave ⁵⁾		Persons	253	267	243
	Gender	Male	Persons	239	250	227
		Female	Persons	14	17	16
	Number of employees on parental leave ⁶⁾		Persons	3	7	5
	Gender	Male	Persons	1	4	2
		Female	Persons	2	3	3
	Number of employees returning from parental leave ⁶⁾		Persons	5	2	8
	Gender	Male	Persons	4	0	3
		Female	Persons	1	2	5
	Number of employees who have worked for more than 12 months after returning from parental leave		Persons	2	1	0
	Gender	Male	Persons	1	0	0
		Female	Persons	1	1 ⁷⁾	0
	Rate of return from parental leave	Male	%	100	0	100
		Female	%	100	100	100
	Rate of employees serving the company after returning from parental leave	Male	%	25	0	0
		Female	%	100	100	0
Employee Benefits	Employee benefits expenditure		KRW 100 million	91.3	45.1	57.8

5) Employees eligible for parental leave: Employees with children under the age of 8 or in the 2nd grade of elementary school

6) For the period from January 1 to December 31 of each reporting year

7) Year 2022 reporting data changed due to data misreporting

Social

Education

Classification		Unit	2021	2022	2023
Talent Development	Total employee education hours	Hours	21,849	25,457	27,010
	Completion of education program	Cases	6,145	2,654	5,035
	Average education hours per person	Hours	23	26	28
	Gender	Male	20.5	26.2	28.8
		Female	9.4	32.9	31.3
	Position	Managerial position	26.2	28.4	29.7
		Non-managerial position	18.1	22.4	27.0
	Employee education expenses	KRW million	936	1,117	1,012
	Average education cost per person	KRW	806,535	1,161,123	1,064,143
	Ratio of employees by position who received regular performance evaluations ¹⁾	%	100	100	100
Information security/Personal information protection/Ethical management education	Employees subject to regular performance evaluation ¹⁾	Persons	898	996	980
	Total number of employees who complete the education	Persons	1,021	1,047	1,072
Average education hours per person		Hours	5.0	5.2	10.0

* Employees who have completed education and those subject to regular performance evaluation are calculated cumulatively from January 1 to December 31 of each reporting year.

Wage

Classification		Unit	2021	2022	2023
Salary of Employees	Statutory minimum wage	KRW	1,822,480	1,914,440	2,010,580
	Starting salary for new employees ²⁾	Male ³⁾	KRW	43,852,850	46,156,790
		Female	KRW	40,182,370	42,488,675
	Average salary for employees in managerial positions ⁴⁾	Male	KRW	80,325,012	83,612,393
		Female	KRW	71,290,732	75,846,143
	Salary ratio of female to male in managerial positions	%	88.75	90.71	89.68
	Average salary for employees in non-managerial positions ⁵⁾	Male	KRW	51,450,146	55,930,060
		Female	KRW	51,645,011	56,996,184
	Salary ratio of female to male in non-managerial positions	%	100.38	101.91	95.77

1) Employees subject to performance evaluation

2) Based on employees at the head office

3) Annual salary (salary class in military is recognized)

4) Manager(Gwa-jang) or higher among employees at all workplaces

5) Assistant manager(Dae-ri) or lower among employees at all workplaces

Labor and Management

Classification		Unit	2021	2022	2023
Labor Management Relationship	Minimum notice period for changes in management ⁶⁾	Days	60	60	60
	Number of labor union members ⁷⁾	Persons	577	590	575
Labor Union	Labor union membership rate	%	96	95	96
	Number of employees covered by collective agreement ⁸⁾	Persons	601	619	608
	Number of employees eligible for labor union membership ⁸⁾	Persons	601	619	608

6) Notification of split, merger, transfer or closure of the company must be given 60 days in advance, and minimum notice period for disciplinary action of union members is 7 days.

7) Regular employees excluding some employees such as HR personnel in charge of labor matters

8) All regular employees, excluding executives, are eligible to join the labor union and are subject to the collective agreement.

Shared Growth

Classification		Unit	2021	2022	2023
Supply Chain Management	Total number of subcontractors	Number	1,164	1,161	1,058
	- Architecture	Number	339	346	343
	- Civil engineering	Number	224	217	205
	- Equipment rental	Number	15	14	13
	- Facility	Number	214	218	204
	- Electricity	Number	215	209	193
	- Common	Number	157	157	100
	Number of key first-tier subcontractors	Number	62	58	43
	Subcontractors evaluated for ESG activities ⁹⁾	Number	41	120	171
	Ratio of subcontractors evaluated for ESG activities ¹⁰⁾	%	4	10	16.2
Customer Satisfaction	Number of consumer comments and complaints received	Cases	57,963	58,234	99,728
	Number of consumer comments and complaints processed	Cases	51,095	48,556	82,376

9) Safety assessment

10) Number of subcontractors evaluated for ESG activities/Total number of subcontractors

Social

Human Rights

	Classification	Unit	2021	2022	2023
Human Rights	Human rights education hours per person	Hours	4	4	6
	Ratio of employees who received human rights education	%	93	98	99
	Ratio of workplaces that conducted human rights impact assessment	%	100	100	100
	Workplaces which have established human rights violation mitigation plans	Number	1	1	1
	Occurrence of incidents of discrimination and harassment	Cases	4	2	1
	Occurrence of indigenous rights violation	Cases	0	0	0

Social Contribution

	Classification	Unit	2021	2022	2023
Donation	Total cost of spending	KRW 100 million	16.9	2.5	1.4
	- Cash donations	KRW 10,000	164,350	19,056	9,150
	- In-kind donations	KRW 10,000	3,464	2,664	3,516
	- Business expenses management expensed	KRW 10,000	1,336	3,024	892
	Monetary value of employee volunteer activities	KRW 10,000	30,176	15,483	9,191
Volunteer Activities	Total voluntary service hours	Hours	916	470	505
	Number of participants	Persons	319	111	82

Governance

Board of Directors

Classification		Unit	2021	2022	2023	
Composition of the Board of Directors	Total number of Board members	Persons	8	8	7	
	Number of Executive Directors	Persons	4	4	3	
	Number of Non-executive(Independent) Directors	Persons	4	4	4	
	Number of other Non-executive Directors	Persons	0	0	0	
Operation of Board of Directors	Number of Non-executive(Independent) Directors whose BOD attendance rate is less than 75%	Persons	0	0	0	
	Number of Board meetings	Times	11	9	9	
	Number of meetings of the Non-executive (Independent) Director Candidate Recommendation Committee	Times	4	0	0	
	Agenda for resolution	Cases	35	27	17	
	Attendance rate ¹⁾	%	96	98	100	
Board Diversity	Average term of office of the Board of Directors		Years	3.6	4.2	2.7
	Non-executive Directors with industry experience, other Non-executive Directors		Persons	2	2	2
	Gender	Number of male directors	Persons	7	7	6
		Number of female directors	Persons	1	1	1
		Ratio of female Directors	%	12.5	12.5	14.3
		Ratio of male Directors	%	87.5	87.5	85.7
	Age	Ratio of Directors under the age of 30	%	0	0	0
		Ratio of Directors between the ages of 30 and 50	%	0	0	0
		Ratio of Directors age of 51 and over	%	100	100	100
	Number of female executives who are not the largest shareholder and related parties among registered executives		Persons	1	1	1

1) Years 2021 and 2022 data changed due to change in formula

Governance

Audit Committee

	Classification	Unit	2021	2022	2023
Operation of Audit Committee	Total number of Audit Committee members	Persons	3	3	3
	Number of Non-executive Directors in the Audit Committee	Persons	3	3	3
	Number of Audit Committee meetings	Times	6	6	6

Shareholder Rights

	Classification	Unit	2021	2022	2023
Shareholder Rights	Prior notice date of location and agenda of the regular shareholders' meeting	Days in advance	15	15	29
	Number of IR (Company road show)	Times	4	8	4

CEO Remuneration

	Classification	Unit	2021	2022	2023
CEO Remuneration	Total annual remuneration of the highest salary executive compared to the median remuneration of employee salary ¹⁾	Times	8.91	9.75	8.30
	Total annual remuneration of the highest salary executive	KRW	702,200,000	730,450,000	647,510,770
	Median value of the annual salary of all employees ¹⁾	KRW	78,811,120	74,941,830	78,051,260
	Total annual remuneration growth rate for highest salary executive	%	-0.71	4.02	-11.35
	Median value of the annual growth rate of total salary of all employees ¹⁾	%	3.69	-0.44	2.04

1) When calculating the median value of salary of all employees, the highest paid person (CEO) is excluded

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GRI 401 : Employment 2016	401-1	New employee hiring and employee turnover	90
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GRI 402 : Labor Management Relations 2016	402-1	Minimum notice periods regarding operational changes	91
GRI 404 : Training and Education 2016	404-1	Average hours of training per year per employee	91
	404-2	Programs for upgrading employee skills and transition assistance programs	48
GRI 405 : Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	48, 90, 92
	405-2	Ratio of basic salary and remuneration of women to men	91
Issue 10. Promotion of resource circulation			
GRI 3: Material Topics 2021	3-3	Management of material topics	20
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	27
	306-2	Management of significant waste-related impacts	27
	306-3	Waste generated	88
	306-4	Waste diverted from disposal	88
	306-5	Waste directed to disposal	88
	303-1	Interaction with water as a shared resource	26
GRI 303: Water and Effluents 2018	303-2	Management of water discharge-related impacts	26
	303-3	Water withdrawal	26, 87
	303-5	Water consumption	26, 87

Other Disclosures			Page
Topic		Disclosure	
GRI 201 : Economic Performance 2016	201-1	Direct economic value generated and distributed	16, 86
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	81, 91
	205-3	Confirmed incidents of corruption and actions taken	81

SASB Index

HL D&I Halla discloses relevant information in accordance with the Sustainability Accounting Standards Board (SASB) standards for the Engineering & Construction Services industry topic and associated metrics.

Topic	Code	Metric	Status of HL D&I Halla
Environmental Impacts of Project Development	IF-EN-160a.1	Number of incidents of non-compliance with environmental permits, standards, and regulations	Not applicable as of 2023.
	IF-EN-160a.2	Discussion of processes to assess and manage environmental risks associated with project design, siting, and construction	HL D&I Halla operates three systems, namely: 'environmental operation management', 'environmental impact assessment', and 'emergency management' — to evaluate and manage environmental risks occurring throughout the entire project process. Under the environmental operation management system, we monitor and improve air pollutants, specific air pollutants, wastewater, waste, and soil pollution, and manage environmental goals and related risks through environmental impact assessment, and establish improvement goals, and implement improvement plans. In addition, under the emergency management system, we identify predictable risk factors in environmental impact assessments and risk assessments, establish response scenarios, and record the review results.
Structural Integrity & Safety	IF-EN-250a.1	Amount of defect- and safety-related rework expenses	As of 2023, it is KRW 9.66 billion.
	IF-EN-250a.2	Total amount of monetary losses as a result of legal proceedings associated with defect- and safety-related incidents	As of 2023, it is KRW 2.78 billion
Workforce Health & Safety	IF-EN-320a.1	(1) Total recordable injury rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	0.36%
Lifecycle Impacts of Buildings & Infrastructure	IF-EN-410a.1	Number of (1) commissioned projects certified to a multiattribute sustainability standard and (2) active projects seeking such certification	We have 17 green building certifications.
	IF-EN-410a.2	Description of process to incorporate operational-phase energy and water efficiency considerations into project planning and design	HL D&I Halla enhances the efficiency of resource- and energy-management through the active introduction of new technologies and state-of-the-art facilities. We increased energy efficiency by recovering waste heat from effluents such as buildings and sewage from septic tanks, and reduced greenhouse gas emissions when generating energy with renewable energy (hydropower). In the design process, we apply BIM technology, which creates a virtual model in a 3D environment and proceeds with the design to prevent overdesign and we effectively manage waste generation by accurately identifying the quantity of building materials required. At the construction sites, we reduce water consumption by using high-efficiency watering equipment to suppress fugitive dust. Going forward, HL D&I Halla will establish and analyze environmental performance indicators to establish plans to reduce resources such as energy and waste used in the course of implementing the 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 2023, there are no such projects.
	IF-EN-410b.2	Amount of backlog cancellations associated with hydrocarbon-related projects	As of 2023, there are no such projects.
	IF-EN-410b.3	Amount of backlog for non-energy projects associated with climate change mitigation	As of 2023, there are no such projects.
Business Ethics	IF-EN-510a.1	(1) Number of active projects and (2) backlog in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	As of 2023, there are no such projects.
	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) anticompetitive practices	Not applicable as of 2023.
	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, HL D&I Halla has established and operated Code of Ethics and Detailed Ethical Guidelines to practice the Integrity Management, the Group's founding philosophy. The Code of Ethics stipulates the criteria for value judgment that stakeholders, such as employees and subcontractors, must abide by, and the Detailed Ethical Guidelines present detailed behavioral guidelines. Details of the Code of Ethics and Detailed Ethical Guidelines can be found at https://ethics.hlcompany.com/Eng/Ethical
Activity Metric	IF-EN-000.A	Number of active projects	As of 2023, 69 projects are underway.
	IF-EN-000.B	Number of commissioned projects	As of 2023, 20 projects have been completed
	IF-EN-000.C	Total backlog	As of 2023, it is approximately KRW 4,665.7 billion

TCFD Index

HL D&I Halla has established a climate change response system based on the Taskforce on Climate-related Financial Disclosures (TCFD) standards. We disclose relevant information comprehensively through our sustainability reports by applying this framework.

Classification	Recommendation				Page
Governance	a) Describe the board's oversight of climate-related risks and opportunities.				34
	b) Describe management's role in assessing and managing climate-related risks and opportunities.				34
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.				35-36
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.				35-36
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.				35-36
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks.				37
	b) Describe the organization's processes for managing climate-related risks.				37
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.				37
Metrics&Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.				24, 38
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Total emissions (tCO ₂ e)	Scope1	Scope2	Scope3
		67,794	5,467	7,827	54,500
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.				38

2023 ESG Evaluation & Certification

ESG Evaluation Rating



Overall Grade



Environmental



Social



Governance



AA

ESG Initiative



UN Sustainable Development Goals

Support for the UN Sustainable Development Goals and Implementation of Detailed Tasks



Taskforce on Climate-related Financial Disclosures (TCFD)

Registered as a TCFD Supporter in 2023

ISO Certification



I Safety: ISO 45001 I



I Quality: ISO 9001 I



I Environment: ISO 14001 I

Major Association Membership and Awards

Memberships

Name of association and organization	
Korean Society of Civil Engineers	Korea Remodeling Association
The Korea Railway Association	Korea Data Center Council
Korea Road Association	Construction Safety Manager Committee
Korea Railway Construction Association	Construction Safety and Health Manager Association
Korean Geotechnical Society	Construction Health Council
Korea Ports & Harbours Association	Geonwoohoe
Korea Society of Coastal and Ocean Engineers	Korea Construction Material Workers Council
The Korean Society for Railway	Korea Environmental Damage Prevention Association
Korea Society of Coastal Disaster Prevention	Korea Environment Construction Association
Korea Concrete Institute	Korean Professional Engineer Association
Korea Society of Road Engineers	The Society of Air-Conditioning and Refrigerating Engineers of Korea
Korean Society for Rock Mechanics and Rock Engineering	Korean Institute of Electrical Engineers
Korea Tunnelling and Underground Space Association	Korea Electric Railway Technology Association
Earthquake Engineering Society of Korea	Korea Fire Facility Association
Korea Geosynthetics Society	Korea Construction Engineers Association
Korea Institute of Navigation and Port Research	Construction Outsourcing Council
Korean Transportation Society	Korea Construction Association
Korea Society of Steel Construction	Seoul Chamber of Commerce and Industry

Awards

Year	Name of Award	Awarded by
2021	Excellent award for KR Railroad Safety hosted by National Railroad Corporation for Gyeongui Line Bridge Improvement	Korea National Railway
	Prime Minister Award granted to Yeo Jong-goo, CEO at the Mokpo New Port	Korea Occupational Safety and Health Agency
	Awards in the Construction VE Contest in 2021	LH Corporation
	Award by Cheonan Branch Director of Daejeon Regional Employment and Labor Administration	Daejeon Regional Employment and Labor Administration
2022	Award by the Fair Trade Commission	Fair Trade Commission
	Award by the mayor of Seoul Metropolitan City for contribution to improving child welfare facilities	Seoul Metropolitan Government
	Award by the Minister of Land, Infrastructure and Transport for the East Coastal Southern Line double-track electrification construction project	Ministry of Land, Infrastructure and Transport
	Award by the Minister of Public Administration and Security at the New Government Complex Sejong	Ministry of Public Administration and Security
	Award by International Airport Corporation for Incheon Airport Facility Relocation Site	Incheon International Airport Corporation
	Award by the Minister of Land, Infrastructure and Transport for maintenance of Yesan sewage pipe	Ministry of Land, Infrastructure and Transport
	Award by the Minister of Trade, Industry and Energy for Siheung Eunhaeng District 2	Ministry of Trade, Industry and Energy
	Award by Chief of Yangpyeong Fire Station	Yangpyeong Fire Station
	Excellent prize at the Gyeonggi Headquarters Construction VE Contest (Housing Field) in 2022	LH Corporation
	Award by Gwangju City Hall	Gwangju City
	Grand Prize in the 2022 Safety Luxury Product Site Creation Contest	LH Corporation
	Award by the Fair Trade Commission for Win-Win Cooperation Culture	Fair Trade Commission
2023	Award by the Mayor of Gwangju for safe construction of Gwangju Metropolitan City Metro Line 2	Gwangju City
	Award by the Mayor of Gwangju for Safety Management of Disaster Vulnerable Facility	Gwangju City
	Awarded by President of Korea Occupational Safety and Health Agency	Korea Occupational Safety and Health Agency
	Award for maintenance of Yesan sewage pipe	Yesan County Governor
	Received LH Excellent Quality Notice	LH Corporation
	Awarded by the Minister of the Interior and Safety	Ministry of the Interior and Safety
	Awarded by the Mayor of Gwangju Metropolitan City	Gwangju Metropolitan City
	Awarded by the Gyeonggi Province Governor for APT IN Gwangju Ssangdong District	Gyeonggi Province
	Awarded by the Minister of Oceans and Fisheries for Namyang-ri Coastal Maintenance in Ulleung-gun	Ministry of Oceans and Fisheries

Independent Assurance Statement



INDEPENDENT ASSURANCE OPINION STATEMENT

To: The Stakeholders of HL D&I HALLA CORPORATION

Overview

BSI (British Standards Institution) Group Korea (hereinafter referred to as the "Assurer") was requested to verify the 2023 HL D&I Halla Sustainability Report (hereinafter referred to as the "Report"). The Assurer is independent of the HL D&I HALLA CORPORATION and has no major operational financial interest other than the assurance. This assurance opinion statement is intended to provide information related to the assurance of the HL D&I HALLA CORPORATION report relating to the environment, social and governance (ESG) to the relevant stakeholders and may not be used for any purpose other than the purpose of publication. This assurance opinion statement was prepared based on the information presented by the HL D&I HALLA CORPORATION and the assurance was carried out under the assumption that presented the information and data were complete and accurate.

HL D&I HALLA CORPORATION is responsible for managing the relevant information contained within the scope of assurance, operating the relevant internal control procedures, and for all information and claims contained in the report. Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to HL D&I HALLA CORPORATION only.

The Assurer is responsible for providing HL D&I HALLA CORPORATION management with an independent assurance opinion containing professional opinions derived by applying the assurance methodology to the scope specified, and to provide the information to all stakeholders of HL D&I HALLA CORPORATION. The Assurer shall not bear any other responsibility, including legal responsibility, to any third party other than HL D&I HALLA CORPORATION in providing the assurance opinion and shall not be liable to any other purpose, purpose or stakeholders related thereto for which the assurance opinion may be used.

Scope

The scope of engagement agreed upon with HL D&I HALLA CORPORATION includes the following:

- Reporting contents during the period from January 1st to December 31st 2023 included in the report, some data included half of 2024.
- Major assertion included in the Report, such as sustainability management policies and strategies, goals, projects, and performance, and the Report contents related to material issues determined as a result of materiality assessment.
- Appropriateness and consistency of processes and systems for data collection, analysis and review.
- In Accordance with the four principles of AA1000 AccountAbility in the Report, based on the type of Sustainability Assurance based on AA1000AS v3 and if applicable, the reliability of the sustainability performance information contained in the Report.

The following contents were not included in the scope of assurance.

- Financial information in Appendix.
- Index items related to other international standards and initiatives other than the GRI.
- Other related additional information such as the website, business annual report.

Independent Assurance Statement



Assurance Level and Type

The assurance levels and types are as follows;

- Moderate level based on AA1000 AS and Type 2 (confirmation to the four principles as described in the AA1000 Accountability Principle 2018 and quality and reliability of specific performance information published in the report.)

Description and sources of disclosures covered

Based on the scope and methodology of assurance applied, the assurer reviewed the following Disclosures based on the sampling of information and data provided by HL D&I HALLA CORPORATION.

[Universal Standards]

2-1 to 2-5 (The organization and its reporting practices), 2-6 to 2-8 (Activities and workers), 2-9 to 2-21 (Governance), 2-22 to 2-28 (Strategy, policies and practices), 2-29 to 2-30 (Stakeholder engagement), 3-1 to 3-3 (Material Topics Disclosures)

[Topic Standards]

201-1~2, 205-2~3, 302-1, 302-3, 303-1~2, 303-3, 303-5, 304-1~2, 304-4, 305-1~3, 306-1~5, 308-1~2, 401-1, 401-3, 402-1, 403-1~7, 403-9, 404-1~2, 405-1~2, 414-1~2

Methodology

As a part of its independent assurance, the Assurer has used the methodology developed for relevant evidence collection in order to comply with the verification criteria and to reduce errors in reporting. The Assurer has performed the following activities;

- A top-level review of issues raised by external parties that could be relevant to organizations policies to provide a check on the appropriateness of statements made in the report.
- Discussion with managers and staffs on organization's approach to stakeholder engagement.
- Review of the supporting evidence related to the material issues through interviews with senior managers in the responsible departments.
- Review of the system for sustainability management strategy process and implementation
- Review of materiality issue analysis process and prioritization by reviewing materiality issue analysis process and verifying the results
- Verification of data generation, collection and reporting for each performance index and document review of relevant systems, policies, and procedures where available
- An assessment of the company's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000 AccountAbility Principles Standard (2018).
- Visit of the HQ to confirm the data collection processes, record management practices.

Limitations and approach used to mitigate limitations

The Assurer performed limited verification for a limited period based on the data provided by the reporting organization. It implies that no significant errors were found during the verification process, and that there are limitations related to the inevitable risks that may exist. The Assurer does not provide assurance for possible future impacts that cannot be predicted or verified during the verification process and any additional aspects related thereto.

Independent Assurance Statement



Competency and Independence

BSI (British Standards Institution) is a leading global standards and assessment body founded in 1901. BSI is an independent professional institution that specializes in quality, health, safety, social and environmental management with almost 120 years history in providing independent assurance services globally. No member of the assurance team has a business relationship with HL D&I HALLA CORPORATION. The Assurer has conducted this verification independently, and there has been no conflict of interest. All assurers who participated in the assurance have qualifications as an AA1000AS assurer, have a lot of assurance experience, and have in-depth understanding of the BSI Group's assurance standard methodology.

Opinion Statement

The assurer was carried out by a team of sustainability report assurers in accordance with the AA1000 Assurance Standard v3. Assurer planned and performed this part of our work to obtain the necessary information and explanations assurer considered to provide sufficient evidence that HL D&I HALLA CORPORATION's description of their approach to AA1000 Assurance Standard and their self-declaration of compliance with the GRI standards were fairly stated.

On the basis of our methodology and the activities described above, it is our opinion that the information and data included in the Report are accurate and reliable and the Assurer cannot point out any substantial aspects of material with mistake or misstatement. We believe that the economic, social and environment performance indicators are accurate and are supported by robust internal control processes.

Conclusions

The Report is prepared in accordance with the GRI Standards. (Reporting in accordance with the GRI standards). The detailed reviews against the AA1000 AccountAbility Principles of Inclusivity, Materiality, Responsiveness and Impact and the GRI Standards are set out below.

Inclusivity: Stakeholder Engagement and Opinion

HL D&I HALLA CORPORATION defined shareholders/investors, partners, executives/employees, customers, communities and governments/media/academia as a Key Stakeholder Groups. In order to collect opinions by each stakeholder groups in the context of sustainability, operated the stakeholder engagement process. HL D&I HALLA CORPORATION conducted a review of the stakeholder engagement process at the governance level in order to reflect the major issues derived through the stakeholder engagement process in sustainability strategy and goals. HL D&I HALLA CORPORATION disclosed the results related to the process in the Report.

Materiality: Identification and reporting of material sustainability topics

HL D&I HALLA CORPORATION implemented its own materiality assessment process in consideration of the major business and operational characteristics to derive important reporting issues related to sustainability. HL D&I HALLA CORPORATION conducted benchmarking and media analysis of similar companies and institutions at home and abroad, identified financial impact and social/environmental impact, and determined key issues for the reporting year through expert review of the impact. HL D&I HALLA CORPORATION derived 10 material issues through the relevant process, and disclosed GRI topic standards related to material issues in the Report.

Responsiveness: Responding to material sustainability topics and related impacts

HL D&I HALLA CORPORATION operated a management process for material issues in the context of sustainability derived from the materiality assessment. The HL D&I HALLA CORPORATION established mid- to long-term sustainability plans and goals in according to the management methodology established to effectively reflect the expectations of key stakeholders. HL D&I HALLA CORPORATION disclosed the process including policy, indicator, activity and response performance on material issues in the Report.

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

HL D&I HALLA CORPORATION identified the scope and extent of the impacts to the organization and key stakeholders in the context of the sustainability of the reported material issues. HL D&I HALLA CORPORATION established sustainability strategies and objectives based on the analysis results of major impacts, including risks and opportunities for material issues, disclosed mid- to long-term plans and strategic system in the Report.

Independent Assurance Statement



Findings and conclusions concerning the reliability and quality of specified performance information

Among the GRI Topic Standards, the following disclosure were carried out in a assurance Type 2 based on the information and data provided by the reporting organization. In order to verify the reliability and accuracy of the data and information, internal control procedures related to data processing, processing, and management were verified through interviews with the responsible department, and accuracy was verified through sampling. Errors and intentional distortions in sustainability performance information included in the report were not found in the assurance processes. The reporting organization manages the sustainability performance information through reliable internal control procedures and can track the process of deriving the source of the performance. Errors and unclear expressions found during the assurance process were corrected during the assurance process and prior to the publication of the report, and the assurer confirmed the final published report with the errors and expressions corrected.

GRI Topic Standards: 201-1~2, 205-2~3, 302-1, 302-3, 303-3, 303-5, 304-1~2, 304-4, 305-1~3, 306-3~5, 308-1~2, 401-1, 401-3, 403-1~7, 403-9, 404-1~2, 405-1~2, 414-1~2

Recommendations and Opportunity for improvement

The assurer will provide the following comments to the extent that they do not affect the result of assurance;

- It may be helpful to advance sustainability management system by considering the characteristics of the construction industry, performance metrics and calculation methodologies for major sustainability issues.
- It may be helpful to advance sustainability management system by integrating with unique management methods and systems, such as quality management systems and risk management processes.

GRI-reporting

HL D&I HALLA CORPORATION provided us with their self declaration of compliance within GRI Standards. Based on our review, we confirm that social responsibility and sustainable development indicators with reference to the GRI Index. The Assurer confirmed that the Report was prepared in accordance with the GRI Standards and the disclosures related to the Universal Standards and Topic Standards Indicators based on the data provided by HL D&I HALLA CORPORATION and the sector standard was not applied.

Issue Date: 23/05/2024

For and on behalf of BSI (Brithish Standards Institution):

BSI representative

Jungwoo Lee,
Lead Assurer/ACSAP

Seonghwan Lim,
Managing Director of BSI Korea

BSI Group Korea Limited: 29, Insa-dong 5-gil, Jongno-gu, Seoul, South Korea

Hold Statement Number: SRA 790000



AA1000
Licensed Report
000-4/V3-XU4Q9

Greenhouse Gas Verification Statement



Verification Opinion

HL D&I Halla

Scope

The GHG Emissions of HL D&I Halla's manufacturing sites in the calendar year of 2023.

The verification calculated direct and indirect GHG emission based on the activity data from the GHG Emission Report for HQ, business offices and construction sites of HL D&I Halla.

- Complying with the suggestion of WRI/WBCSD GHG Protocol, the sources and the quantity of GHG emissions are calculated by applying operational control approach.
- Emissions were calculated based on fixed combustion emissions, mobile combustion emissions and indirect emissions.

Assurance level of verification

Limited Level of Assurance

Materiality

Moderate For material discrepancies (errors, omissions, or false records), the threshold for quantitative determination is 5% of the total emissions.

Data Verified

GHG emissions of HQ, business offices, construction sites in 2023 are as follows:

[Unit: ton CO₂-e/yr]

Country	Scope1	Scope2	Total
HQ	404.257	218.375	622
Business offices	26.044	7.050	33
Construction sites	5,037.081	7,602.540	12,639
Total	5,467.382	7,827.965	13,294

※ The total emissions can differ to a cut-off decimal point

GHG Criteria & Protocols used for Verification

This verification was performed at the request of HL D&I Halla applying the following criteria and guidelines:

- ISO14064-1:2018 & ISO 14064-3:2019
- WBCSD/WRI GHG Guidance - Revised March, 2004
- IPCC GHG Guidance - Revised 2006
- Guideline for Reporting and Certification of Amounts of Emissions in the Greenhouse Gas Emission Permits Trading Scheme (Notification No. 2023-221 of the Ministry of Environment of Korea)
- BSI GHGEV Manual
- Construction Industry Greenhouse Gas Emissions Calculation Manual - Ministry of Land, Infrastructure and Transport, January 2015
- Guideline for Calculating and Managing of Amounts of Emissions in the Greenhouse Gas(WI-36-01, Rev.0)
- 2023 Construction Work Standard Product Calculation

The standard confidentiality principle of BSI Group Korea was applied to all verification activities.

Verification Opinion

As a result of the verification in accordance with the protocols and the best practice listed above, it is the opinion of BSI that:

- The verification was conducted with activity data and evidence provided by HL D&I Halla based on a limited level of assurance
- No material misstatement in the GHG emission calculations were detected, and relevant records were maintained appropriately
- The data quality was considered to be corresponding to the international key principles for GHG emissions verification.

For and on behalf of BSI:

Managing Director Korea, SeongHwan Lim

Issue: 05/07/2024



National Institute of
Environmental Research



Greenhouse Gas Verification Statement



Verification Opinion

HL D&I Halla

Third-party verification of Scope 3 GHG emissions at domestic construction sites

Scope

- Scope 3 Category 1 Purchased products and services: Emissions from electricity and construction equipment fuel used during service provision in the construction sites of subcontractors, excluding the purchase of raw and subsidiary materials
- GHG emissions for Scope 3 (Indirect-emissions from logistic, commuting etc.) as defined in WBCSD/WRI GHG protocol Chapter 4 "Setting Operational Boundaries"
- GWP applies the IPCC Second Assessment Report, 1995 (SAR)

Assurance level of verification

Limited Level of Assurance

Materiality

Moderate For material discrepancies (errors, omissions, or false records), the threshold for quantitative determination is 5% of the total emissions

Data Verified

- 2023 Scope 3 GHG Emissions are as follows and calculation methods for each Scope 3 sector are described in the verification report.

Category 1: Purchased products and services (excluding raw and subsidiary materials, subcontractor's service in the construction sites)

54,500 ton CO₂-e/yr

GHG Criteria & Protocols used for Verification

The verification was performed at the request of HL D&I Halla applying the following criteria and guidelines:

- Guideline for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading Scheme
- WBCSD/WRI Technical Guidance for Calculating Scope 3 Emissions (version 1.0)
- ISO14064-1:2018 & ISO 14064-3:2019
- HL D&I Halla GHG Emissions Calculation and Management Guidelines
- BSI GHGEV Manual

The standard confidentiality principle of BSI Group Korea is applied to all verification activities

Verification Opinion

BSI Group Korea's verification opinions on the result of carrying out verification in accordance with the GHG criteria and protocols mentioned above are as follows.

- Data quality was considered acceptable in meeting the key international principles for greenhouse gas emissions verification.
- No material misstatement during the verification process for emissions was found, it was confirmed that relevant activity data and evidence were properly managed. Therefore, the BSI Group Korea Verification Team provides a verification opinion that is "appropriate".

For and on behalf of BSI:

Managing Director Korea, SeongHwan Lim

Issue: 05/07/2024



National Institute of
Environmental Research





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