

Hyundai E&C

Hyundai Bldg. 75, Yolgok-ro, Jongno-gu, Seoul, 03058, Korea

(Document No. HDEC-IRSJ-2021-0360)

July 21, 2021

Attention: Market Forces, Mekong Watch, Friends of the Earth Japan, and Fridays For Future

Subject: Hyundai E&C's involvement in Quang Trach 1

We hope this letter find each organization well and would like to express our gratitude for your interest and concern regarding the project and its related issue. Most importantly, we deeply appreciate your correspondence pointing out our role as responsible corporate citizens.

In response to your letter dated July 19, 2021, we wish to share some facts in regard to the engineering, procurement and construction (EPC) contract to build Quang Trach 1 (hereinafter referred to the "Project") as well as the plan for scheduled announcement of our position.

Progress in relation to Quang Trach 1 Project

We understand that the Project is with national priority for Vietnam, which was sought with the fund from Vietnam Electricity (EVN) (hereinafter referred to the "Employer"), the Employer of the Project, as part of the 7th Power Development Plan that has been pursued by the Vietnamese government since 2011.

We obtained the information about the Project back in 2011 and noted the importance of the Project which the Vietnamese government had promoted in an effort to deal with power shortages that growingly became a social problem in the country. As you might be aware, business conditions related to the Project have continuously changed until 2018. Meanwhile the bid of the Project was delayed for such a long time, we were invited to participate in the pre-qualification process and joined the bid to maintain mutual trust built between the countries and among various other stakeholders including the consortium members and a number of local partners. After going through the long-delayed bidding process, our consortium unexpectedly received a Letter of Acceptance from the Employer last month in June 2021.

Technical conditions of the Project related to environmental impact

Having recognized the environmental concerns regarding this project that could cause international implications, the EVN announced the bid to require Ultra-Supercritical (or "USC") technology for power generation for the first time in Vietnam. This is far stricter than the international/local standard aiming to minimize air polluting emissions. In addition, the FGD (Flue Gas Desulfurization) and SCR (Selective Catalytic Reduction) are planned to be set up to reduce gas emissions in compliance with the international/local environmental standards.

More to that, the project is arranged to be executed with specifications that fully meet the Environmental Impact Assessment (EIA) guidelines of both the World Bank and the Vietnamese authorities with regard to the permissible level of emitted dust, NO_x, and SO_x which are the primary substances of environmental control for a coal-fired power plant.

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[Reference] World Bank Emission Guidelines for Coal-fired Power Plants (unit: below mg/Nm³)

Emission	WB* Guideline (600MW or above)	Vietnamese Guideline*	EIA Report	Quang Trach 1 (USC)
Dust	50	140	49.32	40
NOx	510	455	231.2	200
SOx	200~850	350	229.8	200

1) World Bank Guideline Version December 19, 2008, NDA (Non-degraded airshed) Standard

2) Vietnamese Regulation: QCVN 22 : 2009/BTNMT

Hyundai E&C's position in relation to the coal power business

As mentioned above, specifications of the Project have been reinforced to reflect technical requirements concerning environmental impacts. Indeed, we were able to become more aware of the visible, sometimes invisible, risks of coal power projects associated with the climate-change crisis thanks to the message from your letter. Also, there was an opportunity to think deeply about our company's sincerity regarding the sustainability initiative through the discussion with Korea Beyond Coal groups on this past July 12.

In the meantime, we have carried out an in-depth review on related issues, and came to a conclusion to officially release the "Hyundai E&C declaration on Coal Exit" as part of the 2021 Hyundai E&C Sustainability Report right after the Hyundai E&C Board of Directors' meeting scheduled on July 23, 2021. As this intends to inform not only you but also other stakeholders of our determination and willingness, we hope that the occasion could serve as an opportunity to share the sincerity of our pursuit and endeavor for the sustainable management and environmental management to respond to the climate change as our corporate business strategies for the future.

With regard to the dramatic paradigm shift in the industry, Hyundai E&C is working hard to enhance the trustworthiness of the company and to ensure sustainable growth by strengthening our roles and responsibilities based on our sustainability initiative that goes beyond simply improving short-term business performances.

Earnestly hoping this letter could assist your understanding regarding the Project for which our company was chosen as the contractor as well as our sustainable management principles going forward, all employees of Hyundai E&C will remain firmly committed to satisfying every voice of our stakeholders to strengthen corporate social responsibility in a faithful manner.

Once again, we appreciate your interest and concern.

Yours Sincerely,

Young Joon Yoon



Yoon Young-Joon

President & CEO of Hyundai E&C