

# TRANSFORMATION TO SUSTAINABLE MOBILITY

2023 Hyundai Transys Sustainability Report



# About this Report

## Overview

Hyundai Transys publishes its sustainability report annually to provide stakeholders with a comprehensive overview of its ESG management across environmental, social, and governance sectors. In the years to come, we will focus on delivering robust ESG management that emphasizes non-financial value in addition to financial value, and we will transparently disclose our activities and progress.

## Reporting Period and Boundaries

This report covers our ESG activities and performance from January 1, 2022 to December 31, 2022. It includes information from our headquarters and domestic business sites, as well as some data from our overseas business sites. To provide readers with a better understanding of trends, this report offers quantitative data from the past three years, from 2020 to 2022, as well as key operations from the first half of 2023. We have also added footnotes or explanations for some of the data to clarify their scope.

## Reporting Principles and Standards for Data Assurance

This report is aligned with the Global Reporting Initiative (GRI) Standards 2021 and also complies with the Sustainability Accounting Standards Board (SASB) framework for industry-specific issue reporting, the Stakeholder Capitalism Metrics presented by the WEF-IBC, and the TCFD recommendations. To ensure the reliability of this report, the data has been verified by the Korea Management Registrar, and the results can be found on pages 115 and 116. In terms of financial performance, this report is based on our consolidated financial statements and has been verified by an independent auditor.

## Inquiries

For more details or inquiries, please contact us.

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## CEO Message



CEO & President of Hyundai Transys

Su Dong (Steve) Yeo

*Steve Yeo*

### “Hyundai Transys leads the way towards a sustainable future with the right move.”

#### Dear valued stakeholders,

As we enter the endemic era and return to normalcy, we face a challenging time marked by intensifying protectionism in global markets and expanding ESG legislation. Despite this uncertainty, Hyundai Transys has made remarkable progress, hitting KRW 10 trillion in sales since its inception.

Taking one step further, we will focus on developing mobility technologies and expanding our global partnerships to provide new customer experiences and position ourselves strongly in the future market. In terms of ESG, every effort will be made to advance our ESG management, which will guide us in efficiently delivering future business strategies and shaping the right transformation for the next generation.

#### We are committed to securing the sustainability of our business to enhance our future competitiveness.

In addition to ESG management, business sustainability is an integral part of sustainable growth. With the goal of transforming ourselves from an auto parts company into a mobility solution provider, we are innovating and revamping our fundamentals across all business sectors, including R&D, production, quality control, and sales. Furthermore, we are focused on developing a sustainable business model and have continuously invested in new mobility areas such as UAM and robotics.

#### We will ramp up our climate action.

In active response to the worsening climate crisis, we have set a roadmap for 2045 carbon neutrality following our goal of transitioning to 100% renewable energy by 2040. To achieve this, multifaceted efforts are in full swing including systematizing the management of our greenhouse gas (GHG) emissions and energy consumption, as well as their environmental impact, and developing greener products. In the powertrain sector, we focus on improving the fuel efficiency of internal combustion engine vehicle products to reduce their carbon emissions while expanding our lineup of electric products, such as EV driving system, to reach net-zero emissions. When it comes to the seat sector, we will broaden the application of eco-friendly materials, such as natural and recycled materials, based on our eco-seat roadmap, thereby facilitating resource circulation. Our commitment to minimizing our environmental footprint will extend to all product cycles, from development and manufacturing to use and disposal.

#### We will stand at the forefront of shaping responsible change as a member of the community.

We are dedicated to ensuring responsible ESG management that contributes to an ecosystem where all stakeholders can progress in a balanced manner. Under our mid- to long-term vision of transformation to sustainable mobility, we put our focus on advancing our ESG management system in 2023. Specifically, we have strengthened our eco-friendly management, established a human rights management system to manage our impact on society and people, and promoted transparent communication with stakeholders. Moving forward, our efforts will also include protecting the safety and human rights of all our employees, providing opportunities for growth for everyone, delivering valuable products to our customers, making strides with our partner companies, and having a positive impact on local communities.

I look forward to your unwavering support on our journey towards a sustainable future.

Thank you very much.



## Corporate Overview

# About HYUNDAI TRANSYS




## Hyundai Transys at a Glance

Since its inception, Hyundai Transys has grown into a global auto parts company. Now, we are gearing up for a new mobility era with technologies that drive the evolution of transportation.

Company name	Hyundai Transys
Year of establishment	1994
CEO	Su Dong(Steve) Yeo
HQ location	Sindang 1-ro Seongyeon-myeon, Seosan-si, Chungcheongnam-do
Key business	Auto parts(powertrain, seating system)
Credit rating	AA- (rated by the Korea Ratings, Korea Investors Service, and NICE Information Service)

## Vision

Hyundai Transys has been focusing on its powertrain and seat businesses, working to enhance its core capabilities in future mobility and achieve sustainable growth.

Vision	Creative Leader for Mobility Innovation
Strategies	Drive the new mobility market with our core technologies in electrified powertrains and seats for autonomous vehicles
	<div>                      Securing technical capabilities for future mobility                 </div> <div>                      Enhancing management efficiency and creating values                 </div> <div>                      Fostering growth through global sales                 </div>
Core values	



Customer-first



Challenge



Communication and collaboration



Respect for human rights



Global-oriented



Sales

KRW **10.26** trillion



Operating profit

KRW **151.7** billion



Ranking

**35<sup>th</sup>**  
place among global auto parts providers  
(based on the sales of 2022)



Business sites

**33** hubs in **11** countries



Employees

**9,988** persons

(4,045 in domestic, 5,943 in overseas)

(As of December 2022, financial data is on a consolidated basis)

## Global Network

Hyundai Transys maintains close communication with its customers around the world through its extensive network of 33 production, sales, and R&D hubs located in 11 countries.



### Domestic

#### KOREA



Dongtan Seat R&D Center  
Hwaseong Drivetrain R&D Center  
Seosan Jigok Plant  
Seosan Seongyeon Plant  
Seoul Office  
Hyundai Mseat Asan Plant  
Hyundai Mseat Ulsan Plant  
Hyundai Mseat SCM Plant

### Overseas

#### EUROPE



Europe Technical Center



Europe Control  
Development Lab



Czech Seat Plant



Slovakia Seat Plant

#### ASIA



Chennai Seat Plant  
AP Plant  
India R&D Center



Indonesia Seat Plant



Beijing P/T Plant  
Beijing Seat Plant  
China Sales Office  
Rizhao P/T Plant  
Sichuan P/T Plant  
Cangzhou Seat Plant  
Changqing Seat Plant

#### AMERICA



Georgia P/T Plant  
Georgia Seat Plant  
Michigan Sales Office  
California Sales Office  
Illinois Seat Plant  
Alabama Seat Plant  
Arizona Seat Plant



Monterey P/T Plant  
Monterey Seat Plant



Brazil Seat Plant

※ A seat plant at Savannah, the USA, is under construction

# Our Business

Over the past 30 years, Hyundai Transys has achieved customer satisfaction through its relentless pursuit of challenges and innovation. We are now moving beyond our role as an auto parts provider and towards becoming a mobility solution provider, with the goal of better serving our customers and creating sustainable value.



Our Business

# POWERTRAIN

## Electrified Powertrain

Hyundai Transys provides scalable electric powertrain solutions for all types of eco-friendly vehicles, including electric vehicles (EVs), hydrogen fuel cell electric vehicles (FCEVs), and hybrid electric vehicles (HEVs).



### EV Driving System

Hyundai Transys has developed a driving system dedicated to EVs with an aim to realize clean mobility. The driving system features an integrated all-in-one structure that contains a motor for driving, an inverter for torque control, and a reducer for power conversion into torque and speed. This structure lowers size and weight and boosts economic feasibility. The driving system adopts hairpin winding technology and direct-spray oil cooling system to maximize efficiency.

### Gear Drive Unit for EVs

The gear drive unit for EVs (e-GDU) is a device that reduces the high-speed revolution counts of the motor and transmits it to the drive shaft. Hyundai Transys has produced e-GDUs in full swing since 2019, and is equipped with a GDU lineup for various types of vehicles, encompassing electric passenger vehicles, electric commercial vehicles, and electric hydrogen vehicles. Our 'disconnecter actuator system (DAS)', developed for the first time in the world, is a device enabling to freely switch between 2WD and AWD by separating or connecting the motor and the drive shaft depending on the driving situation. By reducing power wastage and enhancing efficiency up to 8%, DAS significantly increases the driving range of electric vehicles.

### HEV Driving System

A hybrid driving system is a system that utilizes two energy sources; an internal combustion engine and an electric driving motor. Leveraging the accumulated technical expertise of transmission that has been recognized by the global market, we developed e<sup>2</sup>AT, which is the world's first P1+P2 type of hybrid drive system. The incorporation of a built-in damper reduces the overall length, which preserves vehicle capabilities while enhancing power performance and fuel efficiency through increased gear ratio span and P1+P2 system. In addition, the development of an oil pump unit (OPU) integrated inverter along with the optimized layout enables the reduction of material costs, which leads to improved price competitiveness.



## Conventional Powertrains

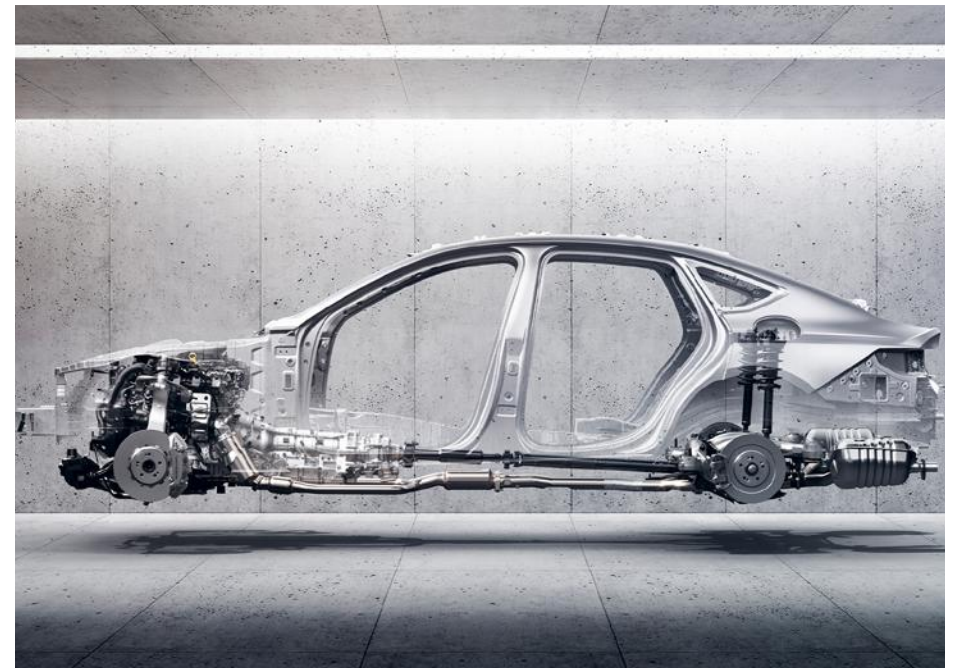
The powertrain is a crucial component that determines the vehicle's driving performance behind the scenes. Hyundai Transys has developed a diverse range of powertrain lineups with high efficiency, high performance, and eco-friendly technologies through relentless research and development.

### Transmission

Transmission is an integral part of a vehicle that delivers the driving force of the automobile engine to the wheels. Hyundai Transys has met diverse customer needs with a full lineup of transmissions, including automatic transmissions, continuously variable transmissions, dual-clutch transmissions, manual transmissions, and hybrid transmissions. We fulfill customer satisfaction with outstanding quality and broad lineups, encompassing an automatic transmission that boasts quiet and dynamic driving performance, a continuously variable transmission that optimizes shifting according to the driver's intention and driving condition, a dual-clutch transmission that combines the efficiency of a manual transmission with the convenience of an automatic transmission, a manual transmission that is equipped with high efficiency and economy.

### Axle-4WD

Our axle and 4WD system, representing the essence of cutting-edge technologies, maximize the vehicle's performance. Axle applied with high-strength material shows excellent durability, ensuring high driving stability in various driving conditions, such as high speed, long distance, and rough road surfaces. EST (Electric Shift Transfer Case), an electronic part-time auxiliary transmission, independently designed by Hyundai Transys, provides safe driving and improved traction even on off-road terrain, while the PTU (Power Transfer Unit) brings excellent in-car installation compatibility through an optimal design.





# SEATING SYSTEM

## Future Mobility Seat

As automobiles evolve into various forms of mobility beyond just transportation, the interior spaces of vehicles are also undergoing transformations.

In line with this trend, Hyundai Transys is working to develop future mobility seats that can provide more valuable movement experiences for anyone, without being constrained by space or time.



### Seats for Autonomous Vehicles

In the era of autonomous driving, which liberates the driver from driving, the interior space of a car transforms into a moving living space. We research the movement, function, and shape of seats from a total interior perspective so that various lifestyles can be experienced in the mobility space. We provide a flexible seat layout based on mechanism technology that enables free movement and adjustment and enhanced safety design so that the vehicle can serve as a multi-purpose space according to the passengers' needs, such as work and rest, beyond a mode of transportation. In addition, Our UX technologies, which maximize convenience for drivers, along with our eco-friendly technologies that consider the future of our planet, allow for innovative movement experiences.

Mechanism	UX	Sustainability
<ul style="list-style-type: none"> <li>• Power Swivel</li> <li>• Power Long Slide</li> <li>• Belt in Seat</li> <li>• Control Armrest</li> <li>• High Rigidity Slim Seat</li> <li>• Relaxation Comfort seat</li> </ul>	<ul style="list-style-type: none"> <li>• Easy access</li> <li>• Wellness support (technology to measure biosignal)</li> <li>• Personalization mode (independent sound, active comfort)</li> <li>• Multifunctional seat module</li> </ul>	<ul style="list-style-type: none"> <li>• Eco-friendly materials (recycled, natural materials)</li> <li>• Lightening, slimming, and parts integration (minimized use of resources)</li> </ul>

### Mobility Seat

Our seat technology is not limited to car seats, but extends to new mobility spaces, such as Purpose Built Vehicle (PBV), Urban Air Mobility (UAM), and Last Mile Mobility. We design seats that can ensure customer safety in various and complex moving environments, encompassing electrification, autonomous driving, and air travel. We also research innovative mobility space designs that enable customers to enjoy seamless activities without boundaries between movement and daily life.

## Seat Solutions

A car seat is a vital part that connects passengers and vehicles.

Our seats not only incorporate state-of-the-art technology for the safety and convenience of passengers, but also enhance a more comfortable and enjoyable moving experience with differentiated designs.

### Complete Seats

Hyundai Transys provides seat solutions tailored to the value pursued by each vehicle, from compact to large cars, from sedans to SUVs and EVs. The products are developed in consideration of all elements that a seat should possess, such as ergonomic design, various safety and convenience features that are considerate of passengers, sophisticated styling, and sustainable materials. The customer satisfaction is also realized through state-of-the-art manufacturing processes and rigorous quality control.

### Structures & Mechanisms

We design efficient seat structures with standard seat frame solutions and core mechanism technology. The standardized seat frames for each vehicle segment offer stable quality and performance on top of cost-saving effects. Our core mechanism, a critical part that controls the basic movement of the seat, also raised compatibility based on the development of module units.

### Safety & Convenient Features

Car seats aggregate the technologies for the safety and convenience of passengers. These include an ergo motion seat that can control air cells within the seat to provide optimal driving posture and seating comfort, a relaxation comfort seat designed to allow people to sit in a zero-gravity position considered to be the most comfortable posture, a swivel seat that can rotate 180 degrees for improved space utilization, and a heater and ventilation seat that can control temperature and humidity to create a pleasant indoor environment.

### Eco-friendly Materials

Hyundai Transys has developed various materials and methods considering the health of passengers, such as eco-friendly polyurethane reactive (PUR) adhesion method that reduces harmful substances, volatile organic compounds (VOCs) reduction foam using natural vegetable materials, and silicone anti-soiling leather with excellent performance and eco-friendliness.





# R&D

## Research & Development

lifestyle and living space. Hyundai Transys is pursuing innovations in the field of electrified powertrain and seats through continuous R&D efforts, preparing for next-generation mobility in advance by adapting to the rapidly changing market environment.

### Our R&D Efforts

Our R&D is carried out mainly led by P/T R&D Department and Seat Department. Each department is conducting research and development in alignment with future growth strategies, focusing on major products.

In terms of the powertrain, our research and development are underway by setting tasks for each period, focusing on e-Axle, HEV system, and reducer for eco-friendly vehicles, such as EVs and (P) HEVs, in accordance with national regulations and industry changes. We have continuously developed new technologies in consideration of eco-friendliness and marketability.

### Sharpening R&D Capabilities

We are conducting various activities to sharpen research capabilities, such as pursuing active R&D and facilitating exchanges. We are materializing our technology, theory, know-how, and others derived from R&D activities into papers to foster intellectual inquiry of researchers and create a creative research culture. We select our excellent papers and present them at external academic conferences. Internally, we operate a reward system for outstanding papers to motivate participation, while expanding the corporate capabilities in the global market by acquiring technology certifications and awards through presentations externally.

### Open Innovation

We enhance our future competitive edge by proactively responding to the automobile industry's megatrend, 'MECA(Mobility, Electrification, Connectivity, Autonomous)' and cooperating with companies that can grow together with us. In order to develop new technologies and products related to automobiles, our R&D department is collaborating with Hyundai Motor Group's Zero One Team.

### Major Outstanding Research Achievements in 2022

Category	Research content	
Presentation at the conference	SAE International Conference('23.04)	• Disconnect Actuator System for AWD EV's Driving system
External awards	IR52 Jang Young-shil Award('22.11)	• Development of the seat ergo motion system
	Excellent Paper Award by The Korean Welding and Joining Society('22.05)	• Analysis of the effect of seat steel grade and thickness combination on joint quality in arc plug, lap-fillet, and laser welding applied to automobile seat frames
	Excellent Paper Award by The Korean Reliability Society('22.07)	• A study on the accelerated life test method for improving left and right gap noise in the car seat track

The 98th / 99th IR52 Jang Young-sil Award Ceremony



SAE international conference presentation



### Partner Companies



#### Algorigo

AI-based body pressure sensing and data analysis



#### ENR

Development of recycled leather



#### VODA AI

AI-based production and quality control technology



#### MUJIN CHEMICAL

Development of new seat punching technology



# ROAD to Sustainability

As a 'creative leader of future mobility innovation', Hyundai Transys is committed to ESG management activities in various domains with its internal and external stakeholders, aiming to transition to sustainable mobility.

We will pave the way for the road to a sustainable future.



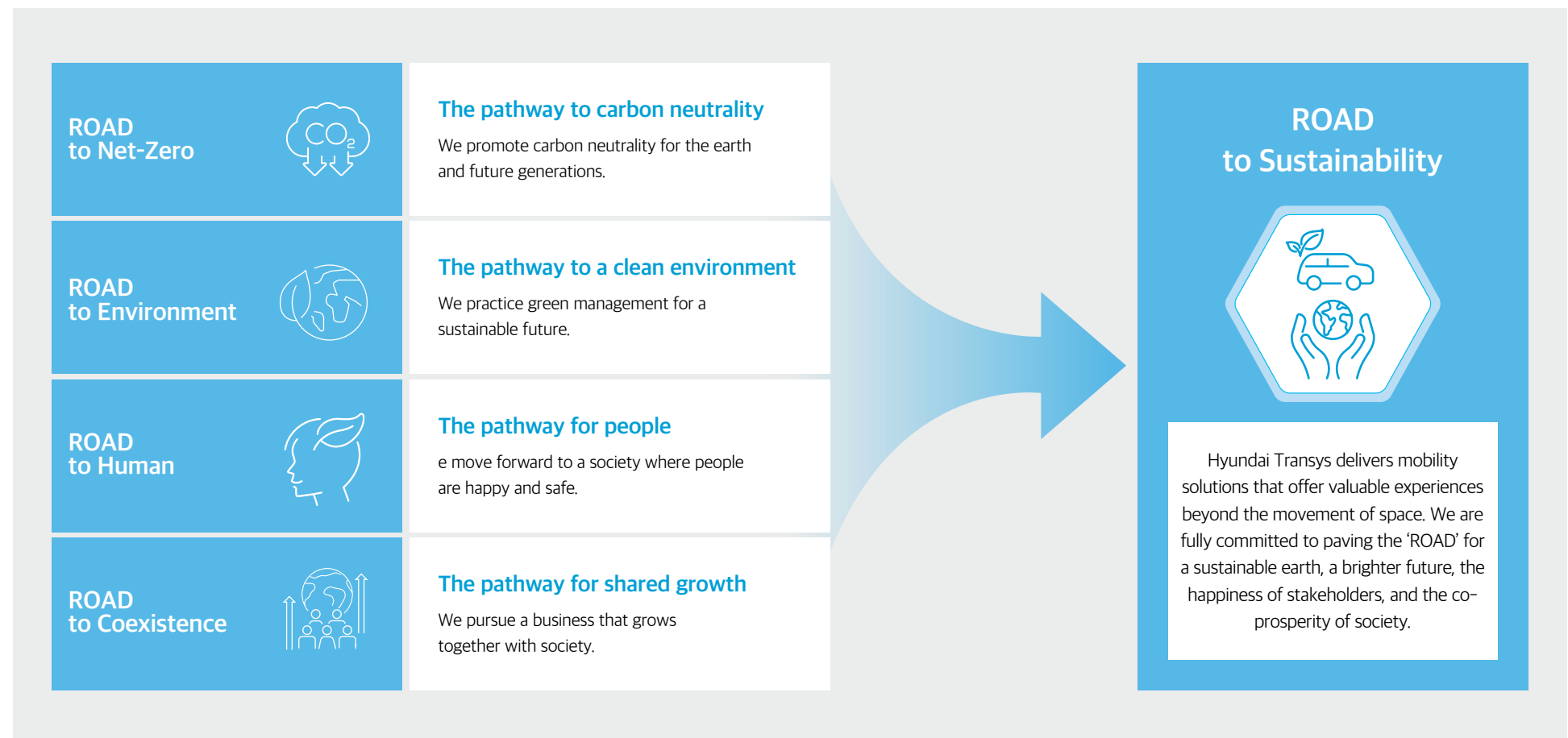


ROAD to Sustainability

# Paving the ROAD for Sustainable Growth

## Our Mid- to Long-term ESG Keywords

Considering environmental, social, and governance in management activities is increasingly essential for companies to achieve sustainable growth from a long-term perspective. In light of this, we have established an ESG strategy system in 2021 and pursued ESG management with the aim of 'transformation to sustainable mobility'. In 2023, we have introduced 'ROAD', a new ESG keyword that reflects our firm will to promote ESG management as the foundation for future growth. 'ROAD' represents what and how we will realize through ESG management in the mid- to long-term.



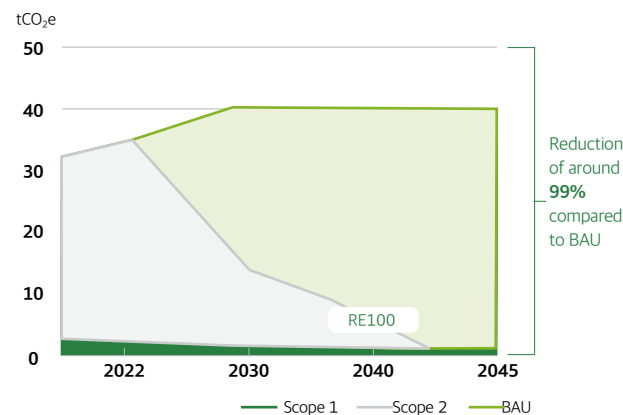
## 2022 ESG Highlight

In 2022, we laid the foundation to achieve 2045 carbon neutrality aligned with our 2040 goal of 100% renewable energy conversion that was established in 2021. We also created new ESG-related company-wide policies, such as environmental management policies and diversity and inclusion policies, to advance ESG management on a solid foundation. Built on these endeavors, we attained a Silver Medal from EcoVadis, a global evaluation agency that conducts supply chain ESG evaluation, and a B grade from NQC's SAQ evaluation.

### 2045 Carbon Neutrality Roadmap

We are committed to creating a sustainable earth by achieving carbon neutrality by 2045, following the 100% renewable energy transition by 2040. We plan to effectively implement reductions across Scopes 1, 2, and 3 by enhancing the management in the value chain as well as the operation of business sites. We also aim to offset any remaining emissions that cannot be reduced, thereby realizing carbon neutrality.

#### Carbon Reduction Roadmap for 2045 Carbon Neutrality

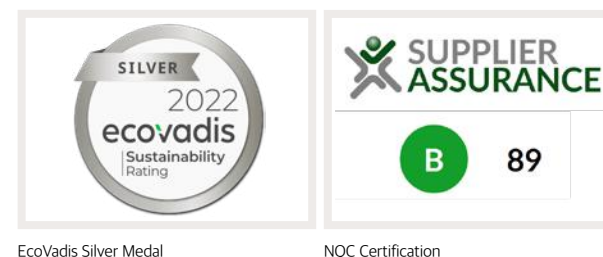


※ The emissions of Hyundai Mseat, a subsidiary, are included in the reduction roadmap for effective management.

### Higher EcoVadis and NQC Ratings

As sustainability becomes more essential in the entire value chain, encompassing the supply chain beyond the company's own activities, we advance our ESG management in accordance with global-level expectations.

These efforts have been recognized by EcoVadis, a leading supply chain ESG evaluation body that assesses sustainability in the areas of environment, labor and human rights, ethics, and sustainable procurement. In 2022, we achieved a Silver Medal in EcoVadis. Moreover, we obtained Grade B (89 points) in the SAQ evaluation by NQC, which is used by global automakers for supply chain risk management.



### Internalizing ESG Management

#### [Establishment of ESG KPI]

For effective performance management, we have selected indicators linked to key ESG internal tasks as company-wide ESG KPIs. We will enhance the performance management of ESG management by allocating relevant quantitative and qualitative KPIs to relevant organizations in each major sector and conducting regular inspections of task progress and performance led by the ESG Management Council and ESG Working Council.

#### [ESG Mindset Training]

We have provided training on ESG concept to 2,012 employees, covering ethics, human rights, safety, and the environment, as well as overall ESG management. Going forward, we will expand activities to internalize ESG management at the company level, such as ESG newsletters and quizzes.

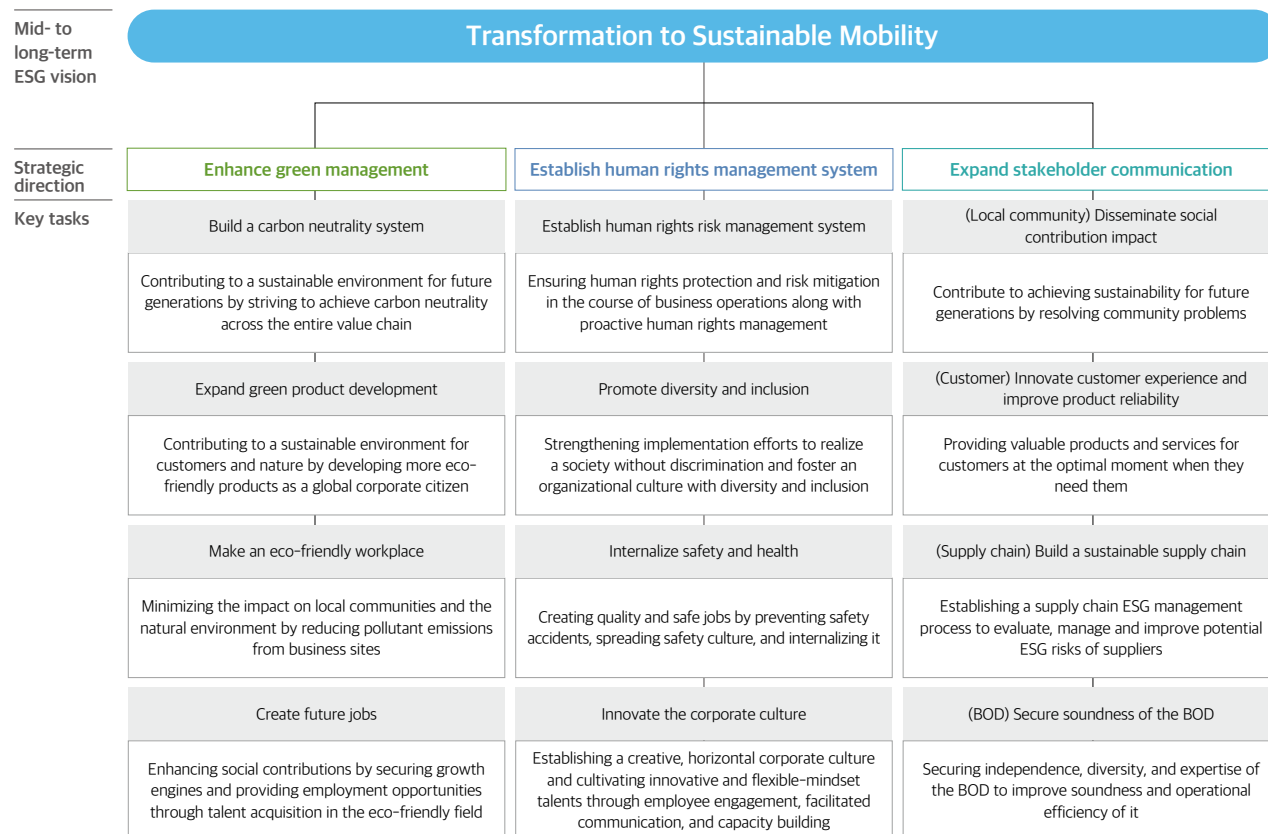


## ESG Management System

Hyundai Transys is actively pursuing ESG management by establishing a mid- to long-term ESG strategy system for ‘transformation to sustainable mobility.’ On the foundation of the ESG management system established by 2022, we have devised a strategy with the objective of ‘advancing the ESG management system’ in 2023.

The ESG Management Council, the supreme decision-making body for company-wide ESG management, consists of the CEO and executives responsible for ESG. The ESG Working Council comprises Strategic Support Team, a main organization, and accountable organizations of each division, executing tasks related to ESG. Major issues concerning ESG are reported to and approved by the BOD when necessary. Hyundai Transys will move forward to become a sustainable company through systemic ESG management, performance monitoring and transparent disclosure.

### Our ESG Strategy System



### Our ESG Management Governance





## We will strive until Hyundai Transys fully embodies ESG.

### ○ You are responsible for the overall ESG management of Hyundai Transys. As a person in charge, can you tell us the major achievements in 2022?

First of all, in the environmental(E) sector, solar power facilities at Rizhao Plant have been currently operating in full swing. Through this, about 25% of the company's electricity consumption will be sourced from renewable energy. In the social(S) sector, we have intensified the inspection of supply chain risks. We increased the number of inspection subjects from 15 in 2021 to 91 in 2022, striving to secure a sustainable supply chain. Lastly, in the governance(G) sector, we embedded ethical management in our organization. We have carried out various activities, such as renewal of anti-corruption management system certification and establishment of anti-corruption guidebook.

### ○ Since you are involved in various areas of activities, there must be many aspects of your work that require your attention. What do you find particularly challenging or demanding in your work?

I think one of the main difficulties is to identify the rapidly changing ESG trends and create results with limited resources. Because Hyundai Transys is within the direct influence of industrial paradigm shifts, such as electrification and autonomous driving, the resources are scarce and competitive. A more challenging aspect is that, recently, the scope of carbon neutrality requirements for companies has extended to the supply chain and the expectations of external stakeholders have become more diverse and profound, such as broader interests into biodiversity protection. Therefore, I think the most crucial thing is to identify ESG trends in a timely manner, communicate closely with people in charge in the field, while collaborating on the response direction together, and creating positive results.

### ○ I guess you communicate a lot with people in the field.

Yes, I think it is the role of a dedicated organization to go beyond what ESG is and why it is needed, and to think together about what kind of work it should lead to. Therefore, through the ESG newsletter, we announce ESG regulations and corporate trends while sharing corporate benchmark results in specific areas. As

such, we are working hard to 'permeate' ESG step by step by constantly communicating with people in the field.

### ○ 'Permeating ESG', may be your ultimate goal as an organization dedicated to ESG. Can you share a memorable experience related to this goal?

The program called 'T-Walking' at the end of last year was the most impressive one for me. It was a program to create a carbon-neutral forest with donations made by calculating the number of steps, and thankfully, many employees voluntarily participated. The person who recorded the highest number of steps walked an amazing 1.91 million steps (laughs). It was particularly memorable because it was an opportunity for employees to have a meaningful experience together and contribute to the environment.

### ○ You have newly selected a mid- to long-term ESG keyword, 'ROAD.' What kind of 'road' do you think is the most urgent and important to take for us?

Of course, they are all important roads we should take, but I think carbon neutrality is the most urgent one. Even now, we are witnessing the effects of climate change firsthand. We are building a carbon neutrality roadmap this year to recognize these changes as a risk and systematically respond to them.

### ○ As a person in charge of ESG management at Hyundai Transys, what direction would you like to pursue in the future?

As I mentioned earlier, we are producing various achievements in each area, and we plan to build an ESG data management system to systematically manage these achievements. Moreover, we plan to advance the company-wide ESG management level by expanding the scope from the domestic ESG system, which has been stabilized to a certain level, to global business sites. I think ESG management is a kind of group task that elevates the overall company level by fulfilling the role of each field. I will work harder as a member of a dedicated organization so that ESG permeates all employees of the company.

# ROAD to Net-Zero

## ROAD to Net-Zero

As climate change intensifies, the term ‘climate crisis’ has become increasingly familiar. Scorching summer heat and frequent abnormal temperatures have added to our concerns. Against this backdrop, achieving carbon neutrality has become essential for ensuring a stable life for both current and future generations.

Hyundai Transys is committed to reaching net-zero emissions for the sake of our planet and humanity.



ROAD to Net-Zero

# ROAD to Net-Zero

## Ramping Up Climate Action

Since the adoption of the Paris Agreement in 2015, the global community and many countries have accelerated their efforts to limit global warming. As we enter an era of climate crisis, beyond just climate change, more and more stakeholders are paying attention to companies' climate action.

Hyundai Transys has established a roadmap to reach net-zero emissions by 2045, in an effort to shape a sustainable planet. As part of this roadmap, the company will go the extra mile to transition to 100% renewable energy and attain carbon neutrality.

### 2045 Net-Zero Roadmap

We have established a roadmap to reach net-zero emissions by 2045, which has guided us in developing plans for transitioning to renewable energy, improving energy efficiency, and reinforcing R&D on eco-friendly technologies. To ensure efficient implementation, we will deliver eight strategic tasks for carbon neutrality under the vision of being a 'Creative Leader for Mobility Innovation.' These tasks are organized into four strategic themes and three directions, covering the entire value chain. Our efforts will encompass all Scope 1, 2, and 3 areas.

### Vision and Action Plans for 2045 Net-Zero

#### Vision

#### Creative Leader for Mobility Innovation

Reach Net-Zero Emissions by 2045

#### Goals



**Expand the scope of green business with the expansion of eco-friendly product lineup**



**Achieve a green planet by transitioning into renewable energy**



**Build capacity to manufacture sustainable products**

#### Strategic Themes

##### Responsible Partnership

Be responsible for supplier management

##### Optimization with Smart Operation

Optimize business sites based on smart operation

##### Accelerating the Energy Transition

Transition to renewable energy sources

##### Design to Sustainable Mobility

Switch to sustainable mobility design

#### Strategic Tasks

- Establish a supplier carbon management system
- Switch to eco-friendly mode of transportation

- Reduce energy consumption through enhanced operational efficiency
- Promote green buildings by mitigating energy use

- Transition to renewable energy sources
- Introduce zero-carbon, future energy technologies

- Convert to the electrification business
- Adopt sustainable designs

### Material Issue. Climate Action



#### Strategy

- Establish a roadmap to reach net-zero emissions by 2045
- Transition to 100% renewable energy sources by 2040



#### Performance

- Complete the installation of solar power generation facilities at Rizhao Plant in China



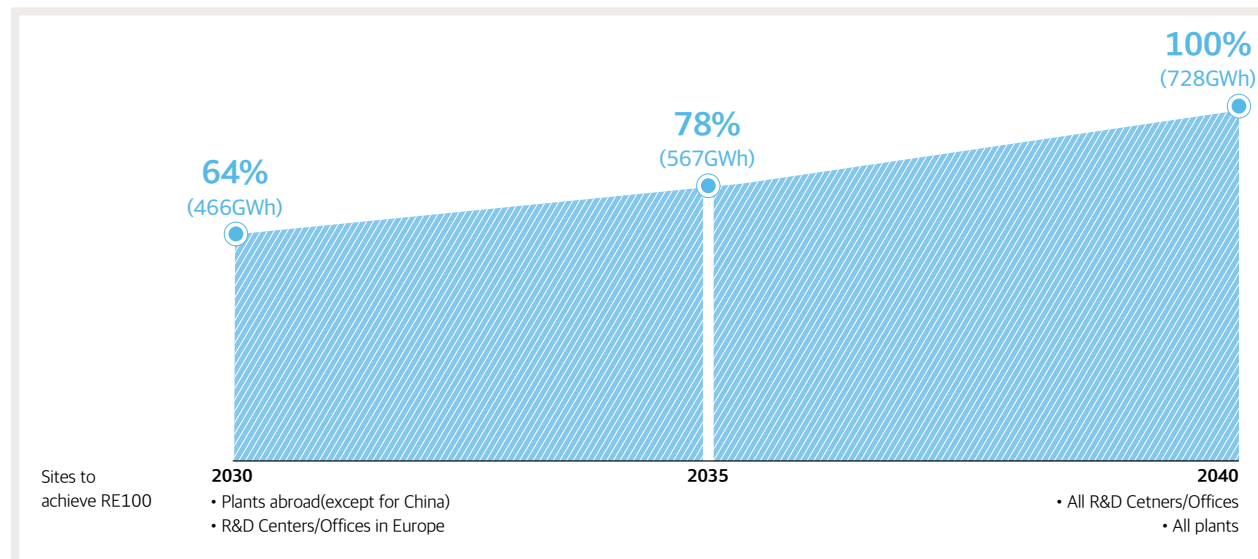
#### Target

- Sign a Power Purchase Agreement (PPA) to provide electricity to our business site in North America

## Transitioning to 100% Renewable Energy by 2040

Hyundai Transys has established a roadmap to transition to 100% renewable energy sources for all its business sites by 2040. To achieve this goal, the company will prioritize generating renewable energy directly within its business sites, while also utilizing Power Purchase Agreements (PPAs) and Renewable Energy Certificates (RECs). Guided by this roadmap, we will achieve sustainable energy procurement.

### Roadmap for Transitioning to Renewable Energy



### Options for Renewable Procurement

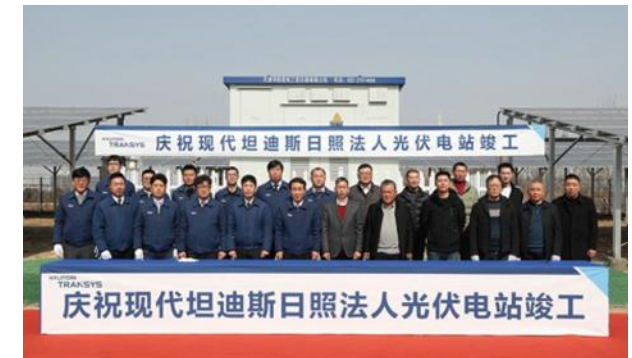
Category	Content
Direct power generation	Install solar power generation facilities within our business sites, unused land, and other suitable locations
Power Purchase Agreements (PPAs) <sup>1)</sup>	Large-scale business sites that consume a large amount of energy subject to this option
Renewable Energy Certificates (RECs) <sup>2)</sup>	Small-scale business sites that consume a small amount of energy subject to this option

1) Power generation operators directly provide electricity to consumers

2) Consumers directly purchase RECs

## Transition Performance and Plans

Our Rizhao Plant in China completed the installation of solar power generation facilities in January 2023. These facilities are expected to provide approximately 25%(11.3GWh) of the plant's total electricity needs, reducing CO<sub>2</sub> emissions by about 5,200 tCO<sub>2</sub>eq annually and saving KRW 280 million in electricity bills. For our business site in North America, we are in the process of signing a Power Purchase Agreement (PPA) with Hyundai Motor Group, with the goal of securing electricity supply by 2025. Domestically, we plan to install solar power generation facilities at our Jigok Plant and are considering gradually expanding the use of renewable energy at other domestic business sites by phasing in such facilities.



Solar power generation facilities installed at Rizhao Plant in China

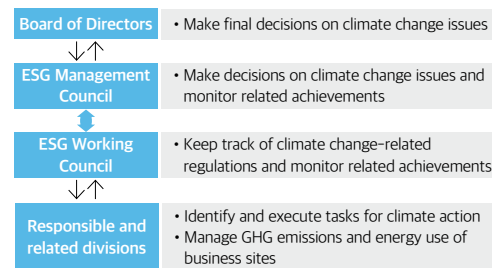
## TCFD Report

In an effort to efficiently respond to climate change, Hyundai Transys discloses its climate data in accordance with the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD). Going forward, we are committed to transitioning to renewable energy sources and achieving carbon neutrality, in order to contribute to shaping a sustainable planet.

### Governance

The ESG Management Council plays a pivotal role in the governance for climate action and ESG management. This governance body makes decisions on key climate issues, such as transitioning to 100% renewable energy by 2040 and achieving net-zero emissions by 2045.

### Governance for Climate Action



### Strategy

Hyundai Transys has developed a roadmap for achieving carbon neutrality, along with key strategies to attain its goals, and has put these strategies into action. Based on an analysis of RCP 2.6 and RCP 8.5 scenarios and a Heat map1), we have identified the main opportunities and risks posed by climate change, as well as their financial impact on our business operations. We have plans in place to manage each element.

### Risk Management

Hyundai Transys identifies the financial impacts of climate-related risks and opportunities through scientific analysis. In addition, we have integrated these risk and opportunity factors into our company-wide risk management system to ensure efficient management.

### Metrics and Targets

Hyundai Transys has established specific goals for transitioning to 100% renewable energy and achieving net-zero emissions, tailored to the conditions of its domestic and overseas business sites. Based on these goals, key metrics will be established and managed.

### Climate-related Risks and Opportunities

Category		Details	
Physical	Acute	Flooding	(-) Incur costs due to asset loss, decrease profits due to plant shutdowns, and delay deliveries stemming from logistics issues, etc.
		Typhoon	
	Chronic	Scorching heat	(-) Bring down labor productivity and increase cooling cost
		Precipitation	(-) Drive up costs to recover assets, insure against losses, decrease profits due to plant shutdowns, and need to establish a monitoring system of the supply chain in advance
Transition	Regulation	Average temperature rise	
		Emission Trading System	(-) Incur purchasing costs of carbon credits and cause an increase in price fluctuations (+) Create benefits from emissions trading due to reductions
		Reinforced regulations on fuel efficiency	(-) Tighten standards for average fuel efficiency and CO2 emissions for automobiles, and discontinue production and product recalls when failing to meet the standards (+) Enhance fuel efficiency by developing and applying products that are lighter in weight
	Technology	Restrictions on the sales of internal combustion engine vehicles (ICEVs)	(-) Go down sales and profits arising from the discontinuation of production and sales of parts for ICEVs, create need to replace production lines and invest in establishing facilities for new lines (+) Stay ahead in the eco-friendly auto parts market by securing technological competitiveness
		R&D on eco-friendly vehicles	(-) Increase labor costs and invest in equipment, and decrease market share when R&D efforts lag behind (+) Stay ahead in the eco-friendly auto parts market by securing technological competitiveness
	Market	Growing demand for eco-friendly vehicles	(-) Increase costs in operation and R&D activities (+) Growing auto parts market
		Request for OEMs to respond to climate change	(-) Face a risk of contract cancellation when failing to meet the requests, and increase operational costs to meet the requirements (+) Secure competitiveness to win contracts through active response
		Rising electricity bills	(-) Increase production costs, and undermine competitiveness due to an increase in production costs (+) Reduce electricity bills by using renewable energy sources for power generation
	Reputation	Growing demand from stakeholders for responding to climate change	(-) Have a negative financial impact due to poor response (+) Enhance brand image and improve consumer preferences



Seung Bin Kim  
Senior Manager,  
Strategic Support Team



## Carbon neutrality, an inevitable mission for a sustainable future

- Following the establishment of a goal of switching to 100% renewable energy by 2040 in 2021, Hyundai Transys set a target of reaching net-zero emissions by 2045 this year. What is the biggest driver of this?

Global regulations and growing demand from customers are driving companies to take immediate action to reduce their carbon emissions. As more and more countries announce their commitment to carbon neutrality and take steps to mitigate their actual emissions, achieving net-zero emissions is becoming a determining factor for corporate survival. In light of this, we think that it is necessary to broaden the scope of carbon mitigation efforts to encompass the entire value chain and catch up as quickly as possible.

- What is the most challenging thing in terms of implementation?

The mid- to long-term carbon emissions that underpin the roadmap for carbon neutrality are calculated based on current and past emissions. However, there was a lack of data in this regard. In particular, some parts of Scope 3 emissions were not included in the scope of management or were excluded. As a result, it was not easy to educate employees in charge and define and collect data through discussions.

- Scope 3 management is challenging, which makes this issue the talk of the town. What do you think is the most crucial element in the Scope 3 emissions management of Hyundai Transys?

In the downstream area, managing emissions during the use and disposal stages is significant. Although it is not subject to direct management, it is closely linked to efforts to expand green products and establish a circular economy. When it comes to the upstream area, managing emissions at the procurement stage is overarching. In particular, it is important to help mid-sized suppliers build their capacity to manage their carbon emissions.

- At what stage is Hyundai Transys in terms of managing their Scope 1 and 2 emissions?

In the case of Scope 1 emissions, Hyundai Transys has calculated emissions from its global business sites and reviewed a specific mid- to long-term roadmap to reach net-zero through a project to formulate strategies for carbon neutrality.

In terms of Scope 2 emissions, we are currently reviewing and implementing plans for transitioning to renewable energy that are tailored to each market and business site, based on the strategy we developed in 2021 to achieve the RE100 targets.

- Combating climate change has become a mission essential to every one on this planet. In the process of drawing up a roadmap for net-zero, have there been any changes to you?

Even five years ago, corporate responsible management meant merely social contribution. However, as I have taken on tasks related to ESG management and net-zero, I have come to realize that the scope of corporate responsibility is broader than that.

To be honest, sometimes I find myself asking the question, 'How do I manage this extensive area?' On the other hand, doing nothing at this moment will put not only future generations but also my own future in danger.

This thought drives me to advance our strategies more actively and come up with concrete action plans. It also affects my personal life, making me more committed to saving energy and separating waste for disposal.

- I think that the climate change issue is difficult since it takes a long period of time to address.

But it cannot be delayed. I think all employees should work in unison on this journey for their own future.

- Thank you for taking your valuable time for this interview. Do you have any messages?

This interview made me reflect on our past performance and activities, and also reminded me of the efforts and changes we have made. We will strive to successfully formulate strategies for net-zero and make tangible progress.

# ROAD to Environment

## Road to a Clean Environment

The climate crisis and loss of biodiversity are urgent issues that require immediate action to protect the environment. We believe that a sustainable future with safe and enriched mobility can only be achieved on a clean planet where we can dream of future value.

That is why Hyundai Transys is committed to putting eco-friendly management into action to unleash a sustainable future.

ROAD to Environment

# Road to a Clean Environment

## Management of Our Adverse Impact on the Environment

Companies are required to recognize their negative impact on the environment and minimize their potential and actual risks that can affect local communities and the environment. As a global company with multiple business sites both domestically and internationally, Hyundai Transys is well cognizant of its responsibility and has ramped up its management of air and water quality in an organized manner as well as its activities to promote resource circulation.

### Water Resource Management

Water is a public resource that is essential for all stakeholders, and it requires careful management to ensure its sustainable use and preservation. Being well aware of the significance of water resource management, Hyundai Transys utilizes the Water Risk Atlas from the World Resources Institute (WRI) to figure out the level of water stress in our operations.

#### Business Sites Located in Water-stressed Regions

Business Site	Risk Level
• Monterrey P/T Plant (Mexico) • Monterrey Seat Plant (Mexico)	High Risk
• Rizhao Plant (China)	Extremely High Risk
• Cangzhou Plant (China)	Extremely High Risk
• Beijing PT Plant (China) • Beijing Seat Plant (China)	Extremely High Risk
• AP Plant (India)	Extremely High Risk
• Chennai Plant (India)	Extremely High Risk

### Water and Effluent Management

Hyundai Transys closely monitors and manages its water usage, including withdrawal, consumption, and discharge, at all of its domestic and overseas business sites. Although our industry has a relatively low level of water consumption compared to others, we are constantly striving to reduce our impact by reusing water and reducing wastewater generation. One example of our efforts is at our Jigok Plant, where we treat domestic sewage and effluent for reuse in industrial processes. Additionally, all wastewater generated at our business sites is treated on-site before being discharged, and we ensure that it meets legal requirements through continuous monitoring and water quality analysis.

### Waste Management

Resource circulation has grown in importance, and it requires systematic waste management and reduction, as well as increased recycling efforts. We are committed to reducing our waste generation and promoting recycling in line with the government's resource circulation targets. As part of the efforts, we seamlessly take control over the entire waste process, from generation to disposal. Starting in 2023, we plan to recycle waste synthetic resin instead of incinerating it, which is expected to result in the recycling of approximately 30 tons annually.

### Air Quality Management

Hyundai Transys takes air quality control seriously and regularly monitors its air pollutant emissions and prevention facilities. This includes daily and semi-annual inspections to identify and address any issues. We also monitor facilities that are at risk of causing pollution, which helps us to reduce the risks associated with abnormal operations or outdated equipment. In particular, when replacing outdated equipment, we adopt stricter standards than those currently required by law. This ensures that we are able to comply with regulations even if the permissible levels of air pollutant emissions are tightened in the future.

#### Key Activities for Managing Air Quality (Jigok Plant)

Content	Expected Effects
Replace and ameliorate dust collectors	• Mitigate air pollutants by improving dust collector efficiency
Replace obsolete boilers	• Reduce NOx discharge concentrations • Improve boiler efficiency

### Material Issue. Mitigate Our Environmental Impact



#### Strategy

- Manage water, waste & waste products, environmental pollutants, and toxic substances in accordance with our environmental management policy



#### Performance

- Track our water usage and effluent discharge, as well as our emissions of air and water contaminants



#### Target

- Recycle approximately 30 tons of recycle waste synthetic resin



**Eon Gyu Park**  
Manager,  
Environment & Fire  
Prevention Team



## We are constantly exploring ways to make our business sites that less affect the environment.

### Q Could you please tell me about the role of the Environmental Disaster Prevention Team and your responsibilities as a manager?

The Environment & Fire Prevention Team plays a crucial role in managing our business sites. Their responsibilities include ensuring compliance with laws related to firefighting, toxic substance handling, and environmental protection, as well as preventing workplace accidents, managing facilities, and overseeing repair and construction work. As part of my role, I am responsible for reviewing the permits for environmental facilities at our Jigok Plant and managing our performance data that must be submitted to government agencies, such as emissions data.

### Q I think you have seen a lot of quantified environmental impact. With the growing demand for ESG management, have you noticed any changes as an employee in charge?

With the increasing focus on tighter management associated with KPIs, I often find myself thinking about ways to exceed legal requirements and do even better for the environment.

### Q What does 'doing better' mean to you?

Effective ESG management requires collaboration and cooperation among all departments within a company. This means working together with all employees to achieve our goals, which requires a lot of attention and effort. As production volume increases, so does the potential environmental impact, so it's important for us to consider ways to minimize our impact even as we grow.

### Q As a responsible manager, could you share your insights on how to improve collaboration and teamwork?

I may not have all the answers (laughs). Since people are not familiar with environmental terminology, I try to explain environmental concepts in simple, easy-to-understand language. I also use examples from outside our company to help others understand the importance of our work and why it's necessary. I believe that it's crucial to build consensus around our goals, the reasons behind them, and the steps we need to take to achieve them.

### Q I think communication with external stakeholders is required. What methods do you use to communicate with them?

We understand that our business operations can have an impact on local communities and residents. That is why we actively listen to the concerns of external stakeholders and incorporate their feedback into our decision-making. In particular, we take steps to address noticeable issues outside our business sites, such as managing traffic from external vehicles on nearby roads and reducing nonpoint pollution sources like dust on the roads. We also carry out regular cleanup activities for sewer pipes and streams, and monitor water quality through regular analysis. When requested, we share the results of our pollutant source investigations and analyses with local residents to foster open communication.

### Q Do you proactively figure out relevant issues and manage them?

Yes, we receive feedback and complaints through government offices and have in place a communication channel with other companies in the same region. This allows us to proactively identify and address issues before they become major problems. In the event of an accident, our response process comes into operation immediately since agile response is of paramount importance. Our plant was introduced as an example of best practice in follow-up actions when a public office held a presentation on this matter.

### Q What do you think is necessary on the journey towards a cleaner environment?

I feel that environmental issues have become more integral part of our business operations due to stricter regulations and growing external demand and expectations. By working together with The Environment & Fire Prevention Team including myself, to communicate the importance of these issues, set clear goals and directions, and make concerted efforts to achieve them, we can make significant progress towards creating eco-friendly business sites.



## Broadening the Range of Eco-friendly Technologies and Products

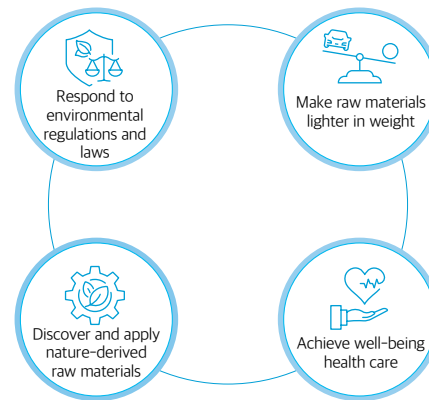
In response to the growing demand for eco-friendly products, we have expanded our range of green technologies and products. We are committed to reducing our environmental impact throughout the entire product lifecycle, from development to disposal. We are also making efforts to minimize the emission of pollutants and to develop environmentally friendly materials and methods to promote resource circulation.

### Managing the Environmental Impact of Our Products

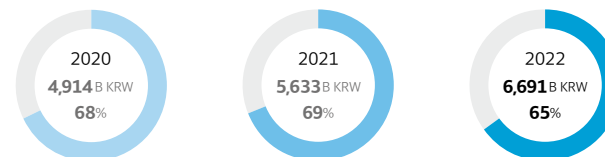
We consider the environmental impact of our products throughout their entire lifecycle, from development to disposal. To meet the growing demand for electric vehicles, we are working hard to develop powertrains for eco-friendly vehicles (HEV, PHEV, EV) with improved fuel efficiency and functionality. For car seats, we focus on promoting resource circulation by using renewable raw materials and upcycling waste in stages. We also strive to minimize the use of hazardous substances to ensure the safety of our products. Additionally, we are researching and developing raw materials that can help reduce the amount of heavy metals that end up in landfills during disposal.

We also ensure compliance with the End-of-Life Vehicle Direction (ELV), which aims to reduce automobile waste and make it easier to recycle. The direction requires that at least 85% of a vehicle's weight be recyclable and at least 95% be renewable when it is scrapped, and that no more than 5% of the discarded parts emit heavy metals.

### Goals for Eco-friendly Technology Development



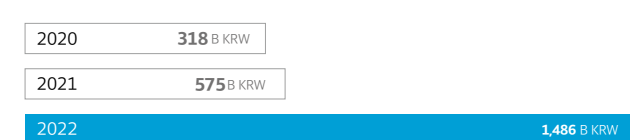
### Sales of Recyclable Products



### Developing Core Components for EVs

Hyundai Transys is keeping up with the global trend of electrification by focusing on developing powertrains for eco-friendly vehicles such as EVs, HEVs, and PHEVs. One of our products is the AWD disconnecter for EVs, the first invention in the world, which can cut off power delivery from the auxiliary drive shaft to switch to two-wheel drive depending on road and driving conditions. This helps prevent energy loss and increases efficiency by 6% to 8%, allowing for an extended all-electric range (AER) per charge compared to battery capacity. These features make this product very appealing.

### Sales of Powertrains for Eco-friendly Vehicles<sup>1)</sup>



1) EV, HEV, PHEV

### Material Issue. Green Products and Services



#### Strategy

- Develop eco-friendly procedures & technologies to mitigate negative environmental impact and expand the lineup of such products



#### Performance

- Achieve 65% rate of recyclable products sold (2022)
- Hit 1,486 B KRW in sales of powertrains for eco-friendly vehicles (2022)



#### Target

- Attain 30% or more of nature-derived and recycled products used for car seats

## Utilizing Nature-derived Materials

In an effort to reduce the environmental impact of our products, we have increased the use of natural materials in fabrics. We have developed fabric-making technologies that use single yarns derived from natural raw materials, allowing for 25% of the fabric to be made from nature-derived materials.

Additionally, our eco-friendly foam pad-manufacturing technology increases the content of natural materials to 8% and reduces TVOC by 9%. Unlike conventional foam pads made solely from petrochemicals, this product contains an increased amount of biomass extracted from natural plants, which helps to reduce its negative impact on the environment and human health.

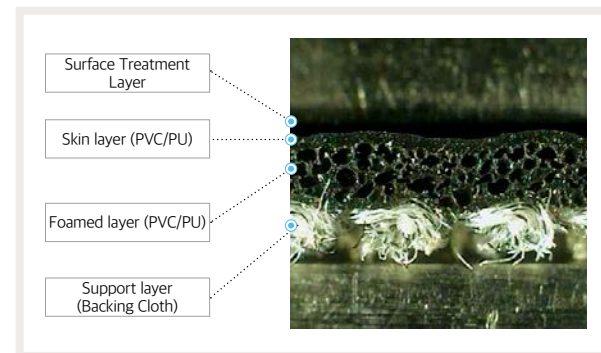
### Process of Creating Fabric Made from Natural Materials



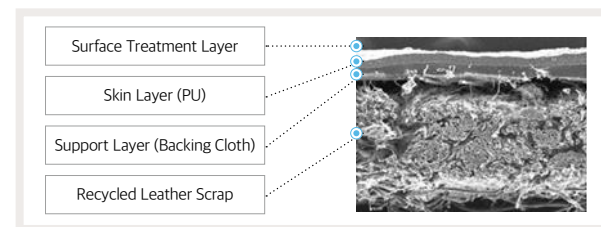
## Utilizing Recycled Materials

Hyundai Transys has developed a type of regenerated leather made from 60% recycled materials, using waste natural leather and scraps generated during the production of seat covers. The regenerated leather is created by crushing and reprocessing waste genuine leather and scraps from product manufacturing. These technologies that use recycled products help to reduce chemical use and, in turn, mitigate carbon emissions. Going forward, our efforts will carry on to utilize recycled materials to reduce waste generation during product manufacturing and after product use, as well as to develop technologies that facilitate resource circulation.

### Composition of Conventional Petroleum-based Leather



### Composition of Regenerated Leather

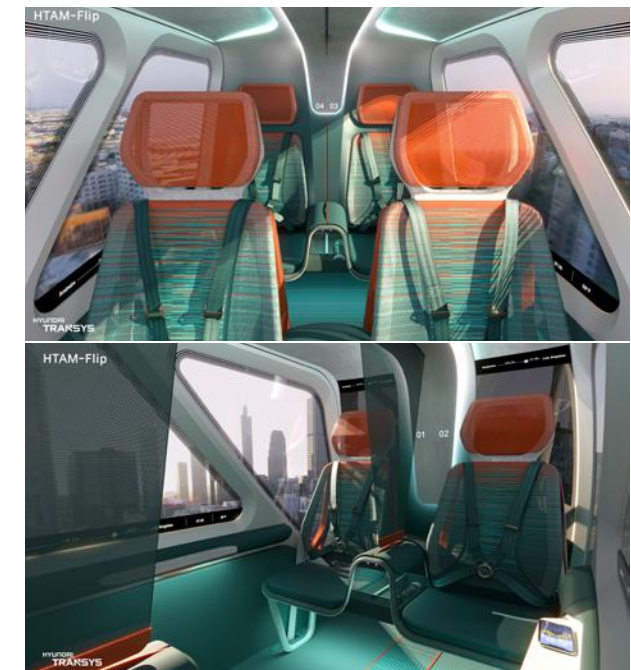


## Lightweight Seat Design for Green UAM

Our research into environmentally friendly seats extends to the future air mobility sector. We have developed a design concept for a UAM cabin called HTAM-Flip, which features remarkably lightweight seats made from knit material. The use of light knit for the seat covers reduces the need for foam pads, making the product significantly lighter in weight. Additionally, a modular design is applied to the seat covering to simplify the manufacturing process.

This work was selected as Shortlist in the Crystal Cabin Award 2023, a competition for aircraft cabin innovation.

### HTAM-Flip





**Soo Woong Seo**  
Engineer,  
Seat R&D Planning Team



## Green products will determine the survival of companies.

### ○ The Seat R&D Planning Team works on a wide range of projects. Could you tell us about your role as a researcher?

As a member of the technology planning sector at the Seat R&D Support Team, my job is to stay up-to-date with technological trends not only in the automobile industry but also in other industries. Another responsibility is to sense trends in technologies, which aims to provide insight and direction.

### ○ Your job must require you to stay up-to-date with current trends. With the growing demand for ESG management, have you noticed any changes in your responsibilities?

In the past, understanding of eco-friendliness was limited and there was not a strong consensus on the matter. However, now environmental considerations are taken into account when making decisions about R&D directions and related tasks. For example, a review process for environmental impact has been adopted during the feasibility study stage. Additionally, upcycling efforts have been expanded in the company's eco-seat roadmap and in association with national projects.

### ○ What does eco-friendliness mean to you?

When we think about eco-friendliness, the impact on the environment often comes to mind. However, it is also important to consider the impact on human health, especially when it comes to car seats, which are in close contact with the human body for extended periods of time. This means that we need to consider the impact on both the environment and human health throughout the entire process, from manufacturing to product usage.

### ○ In this regard, what are strengths of Hyundai Transys?

Hyundai Transys is committed to incorporating both environmental and human-friendly elements into its green product development plans and roadmaps. In terms of materials, we consider the use of natural and recycled materials while also focusing on safety and convenience for users when designing functional parts or overall design.

### ○ Products that benefit both humans and the environment have come to prominence. In light of this, what direction should Hyundai Transys take?

ESG is not just a management issue. It should be integrated into the products and services that companies provide. There have been noticeable changes in consumer behavior and the market, and it is likely that products that do not consider environmental or social value will eventually not be chosen by consumers. I think the time will come when this directly affects a company's ability to survive and thrive.

### ○ How do you gear up for that time?

Seats are one of the products where eco-friendliness can be applied and expanded. The spaces where people ride and move require seats, and the company's extensive experience in automobile seat development has given us a significant advantage in extending our capabilities to the future mobility sector. This is evidenced by being selected on the Shortlist at the Crystal Cabin Award<sup>1)</sup>, a first for a domestic car seat maker.

### ○ Do you have any final thoughts or comments before we conclude the interview?

Many people share the belief that eco-friendliness and ESG cannot be achieved by a single sector alone. It requires cooperation among related departments and a transformation of the entire value chain, including both upstream and downstream processes. Efforts towards green products are not limited to R&D, and if we work hard to ensure that the process is on track until actual production, we can achieve this transformation.

<sup>1)</sup>International award for excellence in aircraft interior and concept innovation



## Hyundai Transys should pave the way to take the lead in eco-friendly vehicles and future mobility.



**Yun Seok Yeom**  
Senior engineer,  
P/T R&D Planning Team



**Seung Jin Kim**  
engineer,  
P/T R&D Planning Team

### It seems that the powertrain is a key sector that can be more influential as the electrification of the automobile industry expands. What do you think is the most powerful driving force behind the development of eco-friendly products?

As vehicle-related regulations are strengthened, product requirements for the environment are raising, particularly in regions such as Europe. To meet these requirements and improve communication with customers, it is necessary to actively develop various products, such as EV driving systems and gear drive units, so that they can be applied to more models. Hyundai Transys is actively working on this development as it is essential for our mid- to long-term goals and the very survival of the company.

### If the development is essential for survival, it can be also directly related to the sustainability of the business itself. What are the strengths of the company's powertrain in your opinion?

Hyundai Transys boasts a wide range of capabilities for all powertrain models with great scalability, allowing extensive application to various models. The company is also continuously investing in research and development, ensuring that its technology can be applied not only to electric vehicles but also to all future mobility options, including hybrid vehicles. This enables Hyundai Transys to respond flexibly to market changes and remain at the forefront of the industry.

### What other important trends are there on top of electrification?

As concerns about environmental impacts such as resource circulation and Scope 3 carbon emissions continue to grow, the importance of incorporating these factors into product development and production processes will only increase. In addition to regulations on CO2 emissions generated by automobiles themselves, I believe that demand for transparency in product carbon footprints will also rise. In the medium to long term, it will be essential for companies to take these considerations into account in order to remain competitive and sustainable.

With the ongoing transition from internal combustion engines to hybrid and electric vehicles, the importance of motors has grown significantly. And rare earth metals are a crucial component in the production of these motors. In my opinion, finding and securing alternative resources to replace traditional rare earth elements will be a critical task in the future.

### As the person in charge, is there anything you would like to share or mention?

When it comes to eco-friendliness in the powertrain sector, improving fuel economy and efficiency is of utmost importance. Being able to drive longer distances with the same amount of energy is also a crucial factor. In this regard, Hyundai Transys' experience in powertrain development and mass production is a valuable asset. We will continuously strive for the company's future market competitiveness by actively reflecting and researching mobility changes, including hybrid vehicles, not just limited to electric vehicles.

# ROAD to Human

## ROAD to Human

A company's growth is achieved through the combined efforts of many individuals. This includes employees and partner companies, who play a crucial role in business operations by directly communicating with the company. Customers, who are the reason for the company's existence, and local communities, who can be affected by corporate business management, are also important. Therefore, active communication, respect, and trust with these various stakeholders are essential for sustainable development.

Hyundai Transys makes strides towards a society where people are happy and safe.



ROAD to Human

# Road to People-oriented Management

## Reinforcement of Safety and Health Management

Along with the increasingly stringent laws such as the Serious Accidents Punishment Act, the company's responsibility of its members' safety is further emphasized as the awareness of occupational safety and health is growing. Hyundai Transys newly established a safety and health management policy and strategy in order to build safe business sites, and has implemented safety and health management based on this. We monitor the performance by setting safety and health goals every year, and also promote various activities to manage safety risk factors and internalize company-wide safety culture.

### Safety and Health Management Policy

By minimizing safety and health environment risks that can occur in the business management and production process, Hyundai Transys makes effort to realize eco-friendly business sites. In order to establish safe business sites, we have prepared a safety and health management policy and conducted systematic safety and health management.

#### Safety and Health Management Policy

Comply with safety and health laws
Comply with safety and health-related laws and regulations, other restrictions, and requirements
Minimize harmful risk factors
Create safe and pleasant workplace by minimizing safety and health risk factors
Maximize performance
Maximize performance through employee engagement and consultation in all stages including safety and health planning, implementation, and evaluation
Enhance reliability
Enhance corporate reliability by disclosing safety and health measures and performance data to stakeholders

### Safety Management Strategy

We have drawn up a strategy for strengthened safety management, and based on this, we have carried out safety and health activities. We will endeavor to make Hyundai Transys a safe place for everyone through internalizing safety culture as well as establishing a safety management system and sharpening the capabilities of responsible organizations.

#### Safety Management Strategy

	<b>Polish up the capabilities of the organization in charge of safety management</b> <ul style="list-style-type: none"> <li>Create a safety management organization for headquarters and other business sites</li> </ul>
	<b>Establish a safety management system/process</b> <ul style="list-style-type: none"> <li>Set up safety and health management and self-discipline prevention systems</li> </ul>
	<b>Internalize safety awareness/safety culture</b> <ul style="list-style-type: none"> <li>Embed safety culture into every corner through enhancing company-wide safety awareness</li> <li>Enhance policy implementation by strengthening on-site safety management</li> </ul>

### Safety and Health Goals




Every year, Hyundai Transys sets specific safety and health goals, operates relevant activities, and monitors the performance. In 2023, we established goals to forge safe business sites. The goals include managing serious safety accidents, responding to safety-related laws and regulations, minimizing risk factors, and sharing our performance.

#### 2023 Safety and Health Goals<sup>1)</sup>

<b>Serious accidents</b>	1. Zero serious accidents
<b>Safety accidents</b>	2. Accident rate <sup>2)3)</sup> 82.56/absence rate <sup>2)</sup> 8.32
<b>Laws and regulations</b>	3. Establishment and revision of safety and health standards (reinforce) 4. Promptly respond to change in policies and laws defined by the Ministry of Employment and Labor
<b>Risk factor minimization (employee engagement)</b>	5. Identify 598 cases or more in department self-inspection 6. Identify 216 cases or more for potential risks and resolve 151 cases or more 7. Daily inspection of workers before work 8. Conduct emergency drills once a half-year
<b>Sharing performance data</b>	9. External: share information through sustainability report/ Internal: share safety and health goals and achievements

1) Based on domestic business sites 2) Based on a rate per ten thousand people  
3) Based on serious accidents and unreported industrial accidents

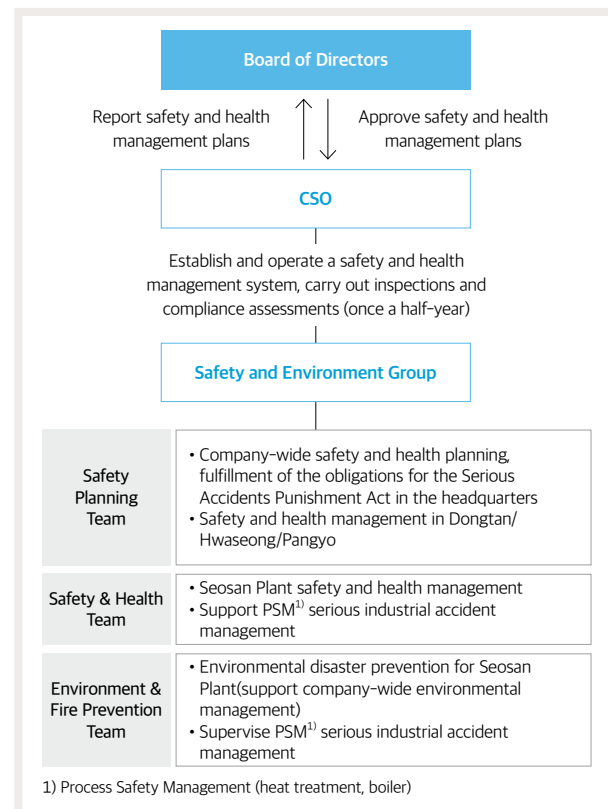
### Promotion of Safety and Health at Business Sites and Enhancement of Employee Health

 <b>Strategy</b> <ul style="list-style-type: none"> <li>Establish safety and health management policy and strategy</li> <li>Build safe business sites based on safety and health policies and safety and health management certification (ISO 45001)</li> </ul>	 <b>Performance</b> <ul style="list-style-type: none"> <li>Zero serious accidents</li> <li>Accident rate 86.91, absence rate 8.76</li> <li>Identify potential risks 240 cases, resolve 148 cases</li> </ul>	 <b>Target</b> <ul style="list-style-type: none"> <li>Set 2023 safety and health goals <ul style="list-style-type: none"> <li>Zero serious accidents</li> <li>Reduce accident rate and absence rate, etc.</li> </ul> </li> </ul>
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## Governance for Safety and Health Management

Hyundai Transys laid the foundation for a professional organizational structure driven by the CSO. It is responsible for overseeing company-wide overall safety and on-site safety. Guided by this dedicated organization, we enhance thorough safety management and raise employees' awareness, as well as evaluate and manage safety and health risks.

### Safety and Health Management Organization



In addition, we regularly convene the Occupational Safety and Health Committee so that employees can participate in the communication regarding safety and health issues, and we can protect the rights of workers.

### Employee Engagement in Safety and Health Management

Category	Occupational Safety and Health Committee	Labor-management safety and health working-level consultation
Frequency	Once a quarter	Always(upon occurrence of a pending issue)
Members of management	22 members including safety and health management(overall) managers, employees and team leaders in charge safety affairs	Team leaders and employees in charge of safety
Members of labor	22 members including labor union branch president/vice president, labor safety and health directors, etc.	Labor safety and health director and members of the Occupational Safety and Health Committee

### Strengthen Safety-related KPIs

To reduce workplace accidents, Hyundai Transys has established safety-related KPIs based on key safety and health indicators such as serious accidents, accident rate, and absence rate. The results of the KPI evaluations are reflected in the achievements of directors and organizations, as well as in personnel evaluations for heads and team leaders. To achieve this, we are strengthening our management system and responsibilities to create safer business sites.

#### Items that Reflect Safety-related KPIs

Category	Item
Result indicator	<ul style="list-style-type: none"> <li>Serious accident</li> <li>Absence rate</li> <li>Accident rate</li> </ul>
Process indicator	<ul style="list-style-type: none"> <li>Prevention activities</li> <li>Compliance with laws and regulations</li> </ul>

## Safety and Health Management System

Hyundai Transys has established a safety and health management system in line with international standards and systematically manages safety and health at its business sites. 20 of our domestic and overseas business sites have received ISO 45001 certification, a global safety and health management system. This has enabled us to carry out various activities to operate safe and healthy business sites.



ISO 45001 Certification

## Safety and Health Policy

In order to build safe business sites for everyone, we have established and practice the safety and health policy. With the safety and health management system based on ISO 45001, we constantly manage and remove potential risk factors and promote activities to spread a culture of safety.

### Safety and Health Policy

1. Establishment of a safety and health management system
2. Workplace risk assessment/ measurement, and education
3. Management of dangerous machines and equipment
4. Health management
5. Safety and health management of partner companies
6. Emergency response management



## Mid-to Long-term Plan for Safety Management

With the vision of realizing a ‘safe workplace where anybody can put their mind at ease to work’, Hyundai Transys has developed a mid-to-long-term plan for safety management. The company carries out activities in three directions, establishing infrastructure, maintaining the management system, and improving the related culture and awareness.

### Safety Promotion Plan



## 10 Core Safety Principles

Hyundai Transys has identified 10 core safety principles to establish a culture of safety and actively promotes company-wide safety activities. To instill these principles in all employees, we have posted management’s commitment to complying with the safety culture and regularly use visual materials at entrances, on buses, and on individual PCs. Additionally, we conduct various activities such as campaigns and exhibits to raise employee awareness of safety and promote a culture of safety among employees.



Activities to Disseminate the Safety Principles

 What we have to stick to	 What we have to avoid
Wear safety equipment	Prohibit removal of safety interlock
Conduct safety checks	No approach in operation
Stretch before work	No smoking / drinking in places other than designated
Comply with regulated speed / Wear a safety belt	No use of not approved electrical installation
Adhere to work permit	No phone use while driving or walking



**Dong Hoon Son**  
Manager,  
Safety Planning Team



## To ensure safe business sites, we must remain vigilant at all times.

### ○ This is Hyundai Transys ROAD to Human, safety cannot be left out on the road for people. What duties are you in charge of in the Safety Planning Team?

As external requirements such as the Serious Accidents Punishment Act strengthen, safety and health are becoming increasingly important in ESG management. The Safety Planning Team is responsible for preventing and managing safety accidents under the Serious Accidents Punishment Act, ensuring that all members at all business sites can work safely.

### ○ You mentioned the strengthening of external requirements, is there a major change in carrying out duties?

Not only bottom-up approach led by on-site workers, but we feel that the top-down approach from management has reinforced. Hyundai Transys classified the safety-related KPIs into results and process indicators and reflects the items in the organizational performance and personnel evaluation in 2022.

### ○ What is the factor that Hyundai Transys focuses on the most in the safety and health field?

The top priority is always the prevention of safety accidents. Especially, we set safety and health goals every year to prevent serious accidents and implement related tasks to achieve them. Of course, the preparation of management systems or policies is important, but its practice is essential, so we carry out various activities to instill a culture of safety in all our employees.

### ○ What is the most memorable activity?

In 2023, an event called 'Safety Conference' was held with the participation of the CEO, persons in charge of safety and health management, supervisors, and field safety leaders. It was an event to strengthen the consensus on safety, including sharing relevant achievements and training on the role of safety leaders. Among them, the CEO's explanation on the safety and health management policy was memorable. I felt that 'safety and health is really important for our company' and 'people of management have such a strong will' once again.

### ○ What about the activities carried out in the field?

Practicing safety in the field requires paying attention to many factors. We use carrots (laughs) to emphasize 'please keep in mind this and that' although we understand everyone is busy. A Safety Keeper Card is a card we give to those who are active in practicing safety guidelines in the field. We also provide small rewards to groups based on the number of cards they receive.

### ○ It sounds similar to a compliment sticker.

Yes, it is. Everyone likes to be complimented (laughs).

### ○ In addition to physical health, interest in mental health is also increasing.

Social interest has increased following the COVID-19 pandemic. Through the 'Mental Care (Maeumbom) Program', we have had the opportunity to share and discuss any psychological challenges faced by team members, including how to recognize warning signs and provide appropriate support. The program received positive feedback from participants, and many requested additional training. As a result, we plan to expand relevant programs in the future.

### ○ Lastly, is there anything you would like to say through this page?

The work of the Safety Planning Team could be described as building a framework. We try to keep our heads above the water to create a safe business site for everyone, and I believe everyone will make efforts together with us to practice a culture of safety as they do now. I will continue to work harder.

# ROAD to Coexistence

## Road to Shared Growth

Building trust relationships with stakeholders is indispensable to a company's sustainable growth. Transparent management activities based on systematic ethics and law compliance management as well as sustainable management of the entire value chain including partner companies are valuable driving forces of achieving healthy growth and stakeholder value creation.

Hyundai Transys pursues a business that grows with the society.

ROAD to Coexistence

# Road to Shared Growth

## Strengthening Sustainable Supply Chain

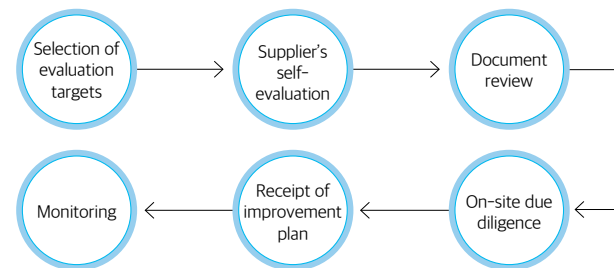
To establish a sustainable supply chain, Hyundai Transys manages risks based on the ESG evaluations of its main partner companies. We conduct annual ESG document reviews on part suppliers, and implement on-site due diligence, improvement activities, and monitoring on partner companies that have been evaluated as 'high-risk'. By continuously advancing our partner company ESG evaluation, we aim to preemptively manage the risks and build a sustainable supply chain based on enhancing the ESG capabilities of our suppliers and managing the data in a systematic manner.

### Selection of Evaluation Targets

We conduct ESG evaluation on partner companies that have production facilities in Korea and trade with Hyundai Transys above a certain level. Before the evaluation, we provide an explanation to partner companies on the overall ESG basic education and evaluation overview through a briefing session, in order to achieve a more effective evaluation.

Starting with 15 companies as a pilot evaluation in 2021, we completed the evaluation for 91 companies in 2022, and are currently conducting the evaluation for 182 companies in 2023. We plan to extend the evaluation to global regions such as Europe and Americas in the future.

### Supplier ESG Evaluation Process



### ESG Assessment and Corrective Measures

ESG assessments involve self-diagnosis by suppliers on four factors: environment, labor/human rights, and safety/health. Based on the results, Hyundai Transys verifies the suppliers. For suppliers identified as high-risk, we conduct due diligence and provide basic education to analyze their problems, share best practices from other companies, and train them on ESG management. This raises awareness of ESG management among their executives and personnel in charge. We also help them establish short- and mid-term improvement plans and monitor their progress by verifying their implementation.

Starting in 2023, we began managing accumulated assessment results with the goal of incorporating the results of ESG assessments into the bidding process. For suppliers identified as high-risk for two consecutive years, we will impose limits on their participation in bids. Additionally, we will introduce a computerized system to expand the number of companies subject to assessment to 182 and manage their assessment data in a more systematic manner, ensuring reliability and accuracy.

### ESG Education Support for Suppliers

Since 2022, Hyundai Transys has provided customized education for the managers and employees of our partner companies to strengthen their ESG management capacity in the medium and long term. In 2022, we provided education on ESG management strategies for the executive level management of 50 partner companies while offering education on ESG basic practices for the responsible people in 106 partner companies. We will persist in offering tailored ESG education support for our partner companies to emphasize the significance of ESG management. Moreover, we plan to operate practical programs in collaboration with the Korea Chamber of Commerce and Industry, such as ESG management consulting, specialized education for building ESG competence and status diagnosis, and one-day consulting.

### ESG Education/Consulting for Suppliers

Target	Management	Employees in charge	Partner companies
Content	ESG management strategy	ESG basic practice	ESG one-day consulting
Cycle	Twice a year	Once a year	Year-round

## Material Issue. ESG Management within Supply Chain



### Strategy

- Secure a sustainable supply chain and enhance our future competitiveness through our supply chain ESG strategy
- Advance our supply chain ESG management based on our Supplier Code of Conduct and ESG evaluation



### Performance

- Evaluated the ESG performance of 91 partner companies in 2022
- Provided ESG education for 123 partner companies in 2022



### Target

- Plan to expand the number of ESG evaluation target partner companies to approximately 200 companies in 2023
- Plan to operate ESG educational programs for approximately 200 partner companies in 2023
- Plan to support ESG management consulting projects for approximately 30 partner companies in 2023



## Partner Companies' Perspectives on Hyundai Transys

### 1-tier Supplier

**Dong Yang PLT** Director, Nam Jin Kim

We are gaining insights into recent social issues such as ESG and sustainable management, through the ESG education and evaluation conducted by Hyundai Transys.

In particular, the on-site diagnosis for ESG evaluation includes a basic training on ESG and a question-and-answer session, which were very helpful for our employees to grasp the ESG fundamental concepts. We were able to establish the groundwork for ESG management by learning from other companies' best practices and setting realistic goals at our company's level.

We will continue to endeavor to build a sustainable supply chain, while collaborating with Hyundai Transys.

### 1-tier Supplier

**CY Myutec** Manager, Hyuk Kwon

The Supplier Relations Team of Hyundai Transys offers practical assistance by operating a customized shared growth program for suppliers to foster the culture of mutual growth.

We greatly appreciated the cash payments to subcontracted small and medium-sized enterprises when we faced management difficulties due to COVID-19. Also, by supporting our secondary partner companies to participate in the smart factory system establishment project, we achieved significant outcomes such as tool cost reduction and production improvement.

In addition to these mutual growth programs, we had a meaningful time with our child last spring by joining a junior automobile engineering class that was organized for the children of partner company employees.

Moreover, we are receiving customized and comprehensive ESG management support for suppliers starting this year, which includes consulting, coaching, and training for ESG evaluation preparation.

Through this, we can learn how to prepare for future ESG management. We hope that continuous support can be provided through the identification of further beneficial activities for partner companies.



**I think it is a process in which we discover improvements and grow with our partners.**

What are your tasks in the Procurement Planning Team?

When it comes to our company's supply chain ESG management, it is a big area of responsible procurement, including strengthening suppliers' ESG capabilities, conflict minerals, and green procurement. I am in charge of relevant overall affairs. As ESG evaluation expands for partner companies, the importance of my duties is increasing.

Can you briefly explain about the major partner companies of Hyundai Transys?

For Korea, we classify our partner companies into three categories: parts, general materials / facility / logistics. For major development items, we manage a pool of partners called an operating structure separately, and among them, we select and manage core partners based on the size of transactions with Hyundai Transys and their possession of important technologies. We also plan to enhance the scope and level of management for our overseas subsidiaries at the domestic level, such as ESG evaluation and pledge of Code of Conduct.

It seems that ESG evaluation has been continuously being upgraded since the pilot evaluation in 2021. What areas do you feel that particularly need improvement?

The ESG evaluation of Hyundai Transys is largely carried out in four areas, ethics, environment, labor and human rights, and safety and health. Since labor and human rights, safety and health have many existing requirements and legislations, most suppliers are already progressing above a certain level. However, the scores in ethics and environmental areas have been relatively low. Therefore, we particularly aim to consistently improve and upgrade the level of these areas by increasing the management's interests. We share best practices through on-site inspections and training while providing relevant guidelines.

Being responsible for ESG management in the supply chain, are there any changes that you can feel as you carry on with your work?

The demand for a sustainable supply chain is increasing. More and more customers are considering the ESG management of partner companies as a mandatory criterion, rather than an optional one. The same is true for partner companies. When we conduct due diligence, we share the current status of ESG management and practical improvement tasks with the executives of partner companies. Some of them show keen interest and active participation in this process. Of course, those suppliers achieve better results later when we evaluate their improvement. I sense that there is a growing awareness of the need and importance of ESG management.

I think there may be some partners that feel burdened as it is conducted in the form of 'evaluation', and they are being graded, and also as the utilization of the results is getting higher and higher.

I agree with you. Depending on the size or transaction volume of the company, some of them may find it challenging to meet the standards that we require in reality. Some of them also express their difficulties to us. I fully empathize with this kind of situation. In this case, I try to explain to them that the requests I make are not just for Hyundai Transys but also for the medium and long-term competitiveness of our partner companies. I always emphasize that my job is not to grade and evaluate, but to identify weaknesses and support them to grow together.

Lastly, I would appreciate hearing your personal opinions.

I have been responsible for this job for about three years now, and as time goes by, I can sense that the external demands and the internal interest have grown significantly. We can also observe that the partners' interest is increasing as well. I hope that we can recognize the importance of this issue at the company-wide level and pursue together the path for sustainable growth.

## Advancement of Ethics and Anti-corruption Management

Hyundai Transys establishes trust with stakeholders through transparent ethics/compliance management and conducts ethical corporate management.

Through the ethics policy and Code of Conduct, we prescribe the ethical standards that employees should adhere to and the direction of Hyundai Transys' ethical management. We also continuously manage risks related to corruption and bribery based on the anti-corruption management system certification(ISO 37001). In addition, we strive to internalize ethical compliance management at the company-wide level by operating and managing ethical management activities based on the ethical compliance management organization.

### Ethical Management Policy

Hyundai Transys endeavors to maintain the highest level of transparency by establishing ethics policies and guidelines to ensure the compliance of all members. The ethics policies and guidelines apply to our domestic and overseas production and sales subsidiaries, affiliated companies, sub-subsidiaries, and joint ventures. We urge all relevant stakeholders of our business relationship to respect these ethics policies and guidelines.

### Five Guiding Principles at Hyundai Transys

1. We shall perform our duties based on clear and transparent standards, and do our utmost to fulfill our responsibilities with integrity.
2. We shall compete fairly in the market and conduct business ethically with parties that engage in contractual relationships with us.
3. We shall provide safe products, exceptional services and accurate information, and we rigorously protect personal information to increase customer value.
4. We shall respect our members as independent individuals, and to this end, we provide fair working conditions and safe working environments.
5. We shall contribute to sustainable development by fulfilling our social & environmental responsibilities as a member of society, so that diverse stakeholders may prosper together in harmony.

### Ethics Policies and Practice Guidelines



### Anti-corruption and Prevention of Bribery

Hyundai Transys obtained ISO 37001 certification, an anti-corruption management system certification in the workplace to prevent anti-competitive behavior, corruption, and bribery. Based on this, we conduct monitoring and ethical compliance management activities by dedicated organizations or personnel, and report the results to the Board of Directors quarterly. We also operate the Cyber Sinmungo to actively support internal and external reporting and consultation on ethics, in accordance with the principle of protecting the identity of informants and prohibiting disadvantages against them.

### Anti-corruption and Prevention of Bribery Regulations

Elements	
Bribery	Insider trading
Solicitation	Workplace ethics
Conflict of interest	Abuse of authority
Documentation and reporting	

## Implementation of Ethics/Compliance Management



### Strategy

- Comply with and internalize ethics policy and practicing guidelines
- Practice ethics and anti-corruption management based on ISO 37001



### Performance

- Establish 'Guidebook for Anti-corruption Management System'
- Number of persons who completed fair trade education in 2022: 2,250
- Report on ethical compliance management activities to the BOD: 4 times a year



### Target

- Pursue acquisition of compliance management system certification (ISO 37301)
- Post the compliance policy
- Prepare and distribute manuals and procedure guidelines regarding compliance
- Evaluate and improve compliance risks





**Gyoung Gyu Go**  
Senior Manager,  
Legal Affairs Team



## We should build trust so that people can say 'Hyundai Transys is not that kind of company.'

### ○ Please introduce your duties at the Legal Affairs Team.

I am mainly responsible for prevention work. In terms of the PDCA cycle, it is the 'plan' phase. I think that proactively preventing and managing risks is the most crucial thing.

### ○ I think that raising internal awareness is also important for prevention.

Yes, we carry out various compliance activities to internalize or raise awareness. It is most important to prevent risks by establishing a system that prevents our colleagues from 'making mistakes because of unawareness' while performing their work. To achieve this, we provide relevant information through many channels, such as quizzes on fair trade, in addition to one-way education.

### ○ When you think about listening to legal education, there's an image that it is hard and difficult. How are you overcoming this impression?

Law is difficult and boring (laughs). What seems obvious to us may not seem obvious to others. What I learned from conducting various training sessions was that it is necessary to consider the content and delivery method that can be understood as intuitively as possible. We need to share very specific cases that can make the participants realize 'Oh I should never do that' or 'I'll face serious consequences.' Even now, we are thinking about employee-friendly education that can be more simple, fun, and memorable.

### ○ You also conduct corruption risk assessment based on the anti-corruption management certification. What area do you focus on in particular?

As the name suggests, anti-corruption management system, we focus on managing solicitation and bribery. We identify and manage risks that can occur in the relationship between stakeholders, mainly business partners, and the field. Currently, we perform this on domestic business sites, and mainly production plants for overseas business sites. Although obtaining certification may be challenging, we intend to implement the anti-corruption management system horizontally to ensure compliance with laws and regulations.

### ○ Do you have any major achievements you would like to share?

In my opinion, certification is only a step in verifying that the system is functioning properly. Above all, the practical achievement was that we avoided any major corruption-related violations, and as a result, we preserved the company's reputation.

### ○ Which activity do you find most helpful in achieving zero cases of corruption?

I believe that it is important for employees to always be alert, so we try to provide information regularly whenever possible. For example, we hold a Compliance Management Council every two months to offer education by external instructors and share cases. Given the current emphasis on ESG, I notice that there is stronger awareness among field workers that we should be careful.

### ○ Is there anything you wish for in the future?

On behalf of The Legal Affairs Team my wish is for everything to go smoothly without any issues (laughs). I hope that my work will continue to be meaningful and contribute to the future development of the company.

### ○ How do you envision the development in terms of ethical compliance management?

From the work perspective, I think that expanding the scope of management to overseas business sites will be part of the development. I think it would be ideal if people could say that 'Hyundai Transys would never do such a thing.' I believe that there is no better expression of the trust of stakeholders than that.

A close-up photograph of five hands of different skin tones cupping small green seedlings in dark brown soil. The hands are arranged in a circle, with the palms facing upwards. The background is a soft-focus outdoor setting with green foliage.

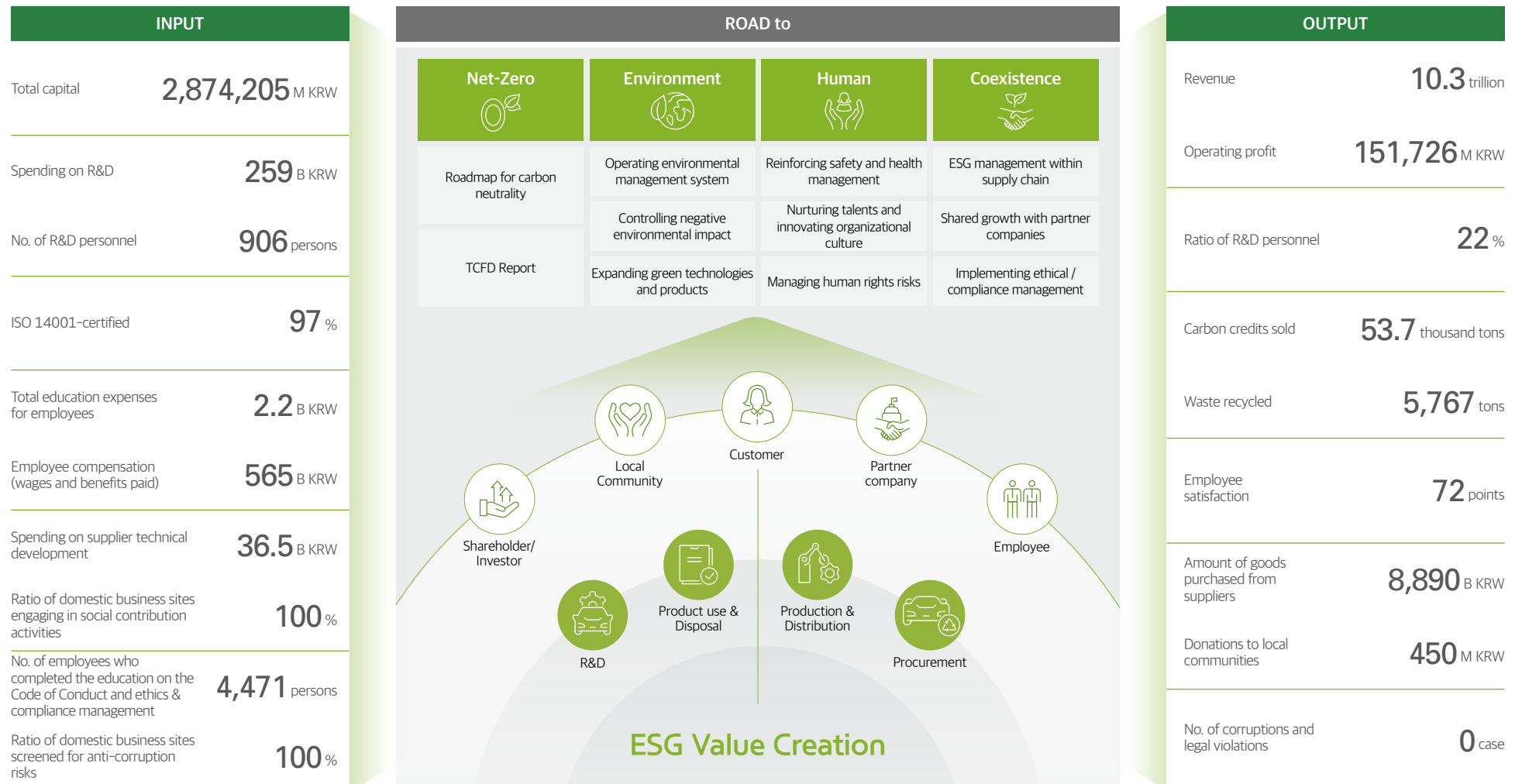
# ESG Performance

With the aim of 'Transformation to Sustainable Mobility', Hyundai Transys has carried out a range of activities across environmental, social, and governance areas.

Our efforts to build a sustainable future with our stakeholders will continue.

# ESG Value Creation

Hyundai Transys is committed to achieving sustainable growth by taking into account the interests of various stakeholders and the ESG values that are embedded in the entire value chain, from R&D to product use and disposal.





# Environment

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# Strengthened Environmental Management

## Environmental Management System

### Environmental Management Implementation

#### Environmental Management System

Hyundai Transys carries out company-wide environmental management to create an eco-friendly workplace. We manage environmental impact through interdepartmental cooperation centered on specialized organizations for each key environmental area while implementing systematic environmental management based on environmental management system certification.

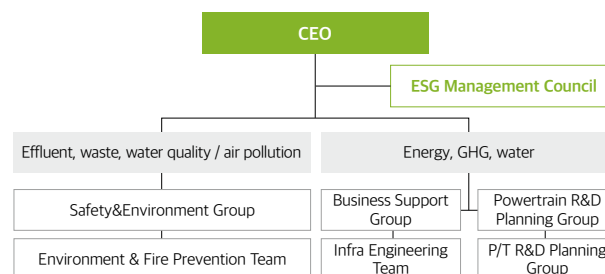
#### Environmental Management Direction

Direction	
Creating an eco-friendly workplace	
Key tasks	
Preemptive response to domestic and foreign regulations and issues	<ul style="list-style-type: none"> <li>Establishing a system for energy and GHG management</li> <li>Strengthening the monitoring system for chemical substances</li> <li>Reviewing the relevant laws and proactively responding to new environmental regulations</li> </ul>
Minimizing the emissions of environmental pollutants	<ul style="list-style-type: none"> <li>Volunteering to sign the fine dust agreement and carrying out reduction activities</li> <li>Advancing the resource recycling activities</li> <li>Minimizing emissions of environmental pollutants from business sites and surroundings</li> </ul>
Response to climate change	<ul style="list-style-type: none"> <li>Managing GHG emissions</li> <li>Transitioning to renewable energy sources</li> <li>Managing energy efficiency</li> </ul>

### Environmental Management Governance

Our environmental management governance is led by dedicated organizations as well as the ESG Management Council, which includes the CEO. The management is responsible for making decisions related to environmental management, managing and overseeing environmental issues and risks while monitoring the progress. The dedicated organizations, which carry out practical tasks, are responsible for implementing actual environmental management activities, identifying and improving related risks, and controlling the emissions of environmental pollutants.

#### Environmental Management Organizational Chart



#### Environmental Management System Certification

To implement and manage systematic environmental management at a global level, we have obtained and adhered to ISO 14001, an environmental management system certification, for our domestic and overseas business sites.

#### ISO45001 Certification



1) The subsidiary in Indonesia, which was founded in 2022, plans to obtain the certification in 2023

### Environmental Management Policy

Hyundai Transys has established an environmental management policy to continuously enhance environmental performance and minimize adverse environmental impacts throughout its business activities and value chains. This policy applies to all our business sites, affiliated companies, and business units. We also advise the entire supply chain, including our partner companies and distribution networks, to comply with this policy.

#### Our Environmental Management Guidelines

1. It shall recognize the environment as key to corporate success, creates corporate values through proactive eco-friendly management, and fulfills its corporate social responsibility.
2. It shall set out implementable targets to respond to climate change and evaluate their implementation performance.
3. It shall make efforts to use resources and energy sustainably and reduce pollutants throughout the lifecycle of the development, production, sale, and discarding.
4. It shall actively support suppliers' environmental management activities and establish and implement criteria necessary for an eco-friendly supply chain policy.
5. It shall comply with domestic and international environmental laws and conventions and establish and implement necessary policies to promote environmental management.
6. It shall protect bio-diversity and draft a policy to preserve the natural environment.
7. It shall disclose its environmental management performance to corporate members and stakeholders per reasonable and objective criteria.



## Environmental Management Activities

### Environmental Risk Management

Hyundai Transys identifies potential and actual risks in key environmental areas related to corporate management and conducts activities to mitigate their impact. Led by dedicated departments, we identify and manage issues related to air, water quality, waste, chemicals, soil, and relevant laws and regulations. In 2022, as part of establishing a roadmap for carbon neutrality, we assessed the opportunities and risk factors related to climate change, while evaluating the potential financial impact of each factor to determine a response direction for the company.

#### Scope of Environmental Risk Management



### Preventive Control of Environmental Accidents

Hyundai Transys is undertaking various activities to proactively prevent environmental accidents that may occur at its business sites. In the case of noise that can affect the local community, we establish our own standards, install dust collectors and motor silencers, and construct soundproof spaces to control noise levels. Pollutants and wastewater, which directly affect the environment around our business sites, are subject to rigorous management. We are doing our utmost to prevent leaks and pollution through internal and external monitoring, including managing preliminary catchment tanks at wastewater treatment plants, conducting leak tests of wastewater landfill piping, installing oil-water separators, as well as performing soil contamination and leak tests. On top of that, through self-inspection of environmental facilities in the plant, we identify areas that require improvement, implement corrective measures accordingly, and monitor mid- to long-term progress for continuous management.



### Managing Effluent Leakage and Preventing Recurrence

Hyundai Transys experienced an effluent leakage accident at Jigok Plant in the summer of 2022, but minimized the damage by promptly reporting it voluntarily as soon as the accident was recognized. We undertook control work through internal and external companies. Aiming to prevent recurrence, we analyzed the root cause, and established and implemented a detailed plan, such as improving water tanks, pumps, and piping, and blocking outflow of rainwater pipes. Moreover, in the event of an accident at a nearby partner company at our workplace, we provided a backup water tank to temporarily store contaminated water in our wastewater treatment plant, and supported prompt response through a professional disaster prevention company. Furthermore, we are planning to prepare disaster prevention equipment and conduct simulation drills to respond immediately in the event of a situation by specifying the environmental leakage accident scenario in detail. Going forward, we will continue our proactive response and management activities to prevent environmental accidents that may occur in the course of our business operations.

# Minimization of Environmental Impact

## Strengthened Management of Environmental Impact

### Efforts to Preserve the Ecosystem

#### Community Environment Improvement Activities

As a response to climate change, the international community is also increasing its interest in and efforts to protect natural capital, such as biodiversity, forests and oceans. In order to preserve a stable ecosystem, it is necessary to identify and manage the overall impact that our business operations may have on natural capital and raise the awareness of it.

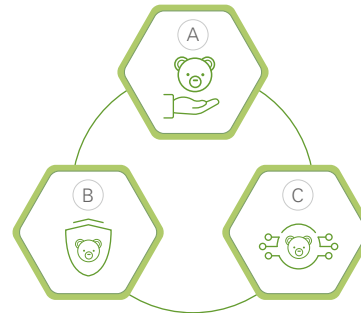
We conduct inspections of soil and water quality, preventive measures against pollutant leakage, and establish and adhere to internal noise standards with an aim to minimize the adverse environmental impacts that our business sites may have on local communities. On top of that, we strive to improve the environmental conditions of the local community by proactively identifying and managing potential environmental issues and maintaining regular communication with local residents.

### Biodiversity Protection

Hyundai Transys reflects commitment to safeguarding the biodiversity throughout the entire sourcing and procurement of raw materials and business processes in the Environmental Management Guidelines. As of 2022, we did not operate in any of the protected areas having high biodiversity values, or the areas that may affect habitats for endangered species.

#### Biodiversity Protection Policy

Hyundai Transys shall prepare actionable measures to minimize the impact to biodiversity, and can establish a specific implementation procedure by setting achievable goals.



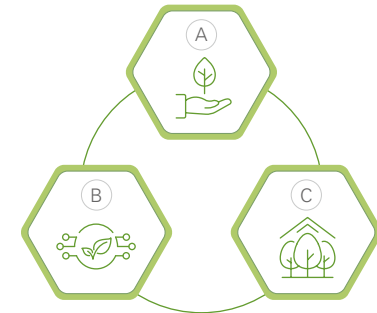
- A Hyundai Transys shall establish a system to pre-identify and avoid or minimize risk factors that may impair biodiversity near business sites.
- B Hyundai Transys shall not install or operate business facilities or devices in biodiversity protected areas.
- C Hyundai Transys shall expand and promote activities for biodiversity conservation, restoration and expansion

### Prevention of Forest Destruction

As we recognize the problems of deforestation that may arise in the sourcing and procurement of raw materials and overall business processes, we specify relevant principles to establish and implement preventive policies when negative impacts are expected.

#### Deforestation Prevention Policy

Hyundai Transys shall do its best to prevent deforestation throughout its business operations. Hyundai Transys shall maintain / protect the green area inside the business site and surrounding areas and contribute to preventing deforestation in the community and contribute to preventing deforestation in the community and forest conservation.



- A Hyundai Transys shall inspect the risk of deforestation when reviewing business expansion and construction of new business sites.
- B Hyundai Transys shall actively promote afforestation and reforestation activities to help the natural ecosystem flourish.
- C Hyundai Transys shall complete a value chain structure that operates a business without deforestation in the mid-to-long term.

## Chemical Substance Management System

We have developed the Transys Hazardous Chemical Management System (THCMS) for the chemical management. Based on this system, we identify the relevant regulations and customer requirements, and register the information of related substances from product development to final approval, thereby ensuring efficient and systematic management of chemicals.

## Hazardous Substance Management Process

Besides the THCMS that we developed, we manage hazardous substances in an integrated manner by using the International Material Data System (IMDS) that is widely adopted in the automotive industry.

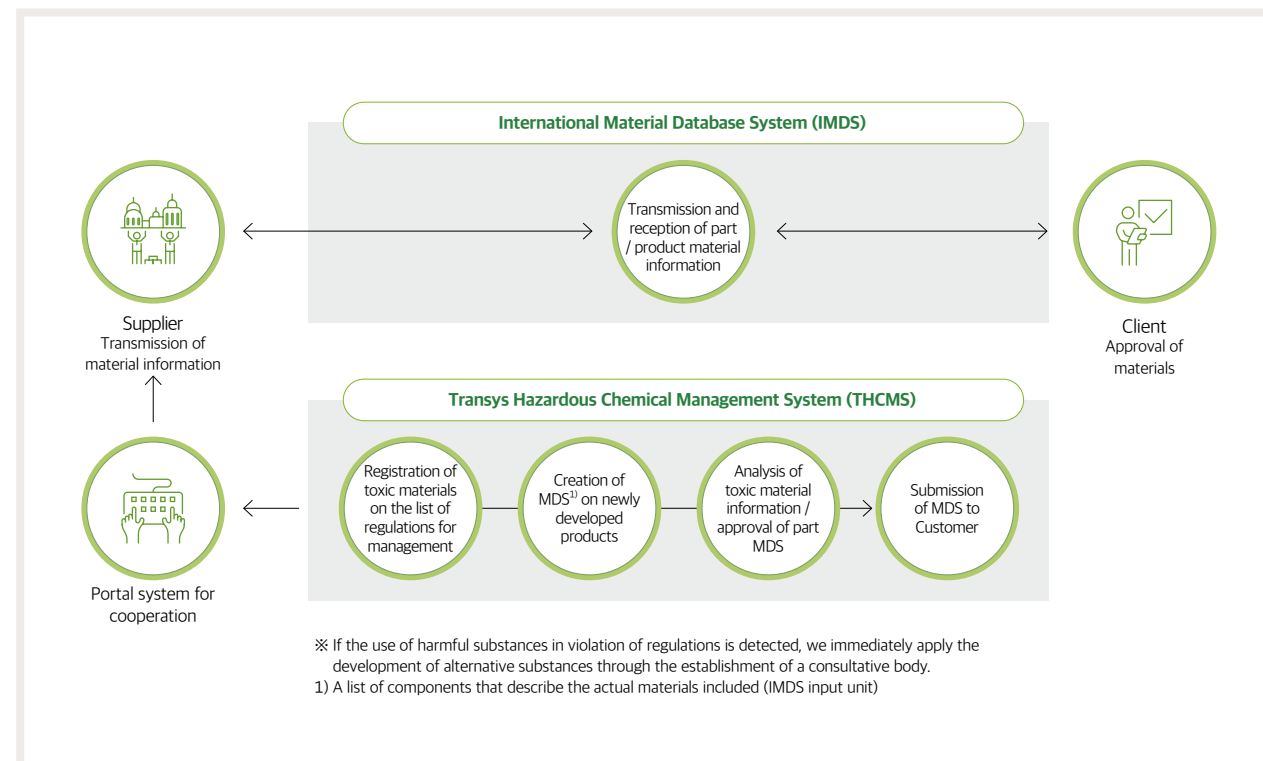
## Chemical Substance Management Activities

Hyundai Transys rigorously manages hazardous chemicals in order to minimize the harmfulness of substances used in products and to develop safe products. In order to minimize risks due to strengthened related regulations, we continuously manage the content below the legal standard, and substitute newly announced hazardous chemicals with alternative substances.

## Responding to Regulations on Hazardous Chemicals

To comply with chemical substances regulations both domestically and internationally, we verify whether the substances used are in conformity with regulations through IMDS, and carry out various activities such as reviewing documents for partner companies that may handle related substances. For systematic management, we established an internal hazardous substance management division to address global regulations and policies, creating an organic work processes ranging from research institutes to quality to development. In addition, as a member of the Hazardous Substances Council of Hyundai Motor Group, which is held once or twice a year, we share the current status of new regulations and identify improvements to advance the regulatory response system and sharpen our response capabilities.

## Hazardous Chemical Management Process



# Action against Climate Change

## GHG and Energy Management

### GHG Emission Management

Hyundai Transys has developed a roadmap for carbon neutrality that outlines its objectives and strategies for reducing GHG emissions. With the objective of achieving carbon neutrality by 2045, we will mitigate carbon emissions throughout our value chain as a creative leader for mobility innovation.

We conduct annual verification of GHG emissions across the organization and disclose them transparently. Moreover, we have extended the scope of our emission management to include Scope 3 emissions from our supply chain. We are committed to achieving carbon neutrality by enhancing our emissions management at our overseas subsidiaries and supply chains. To this end, we will also carry out various reduction activities for environmental sustainability.

### GHG Management Scope

Category	Target
Scope 1	Domestic and overseas business sites <sup>1)</sup>
Scope 2	
Scope 3	Domestic and overseas business sites <sup>1)</sup> <ul style="list-style-type: none"> <li>Purchased goods and services</li> <li>Capital goods</li> <li>Fuel-and energy-related activities</li> <li>Waste generated in operations</li> <li>Business travel</li> <li>Employee commuting</li> <li>Transportation and distribution</li> <li>Use of sold products</li> <li>End of life treatment of sold products</li> </ul>

1) Including Hyundai Mseat (subsidiary company)

### Response to the GHG Emission Trading Scheme

Hyundai Transys participates in the GHG Emission Trading Scheme and sells the GHG reductions that it achieves through effective reduction activities. Since we became a target company of the scheme in 2015, we have sold approximately 53.7 thousand tons of GHG reductions cumulatively as of 2022.

### Energy Consumption Management

Hyundai Transys implements an integrated energy management system to enhance energy efficiency and minimize consumption. We monitor energy consumption at the plant level by dividing it into groups and lines for detailed analysis. We also set indicators for reducing energy during non-production hours and measure the performance against the targets for standby energy by plant and group. Specifically, we manage energy consumption effectively by implementing power-saving activities targeting centralized coolant system, impregnation apparatus, washing machine and dust collectors, which are among the major energy-consuming facilities. Furthermore, we improve supply facilities by utilizing waste heat from compressors and boilers and by shutting off air supply during non-operational hours.

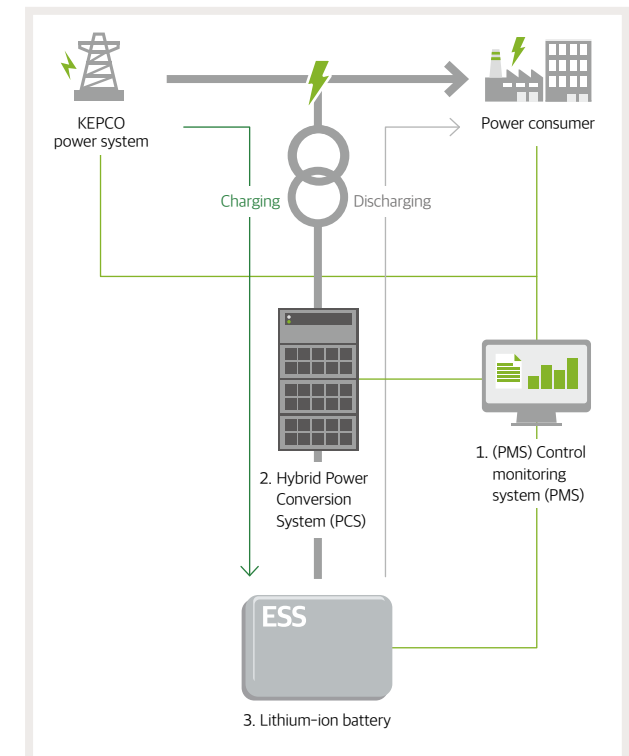
### Participation in Power Savings Agreement

We participate in Demand Resources Trading hosted by the Korea Electric Power Exchange and implement reduction activities accordingly. We receive reduction subsidies based on the target reduction amount, which amounted to KRW 210 million in cumulative settlements by 2022.

### Energy Storage System (ESS)

We use stored energy during the daytime (when the load is maximum) that we have accumulated during the night time (when the load is minimum) and the energy consumption is relatively low. By doing so, we take advantage of the fact that the electricity price during the night time is 50% lower than the price during the peak hours. Since we started this practice in 2018, we have saved a total of KRW 3.7 billion (as of June 2023).

### ESS Operation Structure



## Energy Saving Activities

### Energy Efficiency Improvements

Hyundai Transys enhances energy efficiency by replacing major facilities, including outdated ones, and by upgrading facility operation, which results in energy savings. The power factor was increased to more than 95% by replacing outdated condensers in substations. In addition, the cooling operation costs were lowered

and the cooling time was shortened by replacing the existing gas-type absorption chiller / heater with an electrical type which brings higher efficiency. Furthermore, the operation time was enhanced while the power consumption and energy costs were reduced by switching the drying facility from time control to flow control with an aim to make the best use of the adsorbent.

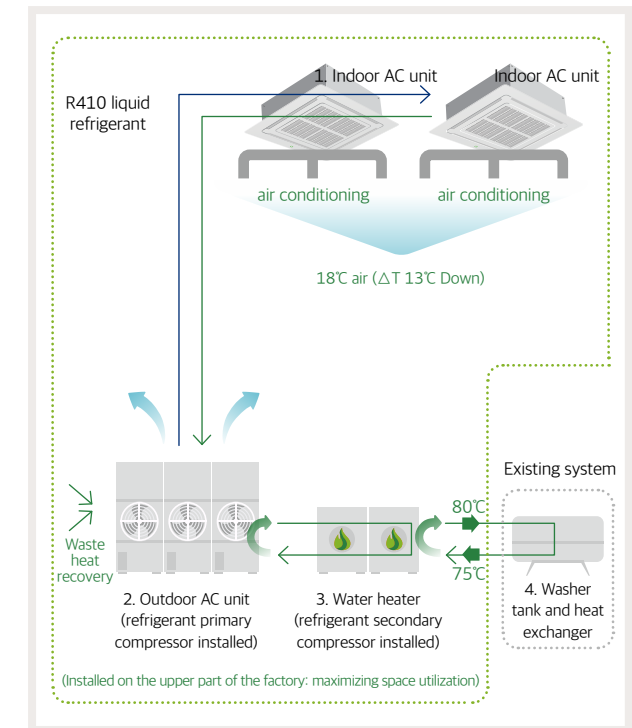
### 2022 Energy Saving Efforts



### Waste Heat Utilization

We enhance eco-friendly energy processes and decrease energy consumption by recovering and recycling waste heat from plants. Heat generated by the washer in the processing line is recovered and utilized for cooling in certain areas of the plant. We also recover and reuse condensate used in steam production. Furthermore, waste heat recovered from air compressors is applied to steam production to increase the temperature of feed water, reducing boiler operating energy by 250,000 Kcal per hour.

### HVAC System





# Social

51 Partner Company

56 Human Rights

58 Employee

70 Local Community

73 Information Security

77 Customer



# Partner Company

## Building a Sustainable Supply Chain

### Supply Chain Management

Based on our ESG strategy of the supply chain, Hyundai Transys is committed to promoting sustainability throughout the entire value chain. We have implemented ESG evaluation according to the Code of Conduct for Suppliers, and managed risks in advance to establish a sustainable supply chain. In addition, we have continuously

supported partner companies in sharpening their competitiveness through various win-win growth programs. We also ensure socially and environmentally responsible material sourcing through implementing green procurement policies and managing conflict minerals.

### Supply Chain Management System

Hyundai Transys is building a sustainable supply chain based on the responsible material sourcing, building supply chain ESG capacity, and establishing a culture in pursuit of shared growth.

### Supply Chain Status

Hyundai Transys has formed relationships with 382 partner companies at home and abroad, and identifies and manages key suppliers (34 companies) based on their transaction size and core technologies (as of 2023, Head Office).

### Supplier Selection and Evaluation

When selecting new suppliers, we consider not only financial factors, such as management status, supply capacity, and quality, but also non-financial factors, including ethics and mandatory safety evaluation. We do not proceed with registration when a new company does not meet the minimum requirements for ethics and safety. By conducting regular ESG evaluations for selected main companies that are already in business with Hyundai Transys, we strengthen the sustainability of the supply chain.

### Strategy for Supply Chain Management



### Code of Conduct for Suppliers

With the establishment of the Code of Conduct for Suppliers, Hyundai Transys sets forth the standards on ethics, environment, labor / human rights, safety / health, and management system. And we require partner companies to voluntarily fulfill their social responsibility. We are expanding the scope of management to include domestic parts suppliers and overseas suppliers, and striving to build a sustainable supply chain and achieve shared growth.

### Code of Conduct for Suppliers

1	<ul style="list-style-type: none"> <li>Transparent management and anti-corruption</li> <li>Prevention of conflicts of interest</li> <li>Prevention of unfair trade</li> <li>Prevention of counterfeit parts</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with laws and regulations on export</li> <li>Information protection</li> <li>Responsible purchasing of materials</li> </ul>
2	<ul style="list-style-type: none"> <li>Establishment of an environmental management system</li> <li>Energy consumption and GHG emissions management</li> <li>Water resources management</li> </ul>	<ul style="list-style-type: none"> <li>Air pollutant management</li> <li>Waste management</li> <li>Chemical substance management</li> </ul>
3	<ul style="list-style-type: none"> <li>Non-discrimination</li> <li>Wages and welfare benefits provision</li> <li>Working hours management</li> <li>Humane treatment</li> </ul>	<ul style="list-style-type: none"> <li>Guarantee freedom of association</li> <li>Prohibition of child labor</li> <li>Prohibition of forced labor</li> </ul>
4	<ul style="list-style-type: none"> <li>Establishment of a safety and health management system</li> <li>Safety management of machines and equipment</li> <li>Response to emergencies</li> </ul>	<ul style="list-style-type: none"> <li>Accident management</li> <li>Safety inspection</li> <li>Health management</li> </ul>
5	<ul style="list-style-type: none"> <li>Company statement disclosure</li> <li>Appointment of managers</li> <li>Risk assessment</li> <li>Education and communication</li> </ul>	<ul style="list-style-type: none"> <li>Information management</li> <li>Operation of a grievance handling system</li> <li>Management of accounts</li> <li>Abidance by norms</li> </ul>

## Responsible Procurement

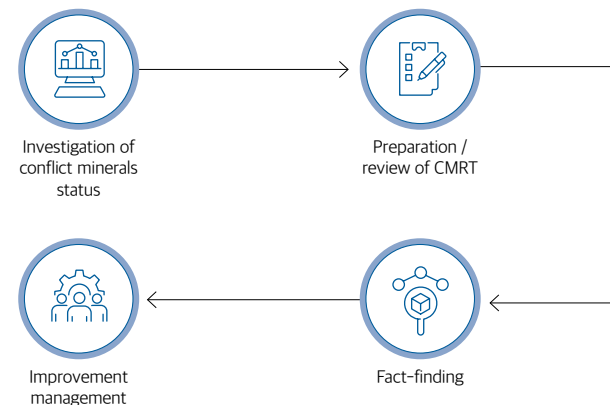
### Conflict Minerals

To prevent the use of unethically mined minerals from conflict areas and to practice responsible procurement, Hyundai Transys operates a conflict minerals management process. We support activities to ban the use of conflict materials promoted by the RBA (Responsible Business Alliance) and the global e-sustainability initiative. In addition, we included provisions related to conflict minerals within our ethics policy, practicing guidelines, and Code of Conduct for Suppliers, and also put in place a policy on this matter.

#### Conflict Minerals Management System

Through the conflict minerals-related items within the Code of Conduct for Suppliers and ethics policy, we are managing responsible mineral procurement within the supply chain. We receive CMRT from suppliers for effective management and understand the current situation based on this.

#### Conflict Minerals Management Process

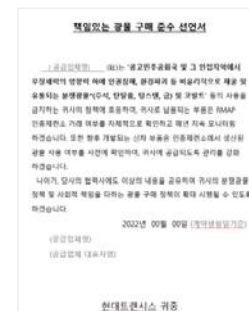


### Supplier's Declaration on Responsible Mineral Procurement

Through the declaration on responsible mineral procurement, suppliers of Hyundai Transys also express their commitment to refraining from using minerals from conflict areas that cause human rights and environmental issues in the mining process. As of 2022, a total of 135 companies joined the declaration for responsible mineral procurement.

#### Conflict Minerals Management Policy

- We shall actively support the activities to ban the use of conflict minerals promoted by the RBA (Responsible Business Alliance) and the Global e-Sustainability Initiative (GeSI), by establishing a conflict minerals management process, for compliance with the law, applying international standards for regulating conflict minerals.
- We shall identify the names and locations of all smelters regarding tin, tantalum, tungsten and gold used in our products, using the questionnaire reports of conflict minerals provided by RBA and GeSI. We shall request partner companies to submit a questionnaire report on conflict minerals use and a written document stating that conflict minerals are not used.
- We shall assist suppliers in purchasing conflict minerals from smelters certified by the 'Conflict-Free Smelter Program.'



Declaration on responsible mineral procurement

### Green Procurement

In addition to providing eco-friendly products, Hyundai Transys plans to prepare and promote a green procurement policy that considers the eco-friendliness in purchasing of products as well. We will redouble our efforts to establish an eco-friendlier supply chain through constantly expanding green procurement by prioritizing purchasing products that have less environmental impact in the entire product process including raw materials, manufacturing, distribution, use, disposal, and reuse.

#### Types of Green Products

Green Product Certification Mark	
Eco label	
Energy saving	Good recycled product

## Shared Growth

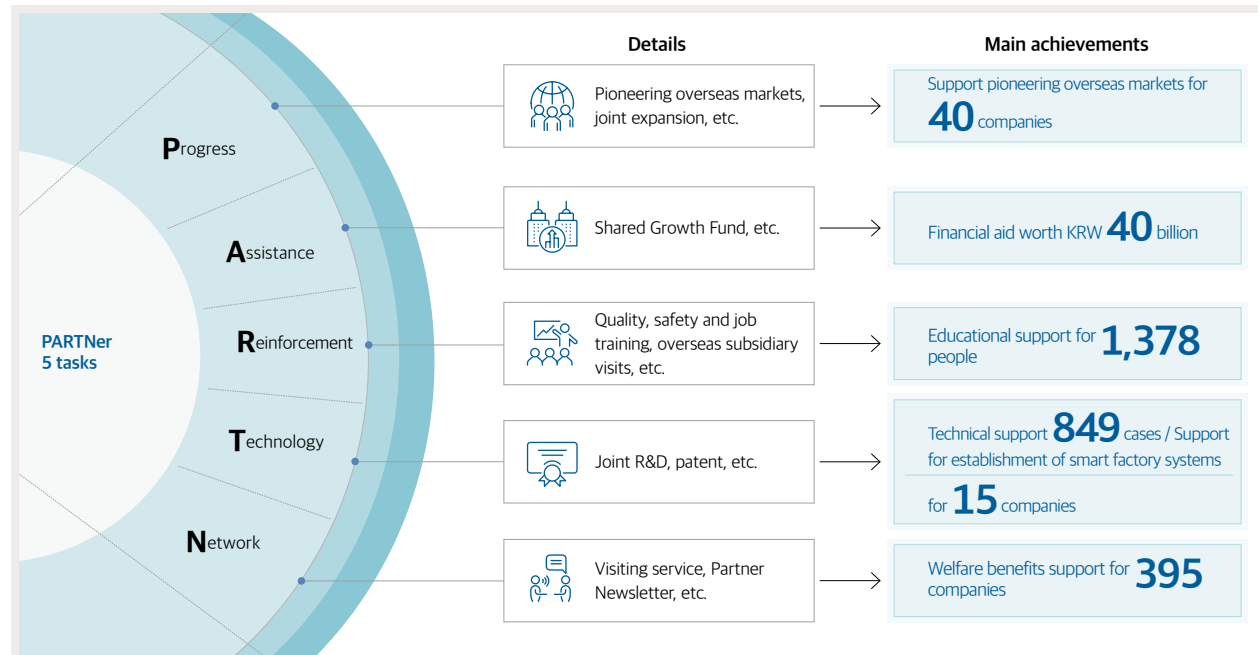
### Promoting Shared Growth

To respond to the rapidly changing business environment and establish a sustainable value chain, Hyundai Transys pursues shared growth to grow with its partners based on cooperation and solidarity. To this end, alongside direct management and financial support, we carry out various activities for capability reinforcement, technical assistance, and communication facilitation. We also signed a shared growth agreement with 1-tier and 2-tier suppliers to promote mutual growth with the suppliers.

### Shared Growth Program, PARTNer

'PARTNer' is our shared growth program that supports suppliers through five tasks involving progress, assistance, reinforcement, technology, and network. In accordance with the five tasks, we carry out various support activities to enhance the competitiveness of partner companies and realize a value of co-prosperity.

### PARTNer Details and Its Main Achievements



### [Polishing Up Capacity to Ensure Occupational Safety]

In addition to ensuring a safe Hyundai Transys, we provide occupational safety support projects to create a safe society for everyone, including the employees of partner companies. To disseminate the culture of safety, we make efforts to sharpen suppliers' capabilities for workplace safety and health by offering safety education by sector and carrying out regular safety inspections and related consulting, and holding council meetings.

### [Technical Assistance]

As the capability of partner companies are connected with the capabilities of Hyundai Transys, we promote technical assistance projects for suppliers. We continuously engage in projects with government institutions to secure quality parts and enhance production, and also expand assistance projects in connection with the government's support projects.

### [Assisting Suppliers in Expanding into International Markets]

In connection with the government's support project, Hyundai Transys operates a program to expand sales of suppliers. We not only provided partner companies with opportunities for sales expansion such as helping them participate in overseas automobile parts exhibition and hold a video conference with overseas buyers on purchasing consultation. We also supported them in pioneering overseas markets by holding strategy seminars for overseas expansion and providing financial support in localizing overseas products.



Joint operation of Germany Stuttgart International Auto Parts Exhibition

## Selected as the Best Company in Shared Growth

We were selected as the best honorary company<sup>1)</sup> by receiving the 'excellent' grade in the Shared Growth Index for eight consecutive years. Hyundai Transys CEO (Yeo Su Dong) was recognized for his contribution to win-win cooperation by the government and received the Order of industrial Service Merit (Bronze Tower) in 2022. Hyundai Transys will continue to promote shared growth activities to realize the value of win-win cooperation.

1) Company selected for the best grade for three consecutive years

## Facilitating Partner Company Communication

### Reinforcing Partner Company Communication Channels

Beyond providing support for suppliers, we are operating diverse communication channels to maximize a value of co-prosperity based on active communication. While collecting opinions and recommendations from suppliers through the visiting service and shared growth portal, we are also actively sharing information necessary for shared growth and practicing win-win management.

### Addressing Grievances of Partner Companies

Hyundai Transys operates a visiting service for 1-tier and 2-tier suppliers, and through this activity, we receive complaints and grievances from partner companies and resolve them with relevant parties. In 2022, we visited a total of 240 partner companies, and completed taking action on all 81 cases received. We ensure that reports submitted through Cyber Sinnungo are kept anonymous, including those concerning unethical behavior by employees and requests for improvements related to fair trade systems or violations thereof.

## Channels for Communication with Suppliers



### Visiting service

- Pay visits to 1-tier and 2-tier suppliers
- Detail: Collect suppliers' difficulties and recommendations, introduce shared growth programs, and request for participation, etc.



### Shared growth portal

- Communication channel for data sharing
- Introduce a shared growth policy and support programs, operate a cooperative association
- Application/acceptance/approval regarding shared growth fund, education for suppliers, and support projects for suppliers



### Visiting Service

Visited **240** companies



### Ratio of grievances handled

**100%**

## Partners Day

Hyundai Transys operates a cooperative association with partner companies, and every year we discuss shared growth plans with the representatives of suppliers through the 'Partners Day'. Partners Day is a communication channel where employees of Hyundai Transys and the partner company representatives share future visions and strategies, and discuss how to accomplish mutual growth. In 2022, Partners Day was attended by 93 representatives from our suppliers. During the event, we shared our future strategy and main objectives, and also presented an award to the partner company of the year. We will continue to foster co-prosperity and shared growth with partner companies, by actively promoting various communication channels.



2022 Hyundai Transys Partners Day

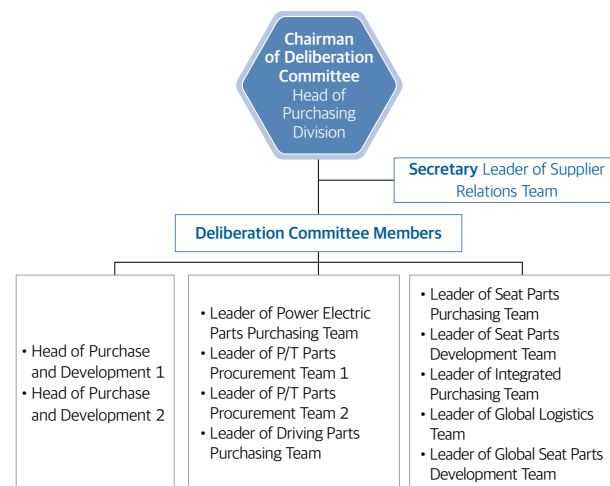


## Fair Trade

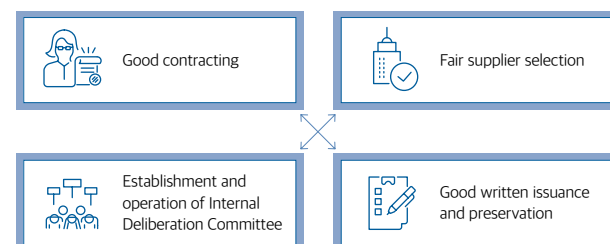
### Internal Deliberation Committee

Hyundai Transys operates the Internal Deliberation Committee to review the fairness and lawfulness of fair trade. By stipulating the work procedures for operation through the committee and establishing four subcontracting practices, we strive to contribute to establishing a fair subcontract trade order and preventing violations of the Fair Transactions in Subcontracting Act in advance.

#### Organizational Chart for Internal Deliberation Committee



#### Four Subcontracting Practices



### Fair Trade Self-Compliance Program (CP)

To prevent legal violations at an early stage, we have implemented a fair trade self-compliance program(CP)<sup>1)</sup>. This program aims to increase both internal and external reliability, and to prevent tangible and intangible losses resulting from a decline in trust. The program consists of eight main components, focused on raising awareness and promoting internal innovation. Furthermore, we send out CEO messages semi-annually to express the CEO's commitment to self-compliance and to raise awareness of compliance among all employees.

1) Compliance Program: Fair Trade Self-Compliance Program

#### 8 Components of the Fair Trade Self-Compliance Program



### Internalization of Fair Trade Culture

#### Dissemination of Fair Trade Information

To promote sustainable compliance and ethical management, and raise employee awareness, we issue fair trade newsletters every month through the in-house portal, Autoway. Also, we post fair trade manuals, anti-collusion and self-compliance guidelines on the in-house portal so that employees can refer to them when practicing fair trade.

#### Employee Fair Trade Education

Hyundai Transys provides fair trade education every year on a regular basis. This training is offered to employees under the subject of fair trade commission policy trends, the Fair Trade Act, and major relevant cases. Furthermore, regular training is conducted to ensure that employees are well-informed about and can practice precautions on compliance/ethics. Through self-inspection of anti-competitive behavior twice a year, fair trade awareness is internalized at the company-wide level.



# Human Rights

## Human Rights and Respect for Diversity

### Human Rights Management System

#### Human Rights Policy

Hyundai Transys adheres to international standards on human rights and labor, including the Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, ILO Fundamental Conventions, and the OECD Due Diligence Guidance, and establishes a human rights policy based on these standards. This policy applies to all members of Hyundai Transys, comprising domestic and overseas production and sales subsidiaries. We also urge external stakeholders such as the supply chain to respect and comply with the policy.

#### Human Rights Policy

Basic Principles	
1. Prohibition of Discrimination	5. Prohibition of Forced Labor and Child Labor
2. Compliance with Working Conditions	6. Guarantee of Industrial Safety
3. Humane Treatment	7. Protection of Human Rights of Local Residents
4. Guarantee of Freedom of Association and Collective Bargaining	8. Protection of Human Rights of Customers

#### Human Rights Management Governance

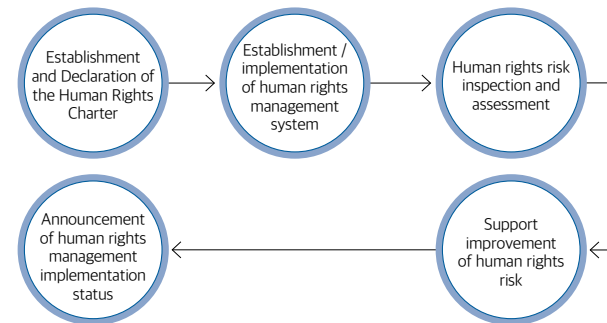
To ensure responsible human rights management, we have established and implemented a governance system that involves a department dedicated to human rights affairs and key decision-makers. In particular, for major issues such as reviewing internal policies and regulations regarding human rights policies, recommending human risk assessment results and measures, ordering investigations of human rights violations, and reviewing relief measures, we report and review them through meetings with the participation of at least the decision-maker of the dedicated department.

### Human Rights Risk Management

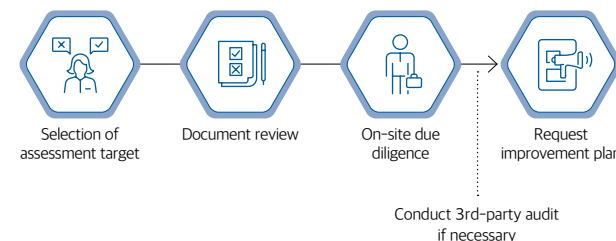
#### Human Rights Risk Assessment

We conduct human rights risk assessment to identify and manage potential and actual risks on human rights issues that can affect stakeholders. We determined human rights risk assessment items in 2022 (8 areas, 57 items), and as a result of conducting the first human rights risk due diligence for 4 domestic business sites, we found no negative issues. We plan to conduct the assessment regularly and also to extend the scope of assessment to 7 overseas business sites.

#### Human Rights Risk Management Process



#### Human Rights Risk Assessment Process



### Human Rights Risk Assessment Items

<b>Policy / system</b>	<ul style="list-style-type: none"> <li>Human rights management system</li> <li>Human rights management policy</li> </ul>
<b>Non-discrimination</b>	<ul style="list-style-type: none"> <li>Non-discrimination in application of personnel policy</li> <li>Non-discrimination in employment</li> </ul>
<b>Wages and welfare benefits</b>	<ul style="list-style-type: none"> <li>Wage</li> <li>Working hours</li> <li>Welfare benefits</li> <li>Employee education</li> </ul>
<b>Humane treatment</b>	<ul style="list-style-type: none"> <li>Prevention of bullying</li> <li>Support for humane treatment</li> </ul>
<b>Guarantee freedom of association and collective bargaining</b>	<ul style="list-style-type: none"> <li>Guarantee freedom of association and collective bargaining</li> </ul>
<b>Forced labor·child labor</b>	<ul style="list-style-type: none"> <li>Prohibition of forced labor</li> <li>Prohibition of child labor</li> </ul>
<b>Guarantee of industrial safety</b>	<ul style="list-style-type: none"> <li>Compliance with business site safety</li> <li>Protection of vulnerable employees</li> </ul>
<b>Protection of human rights of local residents / customers</b>	<ul style="list-style-type: none"> <li>Protection of local residents' human rights / property rights</li> <li>Protection of customer rights / human rights</li> <li>Protection of personal information</li> </ul>

#### Human Rights Risk Prevention

We conduct education on human rights to spread the culture of respect for human rights and diversity, raise employee awareness, and prevent human rights risks. Regular education is provided for all employees such as on preventing workplace bullying and sexual harassment and improving awareness for the disabled. In addition, through ESG mindset training, we raised employee awareness regarding the meaning of human rights management and major issues.

## Internalization of a Culture of Respect for Human Rights

### Human Rights Grievance Handling

We have established a grievance handling process for human rights related issues and also operate a channel where employees can report directly. Employees can submit incidents of sexual harassment or bullying in the workplace at any time through the reporting center, and we provide guidelines for the reporting procedure through the intranet, e-HR. We conduct transparent investigations and take thorough measures upon receiving a report, and we perform follow-up monitoring to prevent recurrence.

### Human Rights Grievance Handling Process

Reports received	• Report complaint to reporting center
Assignment of person in charge	• Assign person in charge according to business site
Fact check	• Investigate reporter, performer, and witness
Measures	• Protect reporter and confirm requests • Handle grievances (taking measures in HR, etc.) and share results
Follow-up management	• Measures to prevent recurrence • Monitor results



### Monitoring of Pregnant Women's Rights



Hyundai Transys prohibits disadvantages due to pregnancy, childbirth, and childcare and endeavors to prevent relevant risks. In particular, to ensure the protection and rights of pregnant women, we notify the department manager, HR team leader and manager about precautions regarding working overtime or night hours and the rights of pregnant women when an employee's pregnancy is confirmed. We also monitor for any violations to prevent potential human rights infringements.

## Expansion of Diversity and Inclusion

### Diversity & Inclusion Policy

Hyundai Transys has established and operates a D&I (Diversity and Inclusion) policy to foster an organizational culture that respects diversity, and moreover, to contribute to the transition to a more inclusive society. This policy covers employees, products and services, supply chain, and the local community, and for Hyundai Transys, it applies to all members including the headquarters, production and sales subsidiaries both domestic and overseas.

### Diversity & Inclusion Policy

Basic Principles	
1. Gender	3. Age
2. Race, nationality, and cultural background	4. Disability
	5. Veterans

### Expanding Diversity within the Organization

We are strengthening efforts for non-discriminatory employment by providing specialized training for interviewers in 2022 to enhance their comprehension of the Equal Employment Opportunity and Work-family Balance Assistance Act and avoid interview mistakes and prohibited questions. Furthermore, we give priority to veterans and the disabled in recruitment. In particular, to increase employment of the disabled, we will identify current issues and needs through professional consulting in 2023, and create new roles and expand opportunities for the recruitment of disabled individuals. In addition, we are carrying out campaigns to increase the sense of diversity and mutual understanding within the organization. In June 2022, we promoted the month dedicated to patriots and veterans and carried out relevant events, by posting banners at business sites and granting vacations to veterans.

## Operation of Employee Resource Group (ERG)

We conduct Employee Resource Group (ERG) activities to enhance diversity and inclusion within the organization. We support ERG activities so that members from a common background, including veterans, the vulnerable in the society and local communities, and women, can share their culture and communicate with each other. In 2022, we organized an in-house event to commemorate International Women's Day, which was led by the women ERG. This event enabled us to promote mutual communication and foster a sense of belonging among women employees. We will continue to further promote various activities to reinforce diversity and inclusion in the company by vitalizing exchange among employees from common yet diverse backgrounds.



International Women's Day (Brazil, Women ERG)

# Employee

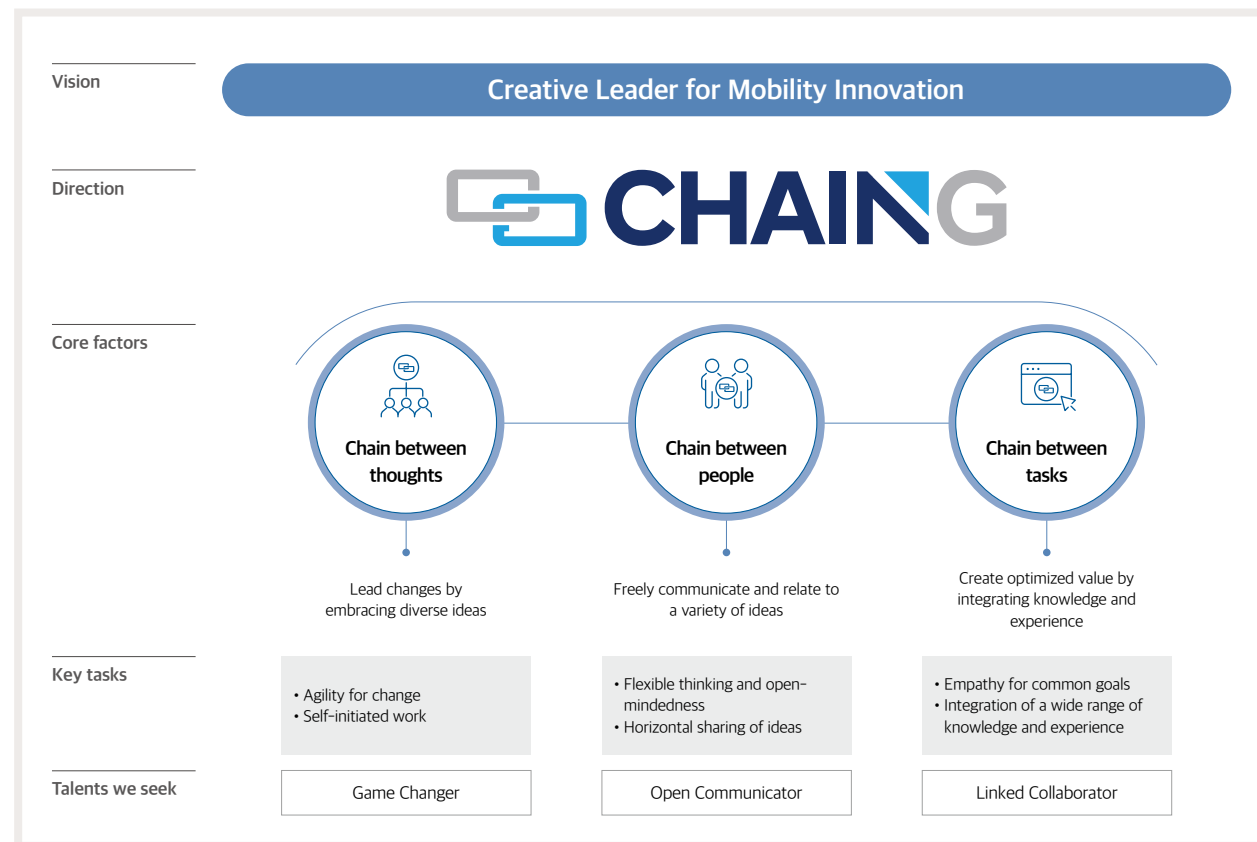
## Talent Management

### Talent Management System

Hyundai Transys operates a talent management system to attract diverse talents and grow with them. Based on our ideal talent model 'who embraces a wide range of perspectives to create

the best and valuable results in communication', we offer equal opportunities through fair and transparent recruitment process.

### Our Talent Management System



### Talent Recruitment

#### Talent Recruitment Process

To fairly recruit various talents with competitiveness, we have established and operate a talent recruitment process. Considering the convenience of applicants, we subsidize the expenses of health check-ups in the hiring process and simplified the document submission process for new employees. We also provide recruitment-related information through the Kakao Talk channel as well as 1:1 questions and answers service. Furthermore, we strive to achieve transparent and fair recruitment based on fostering professional interviewers. In 2022, we provided training for recruitment interviewers with the aim to avoid unnecessary information or unpleasant questions during the interviews and to enable effective selection through competency-oriented structured interviews.



Kakao Talk channel inquiry

#### Securing Key Talents through the Target Lab

Hyundai Transys operates a 'Target Lab' that selects and supports research scholarship students to secure key talents. We are continuing to make efforts to secure a talent pool by establishing a cooperative network with university laboratories engaged in research activities, providing guidance to companies and students on research scholarships, and conducting recruitment briefings.

## Evaluation and Compensation

### Performance Evaluation Principles

Hyundai Transys carries out performance evaluation for all employees, including executives. For leader positions, additional multi-faceted evaluations are conducted so that feedback from a wider range of subjects can be reflected. The evaluation system we operate is designed to be fair, where factors unrelated to performance evaluation, such as nationality and gender, have no influence. Moreover, we operate a procedure to improve

understanding and acceptance of the evaluation results, in which evaluators explain the rationale for evaluation and suggest ways to enhance excellent capabilities through feedback meetings. We conduct more effective and thorough performance evaluation, while ensuring procedural fairness and using it to improve the evaluation system.

### Performance Evaluation Process



### Compensation System

Hyundai Transys motivates employees by establishing a link between personal competencies, performance enhancement, and fair compensation. Furthermore, we provide appropriate compensation based on the workload intensity, by offering breaks or remuneration for working overtime, night shifts, and holidays. Additionally, to ensure the stable lives of employees, the wage level is determined by taking into account internal and external factors, including the minimum wage. We actively prevent gender discrimination by implementing equal pay measures.



Ratio of starting salaries for female employees to male employees

**100%**

(Based on domestic business sites)





## Strengthening Employee Capability

### Employee Training System

Hyundai Transys operates a systematic leadership and professional curriculum to develop employees' competencies through role-specific training for each job and position based on the company-

wide training system. We cultivate professionals with global capabilities based on the specialized curriculum and global curriculum for enhancing expertise in each field. We support not

only job-related competencies but also overall growth through the provision of sustainability-related education and organizational culture activities and programs for employees.

### Our Training System

	Leadership	Professional	Global	Culture	Specialized	Sustainability
General · research	<ul style="list-style-type: none"> <li>Executive training</li> <li>Team leader training</li> <li>CHAIN-G Conference</li> <li>Training for new senior managers</li> <li>Introductory training for new employees</li> </ul>	<ul style="list-style-type: none"> <li>Introductory training for new employees and career staff</li> <li>External job training</li> <li>E-Learning</li> </ul>	<ul style="list-style-type: none"> <li>E-Learning/video language program</li> <li>Biz English advanced course</li> <li>Job training for prospective resident workers</li> <li>Language program for prospective resident workers</li> </ul>	<ul style="list-style-type: none"> <li>Organizational development based on the analysis results on organizational culture</li> <li>Communication between leader and members</li> <li>Activities to change way of working</li> <li>Programs for employees and their families</li> <li>Becoming Art</li> <li>After work class</li> </ul>	<ul style="list-style-type: none"> <li>R&amp;D specialized education</li> <li>Academy education (electrification, procurement, HR, seat, P/T)</li> </ul>	<ul style="list-style-type: none"> <li>ESG education</li> <li>Legal compulsory education (sexual harassment, bullying, the disabled)</li> </ul>
Technical	<ul style="list-style-type: none"> <li>Capacity building for technical leaders</li> <li>Training on life cycle of technical jobs</li> <li>Introductory programs for new employees in the technical sector</li> </ul>	<ul style="list-style-type: none"> <li>External job training</li> </ul>	<ul style="list-style-type: none"> <li>E-Learning/video language program</li> </ul>	<ul style="list-style-type: none"> <li>Programs for employees and their families</li> <li>Becoming Art</li> <li>After work class</li> </ul>		<ul style="list-style-type: none"> <li>ESG education</li> <li>Legal compulsory education (sexual harassment, bullying, the disabled)</li> </ul>

### Electrification Academy

We are operating an Electrification Academy to enhance competencies in electrification-related areas, which is emphasized in the transformation of future mobility. We conduct training not only for researchers but also for personnel from related departments to cultivate fundamental knowledge in key domains such as power conversion, operation, and electrification control, and to ensure practical competencies. In 2022, the completion rate of participants was exceeded 97%, and the field utilization and training satisfaction scored 4.3 points.

### Electrification Academy System

Working-level	<b>Product design and control</b> - Target: R&D, relevant departments
Reskilling	<b>Electronic Engineering and Systems Practice</b> - Target: R&D, relevant departments
Understanding HKMC electrification	<b>Specific systems, processing and development</b> - Target: R&D, production and technology, quality, purchasing, and sales
Electrified vehicles	<b>System and basic skills</b> - Target: R&D, production and technology, quality, purchasing, and sales
Common	<b>Electrification trend</b> - Target: entire company

### Future Mobility Insight Seminar

We conduct future mobility insight seminars to realize R&D knowledge and technologies of future mobility and systematize necessary capabilities. Through specialized lectures and in-house seminars led by experts in the fields of AAM<sup>1)</sup> and robotics, we enhance the overall understanding of emerging technologies for future businesses, while also increasing real-world application of training by solving practical difficulties for new business R&D personnel.

1) Advanced Air Mobility

## Fostering Positive Organizational Culture

### Work-Life Balance

#### Flexible Work Systems

Hyundai Transys embraces a range of flexible work systems, including work-from-home arrangements, selective working hours, and flexible working hours, all aimed at empowering our employees to strike a balance between work and life. Notably, our work-from-home initiative, catalyzed by the COVID-19 pandemic, has been deeply ingrained in our culture with concrete guidelines and the integration of suggestions from comprehensive surveys. Moving forward, we remain committed to innovating the way of working, thereby fostering an efficient and proactive working environment with heightened productivity.

#### Work and Life Balance

We have implemented a variety of family-friendly policies to promote work and life balance of our employees. Our offerings include maternity and childcare leave, and in-house daycare center, designed to provide comprehensive support throughout the pregnancy and childcare. These policies play a pivotal role in not only enriching the quality of life but also elevating work efficiency.

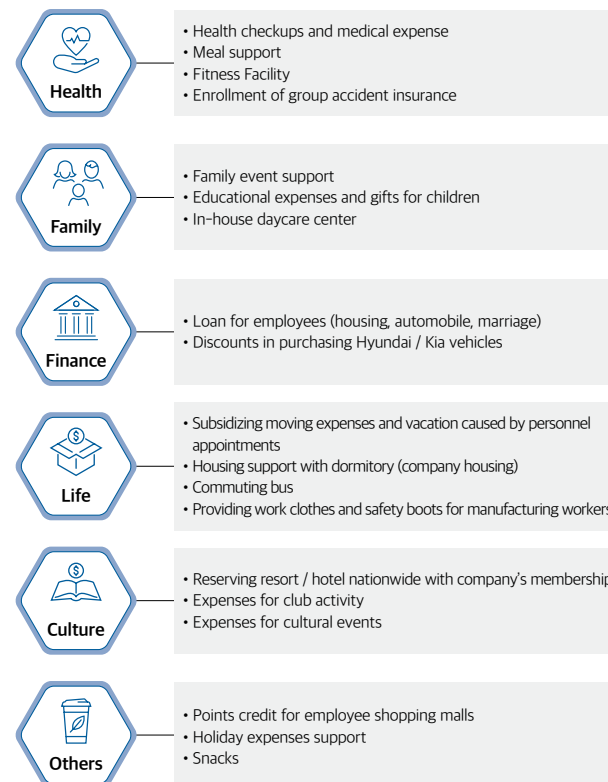


In-house daycare center

### Employee Welfare Programs



With an aim of maintaining work and life balance of our employees, we extend an array of welfare programs alongside our family-friendly initiatives. Our offerings encompass financial and housing support as well as health and cultural activities, all working together to ensure the stability and well-being of our employees.


#### Employee Welfare Programs





### Programs Designed for Retirees

We implement an employment support program designed for our transitioning employees, with the goal of facilitating proactive preparation for their stable and fulfilling life after retirement. In 2022, we provided this program to 29 employees who were approaching retirement age. The program encompassed various initiatives, including exploring career options and alternative pathways, formulating career plans, and providing guidance on health habits to promote their well-being in the post-retirement phase.


**After-work Classes**




We conducted the 'After-work Classes' program for employees based in Seosan, aimed at promoting self-development, hobbies, and health management after working hours. In 2022, we organized classes in fields such as barista skills, Pilates, and pottery crafting to support work-life balance of our employees.

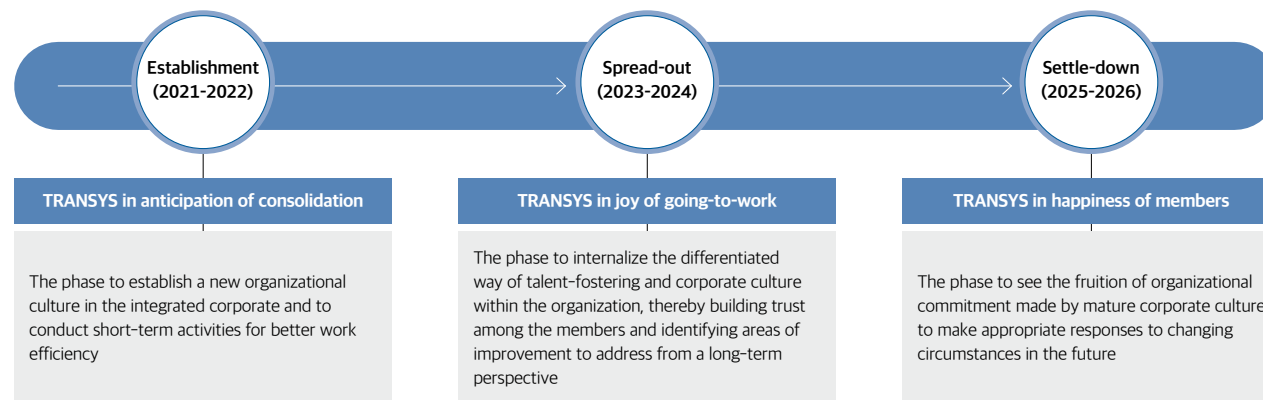
## Innovative Organizational Culture

### System for Driving Innovation towards Better Organizational Culture

Hyundai Transys has devised a mid- to long-term roadmap to shape our organizational culture, with CHAIN·G as the focal point of our cultural direction. Harnessing our innovative organizational

culture, we will make unwavering efforts to advance towards a company where employees join forces based on mutual trust and respect, within a creative and efficient working environment.

#### Mid- to Long-term Roadmap for Organizational Culture



#### Organizational Culture Satisfaction Survey

Annually, we conduct a survey to gauge employee satisfaction with the systems and initiatives geared towards enhancing our organizational culture to bolster overall effectiveness. To chart systematic future plans, we undertake comprehensive assessments across diverse aspects encompassing department-specific action plans, the way of working, and leadership. In 2022, the resulting score stood at 72 points. We will persistently derive and refine improvements through ongoing evaluations of our organizational culture.



#### N Culture Lab



In April 2022, we organized the 'N Culture Lab' kickoff workshop where a total of 64 Culture Designers gathered with the objective of enhancing communication and competencies among team members. Through a Design Thinking lecture, participants gained insights from theory and case studies. This event facilitated sharing of department-specific action plans for organizational culture improvement, along with discussions and debates on relevant issues, thus laying the foundation for enhancement. In June 2022, these 64 Culture Designers participated in diverse experiential activities which served as opportunities to foster creativity and disseminate a positive organizational culture.

#### Workshop for Changes in the Way of Working

We are pursuing an efficient and stable work process through changes in the way we work. Since 2021, we have implemented the TFT named 'Changes in the Way of Working', to fundamentally transform our work process. In 2022, we accelerated the transformation by conducting a 'Changes in the Way of Working Workshop' for department heads and group leaders. During this workshop, we established new guidelines for work practices and translated them into practical department-specific approaches by providing opportunities for hands-on experience and implementation. This effort has laid the foundation for a more streamlined organizational culture. Moving forward, we will continue to gather diverse opinions through workshops that include participants from all job positions. We will also promote the sharing of best practices, monitor progress, and ensure ongoing enhancements, all of which ultimately contribute to innovating and enhancing the ways we work.

#### Changes in the Way of Working Workshop Overview

Category	Content
Date	April 29, 2022 - July 28, 2022
Duration	142.5 hours
Participants	486 participants
Satisfaction score	4.6 out of 5.0



Workshop for Changes in the Way of Working

## Activities to Invigorate Organizational Culture

### Organizational Culture Enhancement Based on Assessment

Promoting a more effective organizational culture enhancement and team building, we introduced a Birkman Assessment-based program. This program is designed to facilitate mutual understanding among team members and leaders through systematic assessment. By leveraging the Birkman Assessment, which evaluates behavior, motivation, stress, and work styles, we established a solid foundation for improved comprehension within teams. Furthermore, harnessing the 'Interest' component of the Birkman Assessment, we expanded inter-member communication via the 'Culture Center before Leaving Work' program. Rooted in scientific assessment outcomes, we structured group dynamics and curriculum. This strategic approach not only heightened participant engagement but also resulted in a positive outcome, as evidenced by an overall satisfaction score of 4.6 points.



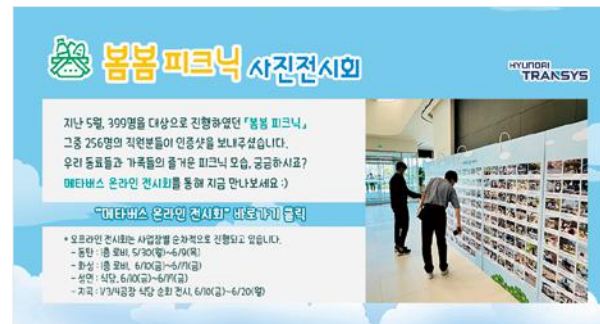
(On the 5-point scale)




Culture Center before Leaving Work program

## Programs to Boost Employee Communication


We are actively driving various programs to foster a positive organizational culture. During Family Month in May, we organized the 'Spring Picnic Event', allowing employees to enjoy picnics with their families and friends. We shared captivating photos from this event across both online and offline exhibitions, fostering a positive atmosphere throughout the organization. Additionally, initiatives such as 'Nutritious Meals for Solo Diners' and 'We Need Shrimps', enhanced employee communication through virtual programs amidst the constraints imposed by COVID-19 restrictions.



Exhibitions of captivating photos from Spring Picnic Event



### Publishing Future Vision Fairy Tale Book



Future vision fairy tale book <Daddy, I'm Curious!>

We launched an in-house competition to select exceptional stories that resonate with our mid- to long-term vision and future industries. The chosen stories were published into a future vision fairy tale book, and we organized a book transcription event to encourage shared reading within families. This initiative aimed not only to boost employees' organizational engagement but also to embed our mid- to long-term vision. Furthermore, the program was designed to elevate our family-friendly organizational culture.



## Innovative Organizational Culture

### Shared Growth of Labor and Management

#### Labor Union

Hyundai Transys actively ensures the freedom of association and collective bargaining, safeguarding the fundamental labor rights of workers, including the right to organize and engage in collective action. We establish a win-win labor-management relationship based on mutual understanding and trust. In accordance with relevant laws, we form and operate labor unions, guaranteeing free association activities. Drawing on the foundation of the Labor-Management Agreement for Shared Growth signed in 2022, we are progressing towards harmony and mutual development, guided by a common purpose between labor and management. As of 2022, a total of 1,757 employees have become members of the labor union.

#### Giving Vitality to Labor-Management Communication

Through various communication channels and activities, we engage in discussions about the corporate vision and mid- to long-term developmental direction, fostering effective communication and harmony. Agendas encompassing grievance handling and working conditions are addressed during regular meetings of the Labor-Management consultative bodies, management briefing sessions, and joint labor-management workshops. Notably, substantial managerial changes<sup>1)</sup> are communicated with a 70-day advance notice, along with consultations with the labor union on significant matters, in order to cultivate a relationship of trust between labor and management.

1) Matters such as spin-off, merger, transfer, and sale

In 2023, we have optimized the regular labor-management consultation process to effectively collect and integrate opinions. We categorize proposed agendas according to themes and formed corresponding working groups. This facilitates prompt implementation through routine consultations, enabling the swift resolution of everyday matters that can be addressed at the operational and field levels.

Recognizing that communication and harmony between labor and management serve as the cornerstone of a stable and continuous corporate development, we plan to reinforce mutual trust through expanding labor-management communication channels.

#### Improvements in Regular Labor-Management Consultation Process

Current	<ul style="list-style-type: none"> <li>Discussing field issues on formal regular labor-management meetings</li> <li>Escalating grievances in quarterly formal consultations lead to prolonged resolutions</li> </ul>
Improvements	<ul style="list-style-type: none"> <li>Categorizing proposed issues by theme and forming corresponding working groups for discussion</li> <li>Taking immediate measures upon agreements after working group discussions</li> <li>Establishing a system for addressing field grievances through occasional working group discussions</li> </ul>

#### Various Events for Enhancing Communication

##### [T-racking]

Aiming to create company-wide opportunities for active communication, we organized the 'T-racking' event, where employees walked together on the Seosan Aramegil trail. A total of 27 sessions were conducted (19 at Jigok Plant, 8 at Seongyeon Plant).



T-racking

##### [Technical Leader Communication]

We organized a technical leader communication event on Palbongsan Mountain in Seosan, serving as a platform to facilitate communication among technical leaders and strengthen mutual bonds. Through this event, we enhanced mutual understanding, solidified the groundwork for sharing relevant work tasks, and improved collaboration systems.



Technical Leader Communication event



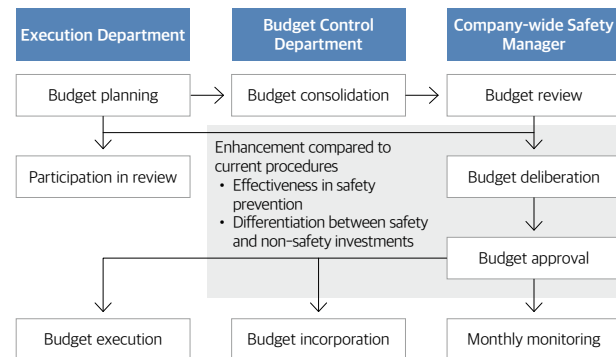
## Creating Safe Working Environment

### Process for Safety Budget

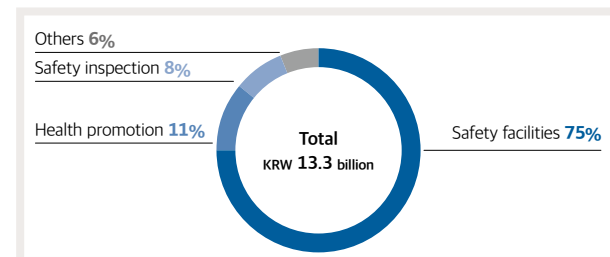
#### Planning and Execution of Safety Budget

We are enhancing the safety and health budget management system to strengthen the planning and execution processes. To tackle challenges in the process of safety-related budget planning and performance aggregation for production departments, we conduct monthly performance monitoring. Additionally, we have designated responsible departments for safety investment plan deliberation and approval, as well as the management of associated costs.

#### Safety Investment Planning Procedure



#### Safety Investment Budget in 2023



### Strengthening Safety Management

#### On-site Inspections by Safety Management Officers

We conduct on-site inspections by safety management officers at Jigok Plant and Seongyeon Plant to prevent the recurrence of safety accidents and address current safety issues. In addition to the efforts of on-site employees, the management leadership also performs regular on-site inspections and reviews of current issues to ensure the responsible implementation of safety and health management.



On-site safety inspections

#### Emergency Safety Management Situation Room

We have established an Emergency Safety Management Situation Room to reinforce the prevention of serious industrial accidents and enhance the on-site safety culture. Building upon mutual understanding between labor and management, we have bolstered a safety-first management, consistently emphasizing the importance of on-site safety. Moreover, by conducting on-site inspections with the participation of executives, we identify risk factors from a management perspective. We also contribute to fostering secured work environment through daily checks performed by production and operation teams, as well as voluntary initiatives like on-site training.



### One-day Safety Check on High-Risk Tasks

As part of efforts to encourage partner companies and employees to put safety first in their management, our headquarters' executive members conducted a safety check on Jigok Plant and Seongyeon Plant. Through this initiative, executives, team leaders, and safety managers directly verify the safety measures and compliance with safety regulations for high-risk tasks within the workplace. After evaluating the effectiveness, we plan to review continuous implementation of safety check. Moving forward, we will continue to ensure that all employees actively participate in the safety-first culture.

#### One-day Safety Check

Category	Content
Participants	A total of 87 personnel (executives / heads of divisions, team leaders, and safety managers)
Inspection items	<ul style="list-style-type: none"> <li>Safety compliance inspection for high-risk tasks               <ul style="list-style-type: none"> <li>Verifying safety measures for hazardous construction work</li> </ul> </li> <li>On-site training for construction workers               <ul style="list-style-type: none"> <li>Emphasizing essential safety rules during work</li> </ul> </li> <li>Equipment safety inspection               <ul style="list-style-type: none"> <li>Testing equipment operation</li> </ul> </li> <li>Pedestrian hazard assessment               <ul style="list-style-type: none"> <li>Checking safety for in-plant logistics vehicles</li> </ul> </li> </ul>

## Safety and Health Risk Management

### Compliance With Occupational Health and Safety Regulations

In response to tightened occupational health and safety regulations, including the Serious Accidents Punishment Act, we continue to monitor legislative amendments and make improvements by addressing potential and actual risks. We recognize that preventing serious accidents is our foremost responsibility in safety and health risk management, going beyond regulatory compliance. Moving forward, we will persistently fortify the occupational health and safety management system for both in-house and subcontracted high-risk tasks to build a secure workplace for all.

### Refinement of Mandatory Safety Management Elements

Mandatory safety management elements	Content
Safety and health goals and management policy	Establishing safety goals
Dedicated organization for safety and health	Designating the responsible person and the dedicated organization for management
Hazard inspection and improvement	Establishing an improvement verification process following risk assessments
Proper budget allocation and execution	Conducting a process of deliberation and approval of safety budget by the responsible organization
Responsible personnel and supervisors	Specifying duties in the designation document and establishing KPIs
Safety managers and health managers	Limiting the range of designated responsibilities to safety and health tasks to alleviate workload
Employee opinion gathering	Quarterly reporting on the Occupational Safety and Health Committee, potential risks, and subcontractor meeting outcomes
Response measures for serious industrial accidents	Revising Emergency Response Manual
Assessment of subcontractor disaster prevention capability	Introducing pre- and post-contract evaluation system with supports
Preventing measures for accident recurrence	Conducting monthly cause analysis followed by training, inspection, and confirmation
Cooperation with central administrative agencies and local governments	Managing relevant agency inspection history
Measures required for compliance	Implementing biannual inspection of compliance with workplace regulations

### Mitigating Potential Risks at Workplace

We are committed to proactively identifying and mitigating potential risks through regular safety inspections and improvement initiatives. We ensure the safety of critical facilities such as those handling hazardous materials, chemical substances, safety devices, logistics vehicles, and transportation systems by conducting inspections and implementing necessary enhancements as identified. Additionally, our efforts extend to fire accident prevention through fire safety inspections, and assessment of heating equipment and facilities at risk of fire incidents.

### Regular Risk Assessments

We conduct regular risk assessments to quantitatively evaluate risks within our operational processes. The purpose of this assessment is to enhance the effectiveness of on-site risk management system and ensure proactive management and prevention of risk factors leading to serious industrial accidents. In 2022, we collaborated with an external specialized institution<sup>1)</sup> to perform joint risk assessments and executed improvement plans formulated based on the assessment outcomes. Following the improvement plans developed in the first half of the year, we conducted checks on the improvement results and carried out reassessments in the second half to reevaluate the current status.

### Risk Assessments Results

Category	Unit	Assessments outcome		
		Risk Level 1 to 8	Risk Level 9 and above	Risk reduction <sup>2)</sup>
Jigok Plant	Case	1,844	464	528
Seongyeon Plant		1,060	319	556
Hwaseong Research Center		3,716	43	84
Dongtan Research Center		1,105	10	40
Total		7,725	836	1,208

1) Korea Industrial Safety Association

2) No. of cases where risk levels were reduced from 9 or above to 8 or below compared to the first half of the year.

### Internal Audits on PSM

We conduct internal audits on Process Safety Management (PSM) for each facility to identify issues and take corrective actions, proactively preventing serious industrial accidents. For the Seongyeon and Jigok Plants, we collaborate with external specialized agencies to conduct quarterly audits. Throughout 2022, a total of 7 audits were conducted, leading to the prevention of accidents and reduction of legal risks.

### Internal Audits Process on PSM



## Propagating Safety-first culture

### Enhancing Safety Awareness among Employees

Our management team sent out a Special Letter for Safety, aiming to form a consensus among labor and management for prioritizing safety and encourage employee participation in safety prevention activities and safety culture building. This letter calls for personal efforts for preventing safety incidents along with guidance on Hyundai Transys' safety-first management policy. It also encourages the participation of all employees in fostering a safety culture. The letter has been sent to a total of 6,032 people including employees from partner companies. Furthermore, we conduct monthly safety quizzes to cultivate a corporate culture of safety engagement by generating employee interest in internal and external safety and health information. Along with safety newsletters, these quizzes regarding work and daily life safety, and the latest safety and health knowledge are sent to all employees. Small gifts are provided to employees who submit correct answers, aiming to boost participation.

We also raise employees' safety awareness through tailored safety campaigns. At the Seongyeon Plant, in addition to department-led internal safety campaigns, we organized joint labor-management safety campaigns focused on on-site safety compliance checks and the elimination of unsafe behaviors. Additionally, at the Dongtan and Hwaseong Research Center, quarterly safety encouragement campaigns are conducted, during which safety management officers promote the adoption of safety practices, giving out small rewards.



Safety encouragement campaigns

### Employee Training on Safety and Health

Hyundai Transys produces educational video content for safety involving participation from our employees for training and promotional purposes. During regular safety training sessions, we utilize these videos in monthly training of employees on frequent accident types<sup>1)</sup> based on prevention guidelines and incidents cases.

We carry out regular emergency response drills in accordance with established manuals, enabling us to respond promptly and minimize damages during emergencies. In the first half of 2022, training was provided to designated supervisors based on serious safety accidents scenarios. During the latter half of the year, scenario-based training was conducted for teams and groups, addressing fire and explosion incidents. Through interactive training involving employees, we aim to ensure effective emergency responses, moving beyond simple information delivery.

We are conducting specialized training to develop internal experts who can improve the application and effectiveness of our risk identification system. In this regard, we offer regular group training sessions for assessment personnel. The first session was held in 2022, with a total of 157 participants. During this training, participants learned and engaged in practical exercises focused on key risk scenarios, risk assessment procedures, and methodologies.

1) Hand caught, hand injuries / cut, tripping, and head collision.



Group training sessions for internal experts

### Internalization of Safety Culture in Overseas subsidiaries

Our overseas affiliates are not exceptions when it comes to promoting safety prevention activities based on the safety and health management system in line with ISO 45001. Alongside preventive checks on logistics vehicles, safety equipment, and fire facilities, we engage in various activities to internalize the safety culture. These activities include emergency evacuation drills, accident prevention campaigns, as well as safety training on occupational disease and emergency treatment.

⊕ **Safety Idea Contest** ⊕

We conducted a safety idea contest to collect ideas from our employees. A total of 40 ideas were received, covering measures to prevent serious industrial accidents and improve adherence to safety-related regulations. Exceptional ideas were selected based on criteria such as feasibility, innovation, effectiveness, and complexity, and were rewarded and shared across the company.

**Exceptional Ideas from Contest**





Category	Content
Logistics equipment safety	Leveraging AI systems to prevent forklift-related accidents
Physical safety of workers	Utilizing TAG to monitor safety helmet usage

## Employee Health Management

Hyundai Transys has put in place a range of health management programs with the aim of preventing employees from coming down with muscular skeletal and other diseases. Furthermore, in accordance with health examination laws of countries where we operate, we conduct general or special health check-ups. Based

on the results, we have taken measures to ensure our employees' health. Furthermore, we are endeavoring to acquire the certification of a health-friendly company to ensure healthier environment for our employees.

### Employee Health Promotion Programs

Category		Program	Operation	No. of users (2022)
Muscular skeletal disease prevention 	Fitness program	• Program to prevent muscular skeletal diseases and manage cause of pain	Every day (2 months by sessions)	529
Individual health promotion 	Smoking cessation program	• Program for those who want to stop smoking (training and consulting, drug adjuvant provision)	Twice a year	31 <sup>1)</sup>
	Medical consultation	• Consulting provided by medical specialists in five areas for those who want the service (Surgery, Internal Medicine, Traditional Korean Medicine, Occupational Medicine, Dermatology)	Twice a month	647
	Training on relieving plantar fasciitis pain	• Providing training on self-care techniques for relieving plantar fasciitis pain along with protective equipment (insoles)	Twice a year	476
	Flu vaccination	• Seasonal flu vaccination	Annual	5,006 <sup>2)</sup>
Statutory mandatory program 	Hearing conservation program	• Health check-ups in the regions with noise level that exceeds the standard level, program to protect employees whose hearing are abnormal or impaired	Annual	150 <sup>3)</sup>
	Regular health check-up	• Comprehensive and statutory health check-up (physical examination, blood test, X-ray, lung capacity checked)	Annual	6,349
Training 	CPR training	• Tiered training for enhancing emergency response capabilities	Annual	389
	First aid training	• Comprehensive training for enhancing emergency response capabilities (first aid, injury treatment, hospital transfer)	Annual	389

1) Including the first half of 2023

2) Including employees' families

3) As of the first half of 2023

### Life-keeper Training, Mental Care(Maeumbom) Program

Recognizing the importance of both physical and mental health of its members, Hyundai Transys support the mental well-being of employees by implementing the 'Mental Care(Maeumbom) Program.' In the first half of 2023, we conducted life-keeper training, targeting 119 team leaders and group leaders, which covers topics like suicide prevention and how to recognize signs of depression. In partnership with Seosan Public Health Center, we plan to expand the program and provide additional support such as stress assessments and psychological counseling.



Life-keeper training

## Promoting a Safety Culture Among Partner Companies

### Supporting Safety Management for Partner Companies

Given partner companies' emphasis on on-site productivity, leading to inadequate safety awareness and capabilities, and considering the increased enforcement of the Serious Accidents Punishment Act, the significance of safety management among partner companies has been escalated. In response, we have developed a comprehensive plan to enhance the relevant capacities of partner companies, thus preventing safety incidents. This plan encompasses safety inspections, safety training, and safety cost support, aiming to foster responsible management and a strong safety culture among partner companies.

### Plan to Support Safety Management for Partner Companies

Purpose	Enhancing the Safety Management capacities of partner companies, to prevent safety incidents		
	Supporting Safety Management for Partner Companies		
	Safety inspections	Safety training	Safety cost support
Goal	• Preemptively eliminating risk factors through safety inspections	• Enhancing safety management capacities for effective accident prevention	• Motivating partner companies for voluntary safety management
Content	<ul style="list-style-type: none"> <li>On-site safety inspections</li> <li>Safety inspections on assets held outside the company</li> <li>Self-evaluation on safety during summer season</li> <li>Safety inspection of partner companies conducted by external professional inspectors</li> </ul>	<ul style="list-style-type: none"> <li>Inviting clients for a safety tour of production lines</li> <li>Training on Serious Accidents Punishment Act for management team of partner companies</li> <li>Safety experience training</li> <li>Fire safety training</li> <li>Distributing Good Practice Guidance</li> </ul>	<ul style="list-style-type: none"> <li>Providing financial support to companies held assets outside the company for safety improvement</li> <li>Providing financial support to excellent companies for safety improvement</li> </ul>
Items	• 4 items	• 5 items	• 2 items

### Plans for Safety Index Assessments

Our goal is to conduct safety index evaluations along with relevant improvement actions to prevent safety incidents and breaches of safety regulations among our partner companies. We will select approximately 200 companies based on specific criteria and assess them over a span of two years. The results of these evaluations will determine the incentives and penalties for our partner companies. This evaluation system will enable us to ensure a reliable supply chain and foster effective safety management.

### Safety Inspection of Partner Companies

After the completion of self-inspections based on the provided checklists, we carried out on-site safety inspections for the top 100 companies ranked by sales transactions. In addition to the 2023 partner company safety index assessment, we implemented the inspection to assess the status of fire safety management of partner companies. A total of 50 items were inspected, including safety and health management systems, common risks, and industry-specific risks as well as document checks. Based on the evaluation results, we will select outstanding partner companies. These selected companies will receive rewards, such as bonus points for awards, overseas learning programs, and incentives in the evaluations of partner companies.

### Guidebook on Occupational Safety and Environmental Management

We have published a guidebook containing information about occupational safety, environmental management, and safety training for partner companies. Additionally, we plan to organize seminars, opportunities for safety experiences, and training sessions to promote safety culture and robust safety management among partner companies.

### Support Plan for Safety Management of Partner Companies





# Local Community

## Social Contribution

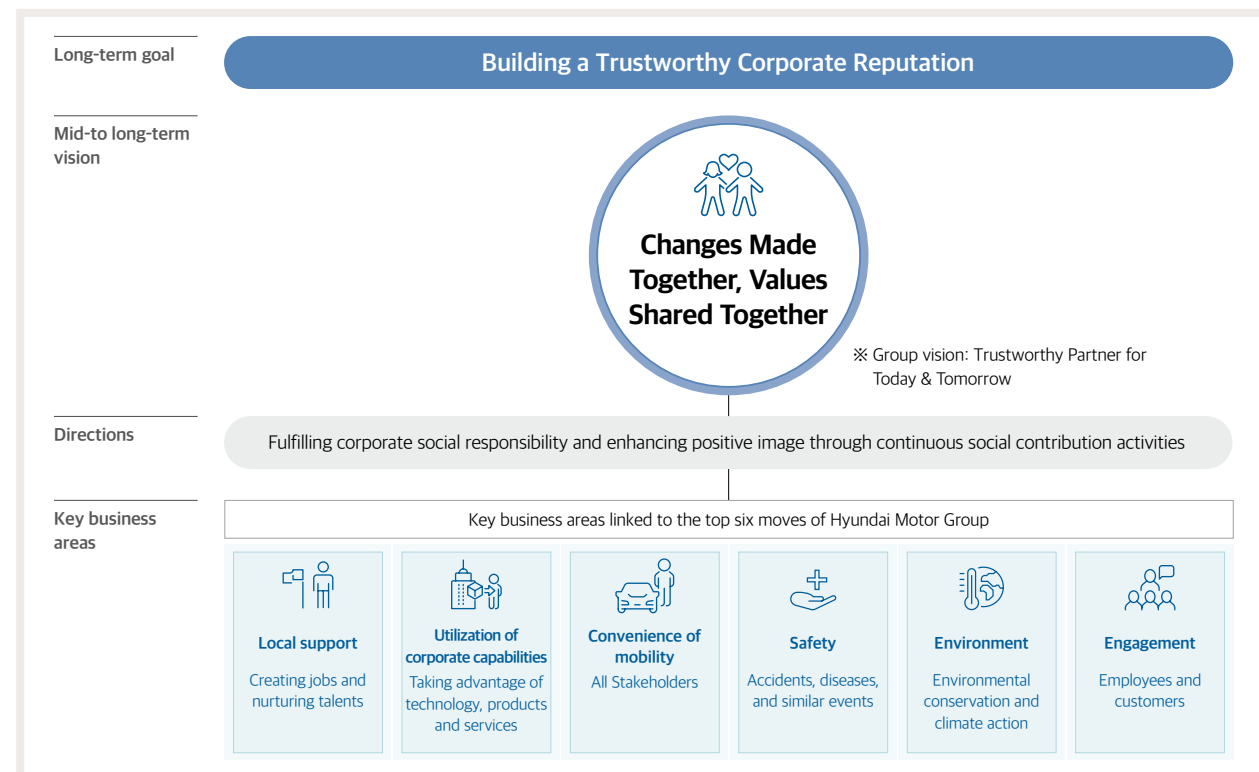
### Social Contribution Implementation System

Hyundai Transys is enhancing its social impact and fostering a sustainable corporate ecosystem by pioneering key business areas linked to the top six moves<sup>1)</sup> of Hyundai Motors Group. We are fulfilling our corporate social responsibilities and fostering resilient responses that can offer substantial assistance to our local communities based on a distinct social contribution strategy that anticipates swiftly evolving societal demands. This is achieved not

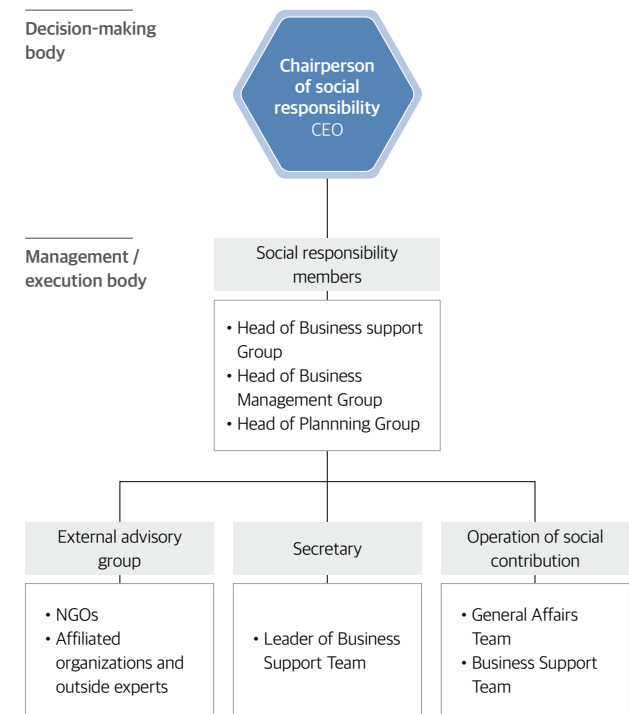
only by expanding into employee-engaged social contribution projects but also by strengthening social contribution activities at global business sites which have improved major programs. We are also carrying out a wide range of social contribution activities with a long-term goal of 'Building a Trustworthy Corporate Reputation', and the mid-to long-term vision of 'changes made together, values shared together.'

1) Hyundai Motor Group's six major areas for social contribution initiatives

### Social Contribution Implementation System



### Governance Structure for Social Contribution



## Social Contribution Activities

### Creating a Carbon Neutral Volunteer Forest through T-Walk

Through a walking campaign involving 446 domestic employees, Hyundai Transys raised a donation fund of KRW 100 million. United in their efforts, employees collectively recorded over 80 million steps, resulting in a reduction of 13.5 tons of carbon dioxide emissions, equivalent to planting 2,053 pine trees. The donated amount of KRW 100 million from the walking campaign went to the creation of 2023 Carbon Neutral Volunteer Forest in Taean/Asan County, through collaboration with the Chungcheongnam-do Provincial Office and the Provincial Volunteer Center.



T-Walk activities by Hyundai Transys

### Upcycling Project Using Scrap Leather of Seats

Hyundai Transys engages in upcycling activities, transforming waste car seat scraps and leftover leather during the development and testing process into bags, accessories, and more. Not only do we recycle around 12 tons of waste leather annually, but we also contribute to local job creation by collaborating with local small businesses for leather collection and fabric processing. In 2023, we are going to diversify our business and promote a virtuous cycle of resources by collaborating with the social enterprise Beautiful Store. For example, through this partnership, we will explore and produce a broad range of leather products, including eco-friendly educational upcycling kits.



Upcycled products

### Hope 1365

We are actively engaged in Hope 1365 activities to improve the living conditions of vulnerable populations in Seosan. Our dedicated volunteer teams directly visit the homes of local residents facing hardships and conduct various tasks such as repairing boilers and bathrooms, replacing LED lights and fire alarms, as well as procuring and installing safety equipment.



Hope 1365 activity site

### Silver Car Delivery

The value of mobility is important in terms of ensuring travel convenience and accessibility. Thus, Hyundai Transys is offering Silver Cars to help ease the inconvenience faced by senior citizens in the neighboring community of our Seosan business site. Through collaboration with the Seosan Volunteer Center, we took advantage of the skills and talents of our specialized volunteer team to purchase and assemble Silver Car components, and provided 200 walking assistance vehicles and 20 wheelchairs until 2022. Hyundai Transys will continue to leverage its industry expertise to actively contribute to the safety of senior citizens and accident prevention through Silver Car support project linked to the means of transportation.

## Giving Tree Campaign Joined by Employees

Hyundai Transys has been conducting the Giving Tree campaign in Seosan to provide Christmas gifts to underprivileged children. In 2022, gifts personally purchased by employees along with a total of KRW 5 million in corporate donations were delivered to 66 children at a local welfare center to celebrate the Christmas season.

## A Beautiful Donation, an Account of Love

### Operating Employee Sponsorship System

Hyundai Transys facilitated remote education for children at local childcare facilities by contributing an amount equal to the funds voluntarily donated by employees as a matching grant. In addition, to maintain our collaboration with local welfare institutions, we have plans to engage in sponsorship initiatives by donating vehicles equipped with our products (transmissions) to local social welfare facilities. Furthermore, we intend to extend benefits to a maximum number of facilities by conducting meetings, in collaboration with the Community Chest of Korea, targeting the responsible individuals at welfare facilities that have not received benefits in the past.

### Participation in the 2023 Hope Sharing Campaign

In an effort to assist the underprivileged, including children from low-income families, students, and elderly individuals living alone, a donation of KRW 86 million was raised through collaboration with Seosan Sukrim Social Welfare Center and the Community Chest of Korea in Chungcheongnam-do province, the region where we operate. Efforts are also being made to amplify positive impacts on the local community in partnership with employees. This includes channeling a portion of the donations from the 2023 Hope Sharing Campaign through the Matching Grant Program where employees take part.

## Supporting Local Events for Community Harmony

Hyundai Transys has contributed funds to support a local Chuseok event organized by the community welfare center as a means to alleviate the sense of exclusion and conflicts among local residents. This sponsorship has facilitated a diverse range of resident-engaged events such as the Sharing Kimchi with Love, Seosan Senior Citizens' Event, and Farm Servants' Day.



Giving Tree campaign



Fundraising for 2023 Hope Sharing Campaign



Day for community harmony

# Information Security

## Information Security System

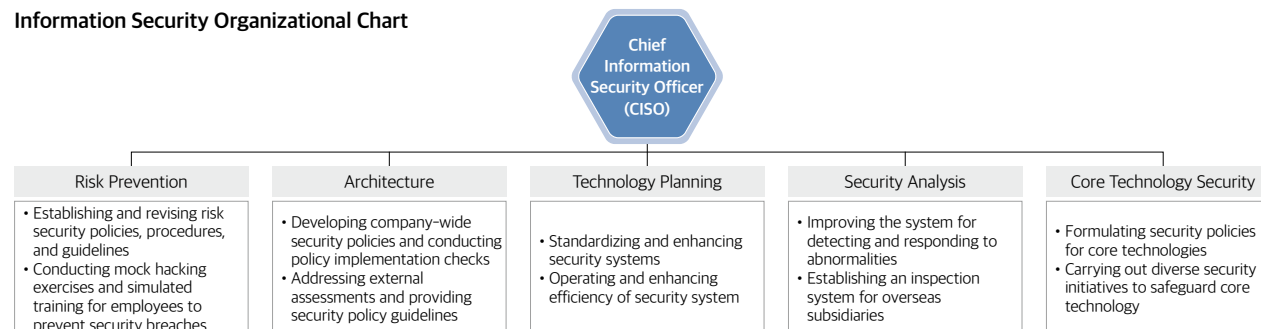
### Information Security Management System

Hyundai Transys has established and operated an information security management system in accordance with relevant laws and internal regulations concerning data protection. Taking into account the distinctive characteristics of each domestic and international business site, we are establishing a management system. Simultaneously, we are increasing the effectiveness of our information protection system by regularly conducting assessments, making improvements, and managing implementation in the areas of management, physical security, and technical security tailored to each specific business site. Moreover, we are running a Security Council to enhance the level of company-wide security management, share issues among related departments, and improve executive power. Security policies, compliance trends, and vulnerability countermeasures are discussed as major agenda items in the presence of relevant employees and leaders.

### Governance for Information Security

Hyundai Transys adheres to information security laws and regulations. Guided by our information protection strategy and security policy, we safeguard critical information like trade secrets, national core technology, and defense technology. Additionally, we have established a specialized security organization and appointed a Chief Information Security Officer (CISO) to ensure systematic operations.

### Information Security Organizational Chart



### Information Security Policy

Hyundai Transys has established and enforced information protection regulations and guidelines to safeguard critical company information, including technical and managerial data as well as personal information, from a range of security threats. The department responsible for overseeing company-wide information protection regularly assesses information protection policies that require enactment or revision, based on monitoring the latest information security trends. After obtaining approval from the Chief Information Security Officer (CISO), the company-wide Information Security Committee engages in discussions and executes enactments or revisions. The information protection regulations target all personnel related to Hyundai Transys, including all our employees, contractual parties, and visitors, and are applied to all tangible and intangible information assets owned and operated by Hyundai Transys.


### Information Security Investment

Hyundai Transys builds and executes an annual investment plan to enhance data security. Each year, we are increasing the portion of investments in data security within the overall IT budget. In 2022, approximately KRW 3.7 billion was invested in information security.

### Certification for Information Security Management System


Hyundai Transys has obtained ISO 27001 certification, an international standard for information security management systems, as well as TISAX (Trusted Information Security Assessment Exchange) certification hosted by the German Association of the Automotive Industry (VDA), for its major domestic and international business sites. Moreover, we apply security measures that meet certification standards voluntarily to other business sites. Based on this effort, we have been verified for the adequacy of security levels concerning the information protection management system and activities, as well as the safeguarding of components used in new and development vehicles. We are committed to enhancing the information protection level at each business site through regular reassessments.

### Certification Status of Information Security Management System




**ISO27001**

Domestic R&D Centers  
(Powertrain R&D Center (Hwaseong), Headquarters / Seat R&D Center (Dongtan))




ISO 27001 Certification



**TISAX**

4 primary domestic and overseas business locations  
(Hwaseong R&D Center, Europe Technical Center, Georgia P/T Plants 1 and 2)



TISAX Certification

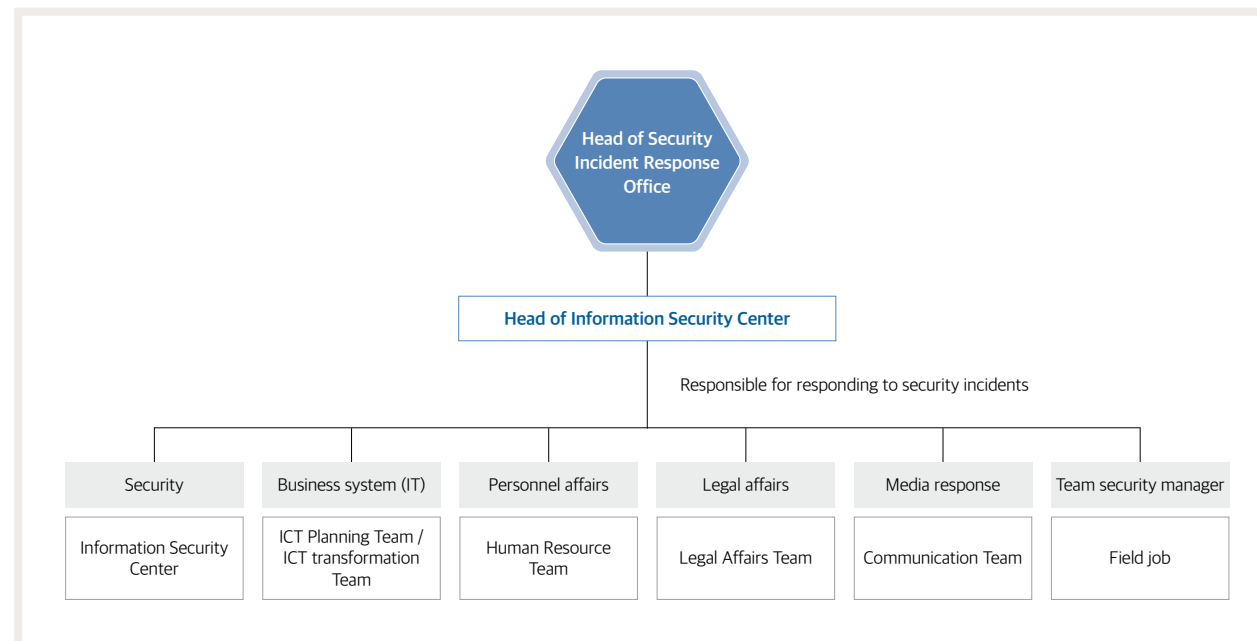
## Handling Information Security Incidents

### Addressing Security / IT Incidents

To actively prevent external breach attempts and internal data leakage incidents, Hyundai Transys has established and implemented a P-D-C-A-based information security management system known as the Security Lift Cycle. As part of our security framework, we conduct employee security training, phishing email simulations, system mock hacking, and infrastructure diagnostics to proactively prevent security incidents. In addition, we regularly update software and antivirus programs to address the latest security vulnerabilities. Moreover, we implement a 24/7 group security monitoring service to swiftly counter external

breach attempts by defending against intrusion attacks through unauthorized external network traffic. We also employ security solutions such as EDR and SASE to shield our internal information assets from risks such as malicious code. Moreover, we utilize external Threat Intelligence (T.I.) services to monitor security trends concerning information leakage incidents. High-risk vulnerabilities identified across a broad spectrum of open-source and commercial software, based on these trends, are promptly addressed through measures such as immediate software updates to the latest versions or removal of unnecessary services.

### Organizational Structure for Security Incident Response



### Process for Addressing Information Security Incidents

In the event of IT and security incidents, we are dedicated to ensuring the continuous stability of business operations. This commitment involves establishing operational procedures for incident response, reporting, and improvement, with the aim of minimizing the impact of incidents and preventing their recurrence. To achieve this goal, we create a security incident response team, assigning and educating each member on their roles and responsibilities, enabling a rapid response in the event of a security breach. Furthermore, we run a Security Reporting Center to prevent information leaks.

※ Security Reporting Center: [Security@hyundai-transys.com](mailto:Security@hyundai-transys.com)

### Security Incident Handling Procedure





## Information Security Initiatives

### Protecting Personal Information

The personal data of customers and employees are of paramount importance in our information protection endeavors. The Chief Privacy Officer (CPO) and the Information Protection Department oversee the supervision and control of any misuse or leakage of personal information, ensuring stringent management to safeguard personal data. Within the personal information processing department, personal information can only be utilized for business purposes by designated individuals pursuant to established principles and procedures. All collected personal data are processed based on the consent provided by the data subject, which clearly outlines matters such as the purpose of collection, collected items, retention period, and whether or not information will be shared with third parties. The gathered data are securely managed through diverse technological safeguards like encryption and anti-hacking measures. In addition, individuals whose information is stored may request modifications or deletions to the personal information processing department at any time.

#### Personal Information Management System

- Appointing Chief Privacy Officer (CPO)
- Establishing in-house personal information management guidelines
- Providing continuous education and obtaining information protection pledges from key personnel data handlers
- Inspecting and improving measures to secure stability of the personal information processing system
- Complying with domestic and international regulations related to personal information (such as Personal Information Protection Act, Information Network Act, EU GDPR, and PROC Network Security Law)

\* In order to prevent infringement and leakage of personal information, all employees adhere to the principles governing the handling of personal information.

### Enhancing Information Security

#### Conducting Regular Security Assessments

Hyundai Transys carries out routine and ad-hoc security assessments under the supervision of the Chief Information Security Officer (CISO). All matters concerning security assessments and audits are determined with an emphasis on independence and fairness. In the case of violations, appropriate follow-up actions, such as personnel measures and business improvement activities, are taken based on the severity of the issue.

#### Content of Security Assessment

- Evaluating the Effectiveness of Security Day Events
- Conducting Safety Checks for Operational Systems and Infrastructure Facilities
- Performing System Mock Hacking
- Conducting adequacy assessment for the operation of personal information life cycle (collection-destruction)
- Verifying firewall rule compliance
- Network scanning
- Checking the security level of the production network

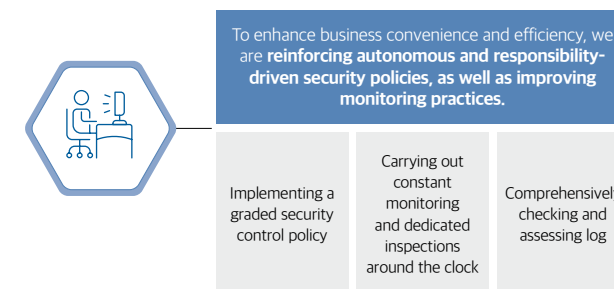
#### Management of Physical Workplace Security

Hyundai Transys has established security systems to protect its assets, including human life, information, and facilities, from intentional threats. We regularly scan for vulnerabilities and strengthen our security measures. Moreover, we implement control measures that consist of structural elements, such as buildings and security-related facilities, electronic components, such as security systems, and human factors, such as security personnel.

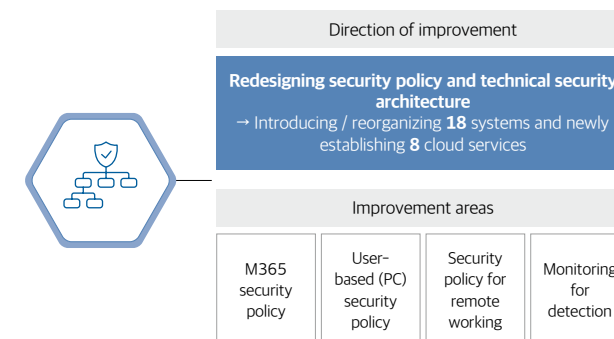
### Building a Smart Security Environment

Hyundai Transys is planning to introduce and revamp new systems for security policy and technical security configuration to design and implement appropriate information protection policies in line with evolving business environments and methods. Furthermore, by implementing Cloud services, we are dedicated to fortifying security policies, thus minimizing information security risks.

#### Plans for Strengthening Information Leakage Detection and Security Violation Verification Activities



#### Information Protection Policy Improvement



## Fostering a Culture of Information Protection

### Raising Security Awareness among Employees

Hyundai Transys is engaging in diverse initiatives to enhance employee security awareness and prevent associated incidents. Every month, during our Data Protection Day, we conduct regular inspections of the physical business environment and assess various security measures. In addition, we distribute educational materials on information protection, which encompass internal information security regulations and guidelines for everyday conduct. This practice serves to underscore the importance of adhering to security protocols within each department.

We conduct regular simulated malicious email training for our domestic and international employees to enhance our capabilities to prevent and respond to potential issues, such as ransomware damage, unauthorized leakage of critical information, and fraudulent transactions, arising from malicious code infections. Additionally, we encourage our employees to participate actively and enthusiastically in information security by rewarding exemplary security personnel and launching security campaigns.



Information Security Campaign Promotion Poster for 2022

### Major Information Security Training in 2022

Training Course	Performance Status (2022)		
	No. of eligible employees (persons)	No. of participants (persons)	Participation rate (%)
Security training for promoted employees	121	121	100
Security training for new hires and experienced employees	115	115	100
Security training for secretaries and engineers	2	2	100
Security training for organization leaders	182	179	98.4
Employees handling key technology	449	415	92.4
Employee security training	1,899	1,899	100
Security training for personnel handling personal information	97	90	93
Security training for employees who violated security policy	87	87	100
Total	2957	2908	98.5

### Enhancing Information Security Capabilities of Partner Companies

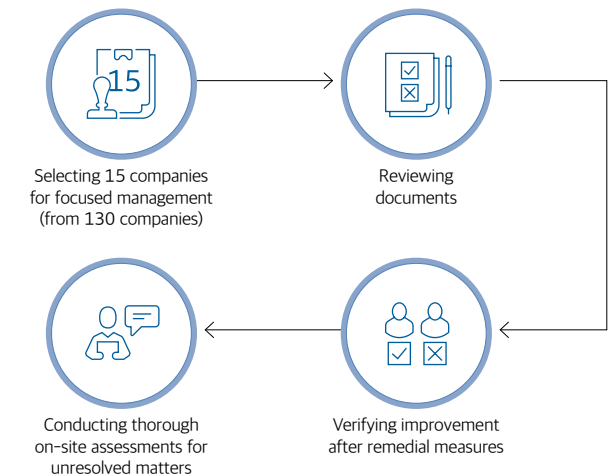
Hyundai Transys strives to improve the security standards of its partner companies by examining their information protection management status, providing guidance on handling critical shared information, and reinforcing information protection throughout the entire value chain. We conduct a comprehensive assessment as part of our commitment to enhancing the information security capabilities of our partner companies. We also perform written and on-site evaluations for partner companies that satisfy our assessment criteria

Supporting the enhancement of security levels and improvement of system vulnerabilities for

**22** partner companies

(Domestic business sites)

### Evaluating the Information Protection Status of Partner Companies



# Customer

## Quality Management

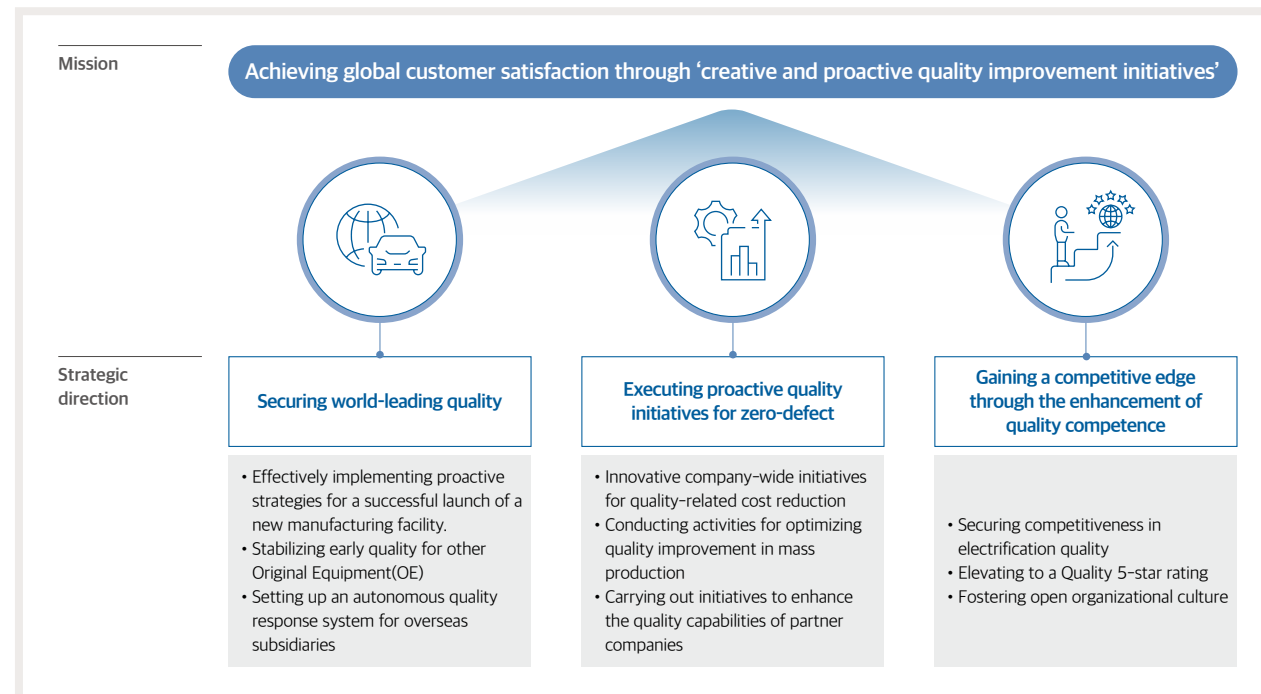
### Quality Management Governance

#### Quality Management

Hyundai Transys is developing and carrying out diverse quality strategies rooted in the global quality management system to accomplish the mission of ‘achieving global customer satisfaction through creative and proactive quality improvement initiatives.’ We are involved in plant-specific, customer-oriented quality initiatives to ensure the successful launch of our new manufacturing facilities, as well as Cross-Functional Team (CFT) activities to guarantee the

quality of our key partner companies. Moreover, we are committed to enhancing our quality competitiveness through company-wide cost-saving innovations. We will also achieve the highest level of global quality by pursuing proactive quality innovation in manufacturing through the application of big data and AI, and by improving our future electrification quality capabilities.

#### Management Policy of the Quality Division



### Quality Management System

#### Overseeing the Quality Management System

In pursuit of establishing a stable production foundation and ensuring customer safety through the enhancement of our global quality management system, we are actively constructing and overseeing a quality management system. Regarding the quality management system, we have pursued IATF16949 certification, a new standard, and are consistently carrying out customer satisfaction strategies, including the implementation of a global quality system.



Quality Management System Certificate (IATF-16949-2016)

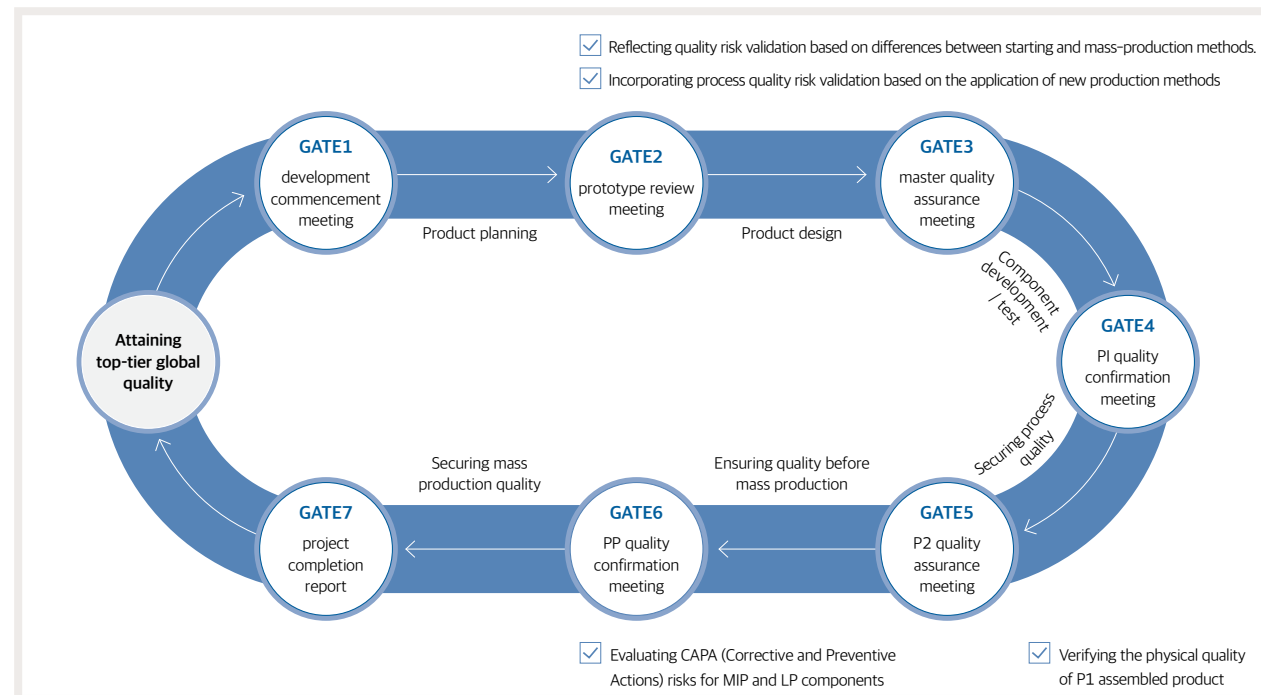
## Quality Management Activities

### Reinforcing Quality Assurance Processes for New Products

To precisely analyze and address the diverse demands for global finished vehicles, Hyundai Transys incorporates quality standards for individual business sites and performance and risk management aspects for specific processes. Additionally, we reflect global quality requirements into work standards and operate a 7-step GATE to manage the necessary tasks during each developmental phase. We will further strengthen the quality assurance process in the

development stage by incorporating failure cases and benchmarking new technologies / methods from global customer companies into our quality assurance procedures. Furthermore, we will step up the process of ensuring quality by preventing the recurrence of major quality issues through enhancements to the database computer system for quality issues of past vehicles.

### Quality Assurance Process for New Products



### Innovative Activities for Quality Cost Reduction

Hyundai Transys is constantly engaging in task force team (TFT) activities that foster company-wide participation to address major quality issues and reduce costs. These activities include introducing a division-specific responsibility system for quality costs. With a focus on the quality division (warranty / management), we have identified 9 key themes across 6 divisions, such as the research institute, production, purchasing, and seat, to lead improvement actions. These actions include improving the worst defects, proactive strategies for manufacturing quality (MIP / LP<sup>1</sup>), and lowering after-sales service costs. We also monitor and evaluate the progress and impact of these improvement actions on a monthly basis to achieve tangible cost savings. As a result of our TFT activities, we have successfully decreased quality costs by about 42% in relation to sales over the past three years. Moreover, we have significantly reduced the occurrence of unexpected expenses related to campaigns. We are committed to further reducing quality costs as we continuously review mid- to long-term operational strategies.

1) MIP: Made in Plant, LP : Local Parts



Workshop for achieving the target quality cost

## Quality Management Activities

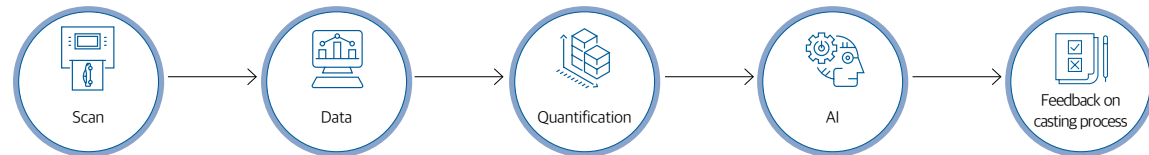
### Advancement of the Proactive Manufacturing System

Hyundai Transys operates a smart proactive quality system based on big data through the integration of quality data and AI technology. To minimize quality defects, we have developed a system that uses case scanning data to quantify the probability of internal defects and applies artificial intelligence to predict the risk level of material conditions, and we have expanded the application of the system to our major models. Moreover, we aim to achieve the highest level of gear manufacturing technology by applying big data techniques in the design and analysis of transmission gears. This involves creating optimal value guidelines for different specifications and extending their implementation to determine optimal processing conditions and predict processing defects. We are committed to continually improving our future quality capabilities. This will be achieved through the consolidation of design, development, mass production, and field quality data, along with the establishment of an optimal model for real-time process factors.

### Securing Quality Competitiveness for Electrification

Hyundai Transys is reinforcing inspections to ensure adherence to procedures outlined in the electrification quality assurance manual, with a focus on proactively ensuring the quality of the internally developed next-generation hybrid drive transmission (TMED-II). In pursuit of securing the quality of prototype products, we plan to emphasize pre-production readiness activities, tackle quality concerns from previous vehicle developments and ensure the quality of PE parts by breaking down GATE processes. Furthermore, to ensure the quality of electrification components, we will continuously improve our capabilities by analyzing the gaps between customer requirements and global standards for emerging electrification parts such as motors, harnesses, and EOPs. We will then develop and disseminate quality standards for partner companies involved in electrification components, incorporating the identified areas of improvement. Additionally, we will implement focused management of these partner companies to consistently enhance our electrification quality competence.

### Process of the Smart Proactive Quality System



## Quality Management for Partner Companies

### Self-Audit System

Hyundai Transys facilitates proactive quality inspections and improvement for tier 2 and tier 3 suppliers by providing support based on the integrated inspection manual<sup>1)</sup>. Based on the inspection results, we guide and improve weak areas through collaborative inspections. We also make efforts to sharpen the capabilities for quality control of our partner companies by sharing best practices with other companies.

1) Comprising four domains: process management, fundamental quality, inspection management, and cleanliness

### Ensuring Fundamental Quality with CTF

In order to ensure fundamental quality, we have established a CTF to conduct quality assessments and improvement activities for suppliers of high-risk parts. In 2022, we implemented improvements and conducted effectiveness checks in areas such as process and inspection management, as well as fundamental quality.

### Seminar on Component Quality

Hyundai Transys conducts seminars on component quality to improve the attitude toward quality-related issues among part providers and enhance their internal quality systems. By sharing major quality failure cases, we are actively contributing to preventing the relapse of similar quality issues, promoting the exchange of best practices, and enhancing the quality competitiveness of our partner companies.



Seminar on component quality

### Activities for Quality 5-star Rating Enhancement

Hyundai Transys is enhancing the quality 5-star rating<sup>2)</sup> by engaging in quality level-up initiatives across both domestic and international manufacturing facilities. We prioritize customer requirements through internal quality system diagnosis, and conduct regular pre-inspections using an on-site evaluation check sheet with a quality 5-star rating. For overseas plants, we provide training on the evaluation system and promote best corporate practices by supporting them in business travel to the headquarters. We also provide support for grade improvement by conducting diagnoses, offering guidance on quality management systems, and conducting effectiveness checks. Thanks to these initiatives, the Jigok Plant in Korea successfully attained a new Quality 5-star rating in 2022.

2) Quality assessment system for partner companies of Hyundai / Kia



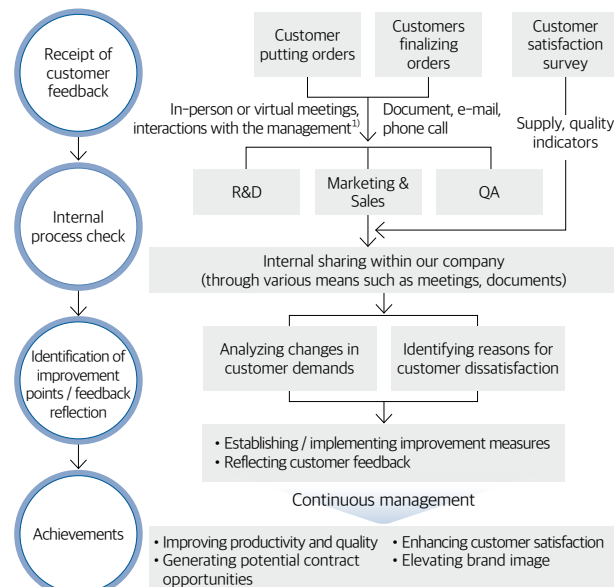
## Customer Satisfaction Management

### Managing Customer Satisfaction

#### VOC (Voice of Customer) Management

Hyundai Transys is broadening its communication channels from fundamental methods like documents, phone calls, and emails to face-to-face and video conferences, as well as interactions with management. This approach ensures effective communication with both domestic and international clients, enabling us to gather feedback on ways to improve inconveniences regarding products and services. We consistently maintain customer satisfaction improvement efforts, including ongoing VOC reviews and continuous post-monitoring. For service aspects with lower satisfaction levels, we implement improvement activities.

#### VOC Management Process



#### Customer Satisfaction Survey

Each year, the implications derived from the customer satisfaction survey are shared with each relevant department. Then, we develop and execute improvement plans based on the results to address customer dissatisfaction. In 2022, we conducted evaluations for a total of 26 clients and maintained a consistent average score of 96 points, keeping the momentum from the previous year.

#### Activities for Enhancing Customer Satisfaction

Each year, Hyundai Transys systematically establishes and manages strategies and objectives to address identified dissatisfaction areas in evaluations with the goal of enhancing customer satisfaction. We are committed to enhancing customer satisfaction by managing component-specific issues in powertrain and seats. We also map out improvement plans accordingly and monitor the progress.

#### Customer satisfaction



#### Empowering Customer Touchpoints

As part of our efforts to better serve our customers, we participated in the 2022 International Suppliers Fair (IZB) held in Germany. At the fair attended by about 940 companies across 37 countries, we introduced our powertrain and seat products and enhanced communication with customers by sharing diverse opinions. Given the growing demand for environmentally friendly vehicles such as EVs, PHEVs, and HEVs, the expansion of new product development and mass production is inevitable. Therefore, we are committed to ensuring customer trust and satisfaction in our new products. To achieve this goal, we intend to actively garner and integrate customer feedback through various channels, including test drives, exhibitions, and face-to-face meetings.



International Suppliers Fair (IZB)

# Governance

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# Board of Directors

## Board Management

### Board Composition

The Board of Directors (BOD) makes decisions on matters delegated by the general shareholders' meeting, fundamental business policies, and critical issues concerning business execution, and is responsible for overseeing the performance of duties by directors and management. The BOD consists of three internal directors (including CEO) and two external directors (including one female external

director), and CEO concurrently serves as the chair of the BOD for more professional decision-making. According to the Articles of Association, the tenure of directors is three years. Their tenure may be extended based on performance evaluations conducted during their term. The chairperson of the board is appointed through a resolution passed by the BOD on an agenda item.

#### Board Composition

(As of June 2023)

Position	Name	Responsibility	Appointment Date	Expiration Date	Appointment Background	Gender
Internal Director	Su Dong Yeo	CEO	Jan. 2, 2019	Mar. 29, 2025	Appointed to stably carry out general management and external affairs	Male
	Sang Heun Lee	Director of Finance	Mar. 30, 2020	Mar. 29, 2025	Appointed to stably perform related tasks as director of finance	Male
	Sang Won Hong	Director of P/T production	Jun. 15, 2022	Mar. 29, 2025	Appointed to stably perform related tasks as director of P/T production	Male
External Director	Hyun Jin Kim	External Director	Mar. 30, 2020	Mar. 29, 2025	Appointed as an expert in mechanical engineering to contribute to the operation and advancement of BOD with extensive experience and knowledge in relevant areas	Female
	Myung Suk Choi	External Director	Mar. 29, 2022	Mar. 29, 2025	Appointed as a legal expert to contribute to the establishment of transparent and compliant management systems based on relevant expertise.	Male

### Board Expertise and Independence

Hyundai Transys' external directors are chosen by taking into account a range of expertise and practical experiences in diverse fields, in addition to meeting the qualification criteria stipulated in relevant regulations such as the Commercial Act. These directors are appointed during the general shareholders' meeting following recommendations from the BOD and shareholders. The independence of appointed external directors is maintained based on the criteria for assessing independence as outlined in Article 382 of the Commercial Act. Leveraging the expertise of each director, we impartially monitor and offer guidance for business management. Hyundai Transys operates in a manner that allows for

independent opinions to be freely expressed, enabling us to apply necessary checks when required.

### Performance Evaluation and Compensation

The remuneration for directors is decided at the general shareholders' meeting in accordance with Article 388 of the Commercial Act and the Articles of Association. Compensation for directors is determined and paid based on objective and comprehensive criteria. These criteria take into account the director's base annual salary as well as the overall performance of the organization, including its performance in ESG-related activities.

### Board Efficiency

We hold regular BOD meetings on a quarterly basis, and conduct ad-hoc meetings when necessary. The Chair calls for the meetings, and detailed information on the items are shared in advance to facilitate an efficient BOD operation. In 2022, we held a total of 6 meetings and discussed a total of 19 items.

#### ESG-related Agenda Items

Date	Agenda Item	Result
Jan. 26, 2022	Approval of 2022 Safety and Health Management Plan	Approved
	Operational status of the internal accounting control system	Reported
	Compliance Program	Reported
Feb. 16, 2022	Approval of the nomination of candidates for external director	Approved
	Operational status of the internal accounting control system	Reported
Apr. 27, 2022	ESG promotion plans	Reported
	Operational plans for internal accounting control system	Reported
	Social contribution activities	Reported
Jul. 27, 2022	Performance for Compliance Program	Reported
Nov. 1, 2022	Operational status of the internal accounting control system	Reported
	Compliance support activities	Reported

## Audit Independence

Auditors are appointed during the general shareholders' meetings. Shareholders holding stocks exceeding 3% of the total issued shares, excluding non-voting stocks, are restricted from exercising their voting rights on the excess shares during the appointment of auditors. Auditors have the freedom to access accounting records and documents for efficient auditing. They are also authorized to request business reports from directors and conduct investigations into our business operations and financial status.

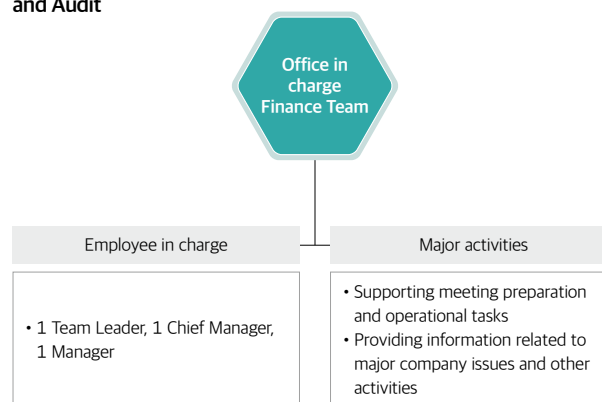
## Internal accounting

We report the operational status of the internal accounting management system to the BOD and auditors in accordance with Article 9 of the Enforcement Decree of the Act on External Audit of Stock Companies, etc. To enhance control of key items, we intend to broaden the scope of core control items, establish a dedicated internal accounting management unit, and conduct operational assessments by external third-party experts. Also, we will provide relevant education for board members (registered executives), operation managers, and full-time employees.

## External Directors and Audit Support

Hyundai Transys has an administrative secretary (Head of Finance Management Group) that supports the overall tasks of the BOD and smooth performance through the support of external directors that belongs to the Finance Team in the Finance & Accounting Division.

### Organization Responsible for Supporting External Directors and Audit



## Education for External Directors

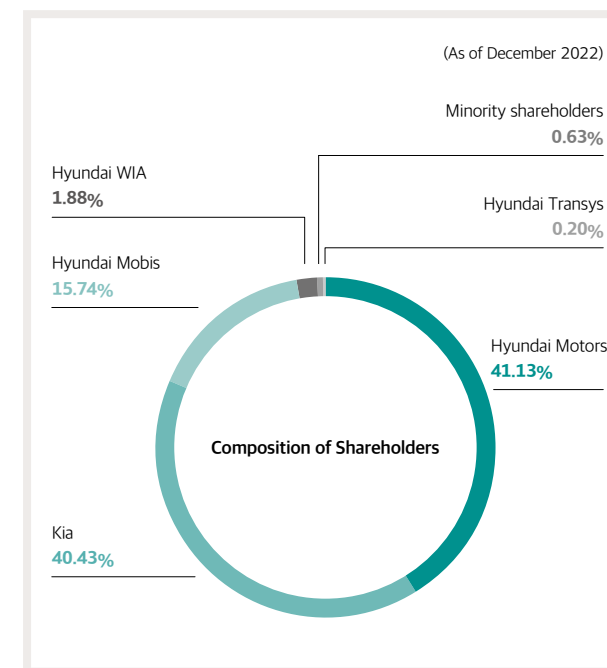
Each year, Hyundai Transys conducts internal accounting management training to help external directors acquire a more comprehensive understanding of the operational status of the internal accounting management system. Furthermore, safety training was held at the Jigok Plant to improve comprehension of workplace safety and health management, sharing the safety target business plans and achievements for 2022, as well as conducting major prevention activities and on-site inspections at the plant.

## Shareholders' Rights

### Protecting Shareholders' Rights

Hyundai Transys is dedicated to safeguarding shareholder rights. When convening a general meeting of shareholders, we provide written or electronic notifications to each shareholder, regarding the meeting's date, location, and agenda, two weeks prior to the scheduled meeting. Furthermore, to protect shareholders' voting rights, we allow proxy voting.

### Composition of Shareholders



# Risk Management

## Risk Management System

### Integrated Risk Management

Hyundai Transys engages in regular and ongoing monitoring of both internal and external management risks that could impede the achievement of both mid- to long-term and short-term management objectives. We categorize risks based on their characteristics and come up with response plans through collaborative discussions with relevant stakeholders with impact analysis. Regarding identified risks, we consistently monitor and engage in improvement activities until the impact is mitigated to a point where the risks no longer disrupt the achievement of management goals. Upon the occurrence of a serious risk, we operate the Emergency Response Committee, consisting of the CEO, directors, and the business directors. The committee discusses risk response measures and reviews the results in an effort to minimize the risk impact in advance.

### Risk Management Process

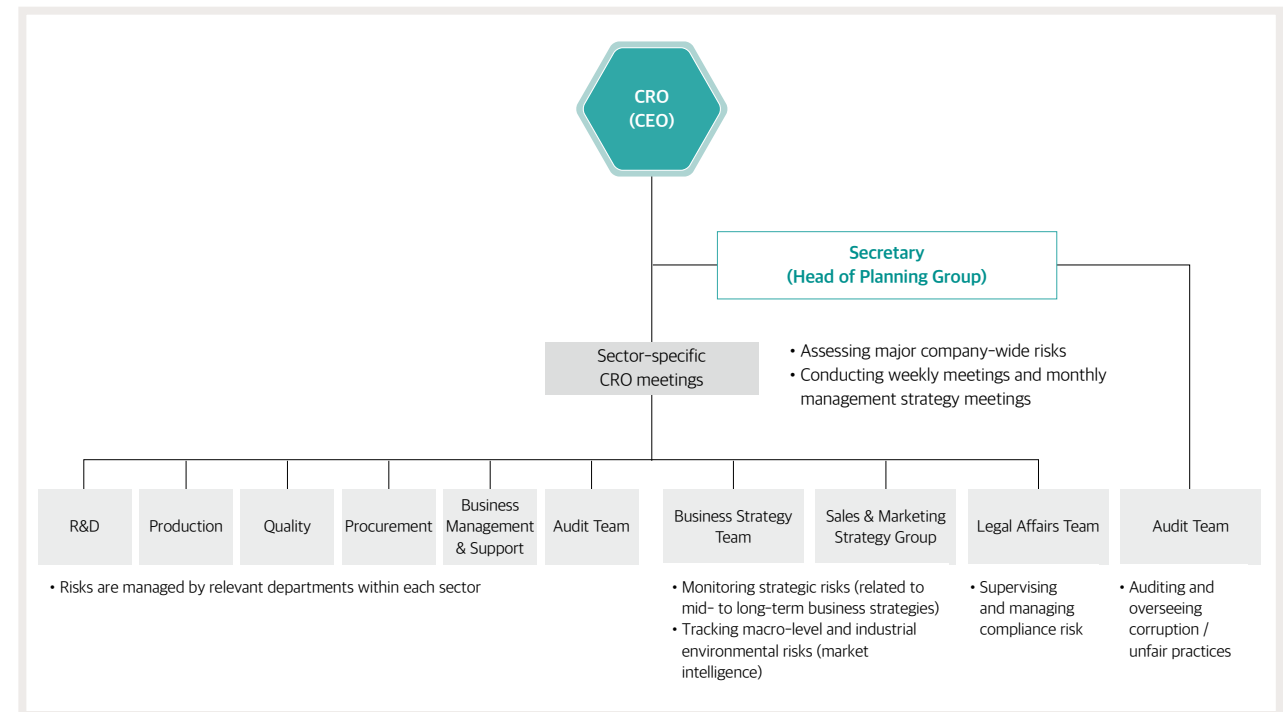
Planning phase	
	<ul style="list-style-type: none"> <li>Analyzing sector-specific mid-to long-term business strategies and macro-level and industrial environmental analysis</li> </ul>
	<ul style="list-style-type: none"> <li>Formulating and finalizing yearly business plans</li> </ul>
	<ul style="list-style-type: none"> <li>Defining annual key priority projects</li> </ul>
Execution phase	
Identification	<ul style="list-style-type: none"> <li>Reviewing the pending agenda items and analyzing the risks</li> </ul>
Analysis	<ul style="list-style-type: none"> <li>Establishing / reviewing / approving responsive actions for high risks</li> </ul>
Response & Hedging	<ul style="list-style-type: none"> <li>Monitoring responsive actions and risk reduction status</li> </ul>

### Risk Management Governance

Hyundai Transys has established and operates a risk management governance composed of the heads of each division and business unit, and responsible departments from each division and business unit, including the CEO as the Chief Risk Officer (CRO). In particular, in the case of critical risks, it is stipulated that the management

status of each type and risk be reported to the Board of Directors, for more effective risk management. Through this approach, we are able to efficiently identify potential risks in relevant areas and manage them for prompt response.

### Risk Management Structure





## Identification and Management of Key Risks

### Response Measures for Major Risks

Hyundai Transys categorizes risks into four distinct groups. To manage them efficiently and effectively, we identify and address the key core risks according to the specific types within each group.

#### Key Risk Definition and Response

Category		Definition	Type	Response Approach
Uncontrollable risk	Environmental risk	Potential risks arising from changes in external factors such as society, economy, politics, and environment	• Health risks incurred from the pandemic	• Developing scenarios and response policies for each stage of risk occurrence • Creating a remote work environment (expanding telecommuting and video conferencing)
		Potential risks arising from shifts within the automotive and parts industry	• Geopolitical risks (such as Russia-Ukraine war)	• Monitoring the global political and trade environment, and reviewing response plans for potential impacts
			• Strengthening ESG policies/regulations	• Developing and implementing strategies to achieve RE100/carbon neutrality and strengthening support for enhancing ESG capabilities in the supply chain
Controllable risk	Strategic risk	Risks that may affect the achievement of long-term business strategies depending on internal choices	• Strengthening the urgency of transitioning to eco-friendly/electric products	• Securing global market share by developing systems/technologies to meet the demand for eco-friendly vehicles, expanding external collaborations, and enhancing operational capabilities at strategic locations
	Operational risk	Risks that could impact the achievement of short-term business objectives depending on internal processes and decision-making	• Severe disaster risks resulting from safety accidents	• Developing measures to prevent safety and severe disasters, promoting activities to enhance safety awareness and improvement
			• Risk of weakening product competitiveness arising from delays in response to electrification	• Developing eco-friendly/electric products and ensuring capabilities in software development
			• Risk of insufficient development capability arising from transition to new software / business	• Reevaluating mid- to long-term organizational operations and devising plans to secure new business and key talent
			• Severe disaster risk arising from safety accidents	• Developing strategies for preventing safety and severe accidents, and driving initiatives to enhance safety awareness and practices
	Financial risk	Potential risks arising from fluctuations in financial markets, credit ratings, and liquidity	• Deepening volatility in interest rates and exchange rates due to global inflation	• Monitoring financial markets and corporate liquidity, reviewing currency hedging status and strategies, and establishing response measures

## Financial Risk

Hyundai Transys sets management points for each item to respond to major risks.

### Profitability Risk

Hyundai Transys manages the profitability risks by dividing them into business stages, based on the long-term product lifecycle. We aim to secure continuous profits and future competitiveness through project-level profitability management from a long-term perspective. We also manage the profit and loss risks due to short-term factors by a company-wide meeting group that operates monthly, which monitors profitability risks and identifies opportunity factors that affect the achievement of annual business plans.

### Liquidity Risk

We regularly check the liquidity, borrowing, and contract limits to prevent disruptions due to financial liquidity in domestic and foreign business sales, finance, and investment. To enhance the application of liquidity, we have introduced and are operating the Cash Management System that enables us to share liquidity among overseas subsidiaries by region.

### Foreign Exchange Rate Fluctuation Risk

Financial risks that can occur from global business expansion and large-scale financing projects are overall managed by the financial team. We try to minimize the exchange rate fluctuation impact through loan management by overseas regions and comprehensive foreign exchange management.

## Tax Risk Management

Hyundai Transys fulfills the duty to report and faithfully pay taxes in accordance with the laws and regulations, and evaluates and manages various tax-related risks that may occur during business activities.

### Tax Policy

Hyundai Transys places the highest priority on fulfilling our corporate social responsibilities in tax policy by faithfully fulfilling strict compliance with laws and payment obligations. We acknowledge that the key to sustainable management is compliance with laws and regulations, and we ensure that all domestic and foreign transactions are conducted accordingly. We also manage tax risks related to important business changes such as new businesses and transaction structure changes systematically. To this end, we have established and implemented internal guidelines for tax reporting and payment, based on our understanding and review of domestic and foreign tax laws. We also build a cooperative trust relationship with tax authorities and cooperate with tax experts continuously.

### Fulfilling Overseas Tax Obligations

Hyundai Transys complies with domestic tax laws and transfer price guidelines for cross-border transactions, and meets global standards by fulfilling overseas tax obligations. We faithfully fulfill our duty to accurately report and pay taxes in accordance with the tax laws and tax treaties of the countries where we conduct our operations. We do not engage in tax avoidance transactions and offshore tax evasion using tax havens, and we avoid employing tax structures lacking genuine commercial value. In terms of income transfer and arm's length transactions, we adhere to the principle of conducting arm's length transactions as per the regulations of each country. Moreover, we prepare and submit BEPS reports in accordance with the guidelines established by the OECD. We also use the Advance Pricing Agreement (APA) system to maintain transparent relations with tax authorities in our key operational regions of North America and China, and to ensure effective tax risk management.

# Ethics

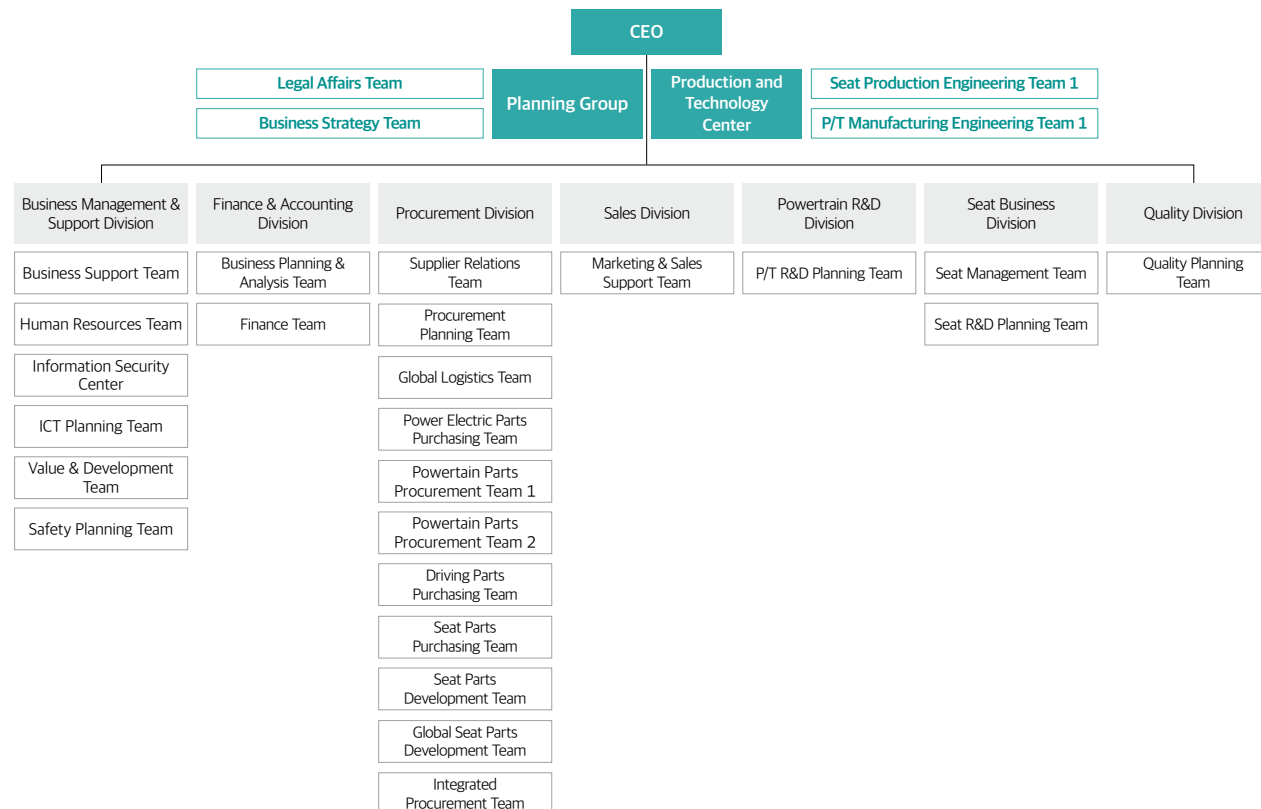
## Ethical Management System

### Compliance and Ethics Management Governance

Hyundai Transys recognizes the importance of ethical compliance management in future business competitiveness, and establishes and implements step-by-step plans to build and operate the ethical compliance management system effectively. We manage our compliance and ethical management organization through the appointment of Compliance Officers and Compliance Support Officers

designated by the Board of Directors (BOD). We also assign sector-specific Compliance Officers to conduct independent compliance assessments and provide implementation support. Furthermore, we practice responsible management by reporting compliance management activities and key achievements to the BOD four times a year.

### Organizational Chart of Compliance and Ethical Management



### Anti-bribery Management Certification

Hyundai Transys has obtained the certification for anti-bribery management systems (ISO 37001) and operates to minimize organizational risks related to corruption and bribery. We implement various anti-corruption programs in compliance with global standards to increase employees' ethical awareness and enhance management transparency and trust. In 2023, we plan to acquire the certification for compliance management system (ISO 37301) to enforce more stringent compliance management.



ISO 37001 certification

## Ethical Management Initiatives

### Management of Compliance, Ethics, and Anti-Corruption Risk

#### Compliance Checks

In 2020, Hyundai Transys appointed a Compliance Support Officer to conduct continuous compliance checks and proactively review transactions with affiliates. We also addressed potential risks arising from legal changes, including the Fair-Trade Act and Subcontracting Act, by conducting self-inspections on compliance and ethics for Team Leaders. In the second half of 2022, we expanded the scope of our management to include comprehensive compliance inspections for key overseas subsidiaries and achieved improvements in various areas such as labor, personal information protection, safety, environment, and anti-corruption measures. To internalize compliance management, we provided ongoing access to legal counsel in the areas of human resources, labor, and safety for our employees. Moreover, we prevented legal violations proactively by conducting thorough reviews of contracts for each department throughout the organization.

#### Corruption Risk Assessment

We conduct corruption risk assessments across all our domestic business sites based on ISO 37001. This enables us to proactively identify relevant risks and continuously monitor the progress of improvement measures and implementation levels. In 2022, we detected over 150 instances of corruption risks. We addressed this by creating and executing reduction action plans for 49 items that showed relatively lower mitigation effect compared to the previous year, and mitigating risks.

### Internalization of Compliance and Ethics Management

#### Spreading Consensus on Compliance and Ethical Management

To foster consensus on compliance and ethical management among our employees, we have developed ethical regulations and Code of Conduct, which are then published on our internal bulletin board and official website. We conduct regular compliance self-assessments to verify compliance with laws such as the Improper Solicitation and Graft Act and other regulations, and every year, we obtain a pledge on fair trade from employees to confirm their commitment to compliance. Moreover, we provide online training on preventing company-wide corruption, enabling employees to effectively implement compliance and ethical management while performing their duties.



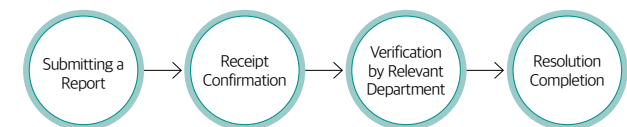
### Reporting Channel (Cyber Sinmungo) 🗣️

All internal and external stakeholders of Hyundai Transys can report their opinions and grievances about suggestions, criticisms, instances of corruption and unreasonable systems related to the company through The Cyber Sinmungo System. We are taking appropriate measures by verifying facts and conducting investigations in cooperation with relevant departments.

### Types of Reports

- Unfair transactions based on academic or regional affiliations
- Improper request or provision of money, valuables, or entertainment
- Misuse and abuse of authority and solicitation
- Suggestions for improving unreasonable practices
- Other actions that violate the code of ethics
- Suggestions for improving fair-trade related system or law violations
- Suggestions for improving the internal accounting management system or violations

### Report Processing Procedure for Cyber Sinmungo System

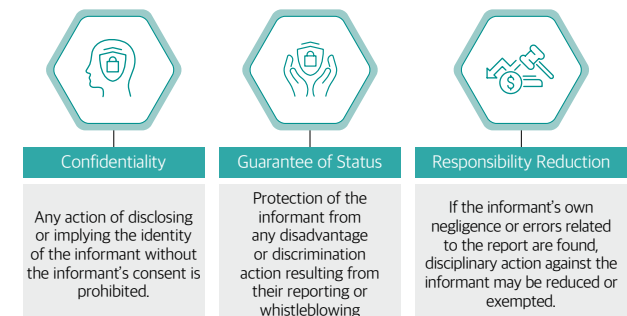


\* Typically, the process from report submission to completion takes around 15-20 days. The whistleblowers can monitor the process status and results.

### Protection of Whistleblowers

Cyber Sinmungo System, a reporting channel, safeguards the identity of informants through a secure security system, and the reporting and consultation process is handled by a limited number of people who have taken an oath of confidentiality.

### Policy for Protecting Whistleblowers



# APPENDIX

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# ESG Data

## Environment

### Environmental Management System Certification<sup>1)</sup>

Category	Unit	2020	2021	2022
ISO 14001	Businesses sites subject to certification	Site	20	21
	Certification acquisition rate <sup>2)</sup>	%	100	97

1) Domestic and overseas business sites

2) Scheduled to be completed in 2023, a year after mass production

### Environmental Investment

Category	Unit	2020	2021	2022
Management of environmental impacts		0	278	190
Waste management	KRW million	974	1,192	1,192
Management of environmental risks		101	165	1,134

### Performance of Eco-Friendly Products<sup>3)</sup>

Category	Unit	2020	2021	2022
Revenue from products and services designed for fuel efficiency and reducing emissions	KRW 100 million	3,183	6,328	10,826
Recyclable products	Sales of recyclable products	KRW 100 million	49,136	56,333
	Revenue ratio of recyclable products to total revenue	%	67.7	69.2

3) Based on components of eco-friendly vehicles (EV, HEV, PHEV) that enhance environmental performance compared to internal combustion engine vehicles

### Air Pollutant Emissions<sup>4)</sup>

Category	Unit	2020	2021	2022
NO <sub>x</sub>	Emissions	Ton	17	49
	Emission intensity	Ton / KRW million	0.000	0.001
SO <sub>x</sub>	Emissions	Ton	0	36
	Emission intensity	Ton / KRW million	0.000	0.000
Particulate matter (PM)	Emissions	Ton	12	29
	Emission intensity	Ton / KRW million	0.000	0.000
Total	Emissions	Ton	30	114
	Emission intensity	Ton / KRW million	0.000	0.001

4) Based on domestic and overseas business sites, 2020 and 2021 data in the 2022 Sustainability Report was adjusted due to partial data modification of overseas subsidiaries

### Water Pollutant Emissions<sup>5)</sup>

Category	Unit	2020	2021	2022
COD	Emissions	kg	3,595	3,475
	Emission intensity	kg/KRW 100 million	0.050	0.043
BOD	Emissions	kg	992	1,016
	Emission intensity	kg/KRW 100 million	0.014	0.012
SS	Emissions	kg	642	374
	Emission intensity	kg/KRW 100 million	0.009	0.005
TOC <sup>6)</sup>	Emissions	kg	490	431
	Emission intensity	kg/KRW 100 million	0.015	0.009
Total	Emissions	kg	5,719	5,296
	Emission intensity	kg/KRW 100 million	0.079	0.065

5) Based on domestic and overseas business sites, 2020 and 2021 data in the 2022 Sustainability Report was adjusted due to partial data modification of overseas subsidiaries

6) Based on domestic business sites

## GHG

Category		Unit	2020	2021	2022
Emissions from domestic business sites	Scope 1	tCO <sub>2</sub> eq	20,601	20,908	21,817
	Scope 2		156,152	166,322	172,274
	Total		176,754	187,230	194,091
Emissions from overseas business sites <sup>1)</sup>	Scope 1		5,572	5,924	4,869
	Scope 2		110,470	123,051	131,278
	Total		116,042	128,975	136,147
Subsidiaries (Hyundai Mseat) <sup>1)</sup>	Scope 1		387	436	387
	Scope 2		3,238	3,371	4,212
	Total		3,624	3,807	4,599
Total emissions (Scope 1, 2)	Scope 1		26,560	27,267	27,072
	Scope 2		269,860	292,744	307,764
	Total		296,420	320,012	334,836
Intensity		tCO <sub>2</sub> eq/KRW 100 million	4.09	3.93	3.26
Scope 3 emissions <sup>1)2)</sup>	1. Purchased goods and services	tCO <sub>2</sub> eq	-	-	1,309,249
	2. Capital goods		-	-	6,152
	3. Fuel- and energy-related activities		-	-	301,504
	5. Waste generated in operations		-	-	4,325
	6. Business travel		-	-	8,363
	7. Employee commuting		-	-	34,912
	9. Transportation and distribution		-	-	624,336
	11. Use of sold products		-	-	6,127,734
	12. End of life treatment of sold products		-	-	186,906
	Total		-	-	8,603,481

1) Internally calculated data

2) Newley incorporated reporting and management items in 2022

## Energy

Category			Unit	2020	2021	2022
Domestic business sites <sup>3)</sup>	Total energy consumption		TJ	3,611	3,880	4,022
	Direct energy consumption	Total consumption of non-renewable energy within the organization		395	404	422
		Total consumption of renewable energy within the organization		0	0	0
	Indirect energy consumption	Electricity		3,214	3,474	3,598
		Heat		2	2	3
	Overseas business sites <sup>3)(4)</sup>	Total energy consumption		1,881	2,040	2,192
Direct energy consumption		Total consumption of non-renewable energy within the organization	88	91	74	
		Total consumption of renewable energy within the organization	2	1	19	
Indirect energy consumption		Electricity	1,753	1,922	2,105	
		Heat	39	26	6	
Hyundai MSEAT <sup>4)(5)</sup>		Total energy consumption		73	78	95
	Direct energy consumption	Total consumption of non-renewable energy within the organization	7	7	7	
		Total consumption of renewable energy within the organization	0	0	0	
	Indirect energy consumption	Electricity	67	70	88	
		Intensity		TJ / KRW 100 million	0.08	0.07

3) Energy for cooling and steam not used

4) Internally calculated data

5) Energy for heat cooling, and steam not used

## Energy

Category		Unit	2020	2021	2022
Renewable energy consumption <sup>1)</sup>	Energy consumption	TJ	1.6	1.0	7.1
	Consumption rate	%	0.03	0.02	0.11
Renewable energy generation	Energy generation	TJ	1.6	1.0	1.3
	Generation rate	%	0.03	0.02	0.02
Energy savings	Energy consumption reduction activities	Case	11	8	8
	Cost savings through reduction activities	KRW 100 million	1,525	1,359	675

1) 2020 data in the 2022 Sustainability Report was adjusted due to partial data omission

## Water Resources<sup>2)</sup>

Category			Unit	2020	2021	2022
Domestic business sites	Water withdrawal	Waterworks	1,000 tons	246	269	293
		Surface water		0	0	0
		Groundwater		158	177	167
	Discharge			165	169	181
	Usage			240	277	279
Overseas business sites	Water withdrawal	Waterworks		437	511	590
		Surface water		0	0	0
		Groundwater		19	22	25
	Discharge			75	81	84
	Usage			381	452	531
Total water usage	Water withdrawal	Waterworks		683	779	883
		Surface water		0	0	0
		Groundwater		177	199	192
	Discharge			240	250	265
	Usage			620	728	809
Intensity			1,000 tons/ KRW 100 million	0.009	0.009	0.008

2) 2020 and 2021 data in the 2022 Sustainability Report was adjusted due to partial data modification of overseas subsidiaries

## Water Reuse<sup>3)</sup>

Category		Unit	2020	2021	2022
Domestic business sites	Total water reuse	1,000 tons	290	359	387
	Total water withdrawal		404	446	460
	Re-use ratio to total withdrawal	%	72	81	84
Overseas business sites	Total water reuse	1,000 tons	25	28	21
	Total water withdrawal		456	533	615
	Re-use ratio to total withdrawal	%	6	5	3
Total	Total water reuse	1,000 tons	315	387	408
	Total water withdrawal		860	978	1,075
	Re-use ratio to total withdrawal	%	37	40	38

3) 2020 and 2021 data in the 2022 Sustainability Report was adjusted due to partial data modification of overseas subsidiaries

## Water Withdrawal and Usage within Water-stressed Areas<sup>1)</sup>

Category		Unit	2020	2021	2022
Beijing PT Plant, China	Water withdrawal (ratio <sup>2)</sup> )	1,000 tons (%)	83.9 (18.4)	82.0 (15.4)	74.2 (12.1)
	Water usage (ratio <sup>3)</sup> )		80.3 (12.9)	78.4 (10.8)	71.6 (8.8)
Beijing Seat Plant, China	Water withdrawal (ratio <sup>2)</sup> )		6.0 (1.3)	3.5 (0.7)	2.8 (0.5)
	Water usage (ratio <sup>3)</sup> )		0 (0)	0 (0)	0 (0)
Rizhao Plant, China	Water withdrawal (ratio <sup>2)</sup> )		147.0 (32.2)	210.0 (39.4)	257.6 (41.9)
	Water usage (ratio <sup>3)</sup> )		147.0 (23.7)	210.0 (28.8)	257.6 (31.8)
Cangzhou Plant, China	Water withdrawal (ratio <sup>2)</sup> )		7.6 (1.7)	6.8 (1.3)	6.2 (1.0)
	Water usage (ratio <sup>3)</sup> )		2.0 (0.3)	1.8 (0.3)	1.6 (0.2)
AP Plant, India	Water withdrawal (ratio <sup>2)</sup> )		48.6 (10.7)	59.7 (11.2)	96.2 (15.7)
	Water usage (ratio <sup>3)</sup> )		32.3 (5.2)	44.9 (6.2)	82.8 (10.2)
Chennai Plant, India	Water withdrawal (ratio <sup>2)</sup> )		25.9 (5.7)	27.8 (5.2)	20.1 (3.3)
	Water usage (ratio <sup>3)</sup> )		25.9 (4.2)	27.8 (3.8)	20.1 (2.5)
Monterrey PT / Seat Plant, Mexico	Water withdrawal (ratio <sup>2)</sup> )		110.6 (24.2)	113.4 (21.3)	114.0 (18.6)
	Water usage (ratio <sup>3)</sup> )		88.0 (14.2)	82.0 (11.3)	81.0 (10.0)

1) 2020 and 2021 data in the 2022 Sustainability Report was adjusted due to partial data modification of overseas subsidiaries

2) Water withdrawal ratio to total water withdrawal within the area

3) Water usage ratio to total water usage within the area

## Waste Treatment

Category			Unit	2020	2021	2022
Domestic business sites	Waste generation	Designated waste	Ton	2,386	2,741	3,230
		General waste		1,828	2,038	2,100
	Waste disposal	Incineration		1,807	1,908	2,026
		Landfill		55	62	43
	Recycled			2,351	2,809	3,261
Overseas business sites	Waste generation	Designated waste	Ton	918	1,728	1,079
		General waste		2,541	2,972	4,182
	Waste disposal	Incineration		480	481	1,298
		Landfill		1,282	1,078	1,456
	Recycled			1,696	3,140	2,506
Total	Waste generation	Designated waste	Ton	3,304	4,469	4,309
		General waste		4,368	5,009	6,282
	Waste disposal	Incineration		2,288	2,389	3,324
		Landfill		1,337	1,140	1,499
	Recycled			4,048	5,949	5,767

## Social

### Employee Status

Category			Unit	2020	2021	2022
Age	Under 30		Person	2,309	2,291	2,558
	30-50			5,871	6,188	6,423
	Above 50			990	1,034	1,007
	Total			9,170	9,513	9,988
Gender <sup>1)</sup>	Male	Domestic	Person	3,831	3,865	3,899
		Overseas		4,001	4,200	4,361
		Total		7,832	8,065	8,260
	Female	Domestic		117	121	146
		Overseas		1,221	1,327	1,582
		Total		1,338	1,448	1,728
Region	Domestic		Person	3,948	3,986	4,045
	Overseas <sup>1)</sup>			5,222	5,527	5,943
	Total			9,170	9,513	9,988
Employment type	Regular	Male	Person	7,467	7,644	7,694
		Female		1,300	1,411	1,644
		Total		8,767	9,055	9,338
	Non-regular	Male		362	421	569
		Female		41	37	81
		Total		403	458	650

1) 2020 and 2021 data in the 2022 Sustainability Report was adjusted due to partial data modification of overseas subsidiaries

### New Hires

Category			Unit	2020	2021	2022
Age <sup>2)</sup>	Under 30		Person	695	934	1,576
	30-50			491	728	1,039
	Above 50			93	128	154
	Total			1,279	1,790	2,769
Gender	Male	Domestic	Person	75	121	278
		Overseas <sup>2)</sup>		866	1,067	1,406
		Total <sup>2)</sup>		941	1,188	1,684
	Female	Domestic		9	9	42
		Overseas <sup>2)</sup>		329	593	1,043
		Total <sup>2)</sup>		338	602	1,085
Region	Domestic		Person	84	130	320
	Overseas <sup>2)</sup>			1,195	1,660	2,449
	Total <sup>2)</sup>			1,279	1,790	2,769

2) 2020 and 2021 data in the 2022 Sustainability Report was adjusted due to partial data modification of overseas subsidiaries



## Employee Turnover

Category		Unit	2020	2021	2022
Age <sup>1)</sup>	Under 30		409	548	848
	30~49		506	669	787
	50 and above		115	121	115
	Total		1,030	1,338	1,750
Gender	Male	Domestic	99	132	190
		Overseas <sup>1)</sup>	683	816	1,014
		Total <sup>1)</sup>	782	948	1,204
	Female	Domestic	4	4	14
		Overseas <sup>1)</sup>	244	386	532
		Total <sup>1)</sup>	248	390	546
Region	Domestic		103	136	204
	Overseas <sup>1)</sup>		927	1,202	1,546
	Total <sup>1)</sup>		1,030	1,338	1,750
Turnover <sup>2)</sup>	Total turnover rate		11.2	14.1	17.5
	Voluntary turnover rate	%	5.4	6.7	8.7
	Average years of service	Year	6.6	9.3	5.0

1) 2020 and 2021 data in the 2022 Sustainability Report was adjusted due to partial data modification of overseas subsidiaries

2) 2020 and 2021 data in the 2022 Sustainability Report was adjusted due to the inclusion of data from overseas subsidiaries from the 2023 Sustainability Report

## Ratio of Local Senior Managers<sup>3)</sup> at Major Business Sites<sup>4)</sup>

Category	Unit	2020	2021	2022
Local recruitment		5,222	5,527	5,943
No. of managers at overseas business sites	Person	127	130	126
No. of local managers		247	262	273
Ratio of local managers	%	51.4	49.6	46.2

3) Head of department and above

4) 2020 and 2021 data in the 2022 Sustainability Report was adjusted due to partial data modification of overseas subsidiaries

## Minority Ratio

Category		Unit	2020	2021	2022
Women representation <sup>5)</sup>	Manager <sup>6)</sup>	Domestic	1,215	1,275	1,334
		Overseas	272	307	297
		Subtotal	1,487	1,582	1,631
	Female manager <sup>6)</sup>	Domestic	19	23	30
		Overseas	31	35	38
		Subtotal	50	58	68
	Female executive <sup>7)</sup>	Total employees	47	46	43
		Female employees	0	0	0
		Total employees	298	275	274
	Female senior-level managers <sup>8)</sup>	Female employees	7	8	11
		Total employees	1,142	1,261	1,314
		Female employees	43	50	57
Persons with disabilities <sup>10)</sup>	Female employee in profit-making departments	Total employees	8,155	8,494	8,415
		Female employees	1,172	1,262	1,322
		Total employees	768	848	961
	Female employee in STEM	Female employees	36	52	70
		Person	77	78	67
		%	0.8	0.8	0.7
Persons with national merits <sup>11)</sup>	Number	Person	72	76	63
	Ratio	%	1.82	1.91	1.56

5) 2020 and 2021 data in the 2022 Sustainability Report was adjusted due to partial data modification of overseas subsidiaries

6) Total no. of executive, senior, and junior managerial positions

7) Executive vice presidents and above

8) Team leaders

9) Senior managers, assistant managers and deputy department heads

10) Based on domestic and overseas business sites

11) Based on domestic business sites

### Childcare Leave and Employment Benefit<sup>1)</sup>

Category			Unit	2020	2021	2022
Childcare leave	Employees eligible for childcare leave	Male	Person	1,314	1,427	1,312
		Female		61	73	65
		Total		1,375	1,500	1,377
	Childcare leave users	Male		123	110	187
		Female		51	65	63
		Total		174	175	250
Employees return to work after childcare leave	Employees return to work after childcare leave	Male	Person	112	112	136
		Female		34	38	36
		Total		146(90)	150(100)	172(83)
	Employees with over 12 months of service after childcare leave	Male	Person	109	93	132
		Female		30	29	34
		Total		139(80)	122(100)	166(88)
Employment benefit	Welfare program expenditures		KRW million	7,060	7,490	10,996

1) 2020 and 2021 data in the 2022 Sustainability Report was adjusted due to partial data modification of overseas subsidiaries

### First Appointment Rate by Gender in Major Areas<sup>2)</sup>

Category	Unit	2020	2021	2022
Korea	%	100	100	100

2) First appointments ratio of female employees compared to that of male

### Employee Capacity Building<sup>3)</sup>

Category			Unit	2020	2021	2022
No. of participants in training on job skills and capacity building			Person	8,759	9,172	9,694
Training hours			Hour	122,829	182,657	132,438
Training cost			KRW 100 million	30	21	22
Training hours per capita	Average		Hour	14	20	14
	Gender	Male		15	19	13
		Female		16	26	21
	Position	Top management <sup>4)</sup>		15	19	30
		Managerial position <sup>5)</sup>		26	34	22
		Non-managerial position		11	15	24
Average training cost per capita			KRW million	0.34	0.23	0.23
No. of courses			Number	821	975	621
No. of employees who completed the course			Person	31,662	31,996	28,925
Regular performance and career development evaluation	Employees subject to evaluations	Male	Person	4,889	4,937	5,026
		Female		455	485	565
		Subtotal		5,344	5,422	5,591
	Performance evaluation rate		%	100	100	100

3) 2020 and 2021 data in the 2022 Sustainability Report was adjusted due to articulated standards for data collection of external training performance

4) Heads and above with executives included

5) Senior Manager and above

## Training Performance by Sector

Category		Unit	2020	2021	2022
Environment	No. of participants	Person	163	217	163
	Training hours per capita	Hour	2	1	2
Human rights	No. of participants	Person	3,833	3,740	3,923
	Training completion rate	%	100	100	100
	Training hours per capita	Hour	3.0	3.0	2.0
Safety and health	No. of participants	Person	3,789	3,823	3,912
	Training hours per capita	Hour	24	24	24
Training on ethical and compliance management <sup>1)</sup>	Training provision rate including anti-corruption policies and procedures	BOD	0	0	0
		Employees	100	100	100
		Partner companies	0	0	0
	No. of employees subject to training	Person	5,808	4,333	4,782
	No. of participants		4,763	3,646	4,471
	Training completion rate	%	82	84	93
	Training hours per capita	Hour	3.3	4.2	5.6

1) 2020 and 2021 data in the 2022 Sustainability Report was adjusted due to changes in data aggregation criteria

## Corporate Culture Satisfaction Index

Category		Unit	2020	2021	2022
Corporate culture satisfaction level <sup>2)</sup>		Point	69.4	68.4	71.9
No. of participants		Person	2,321	2,364	2,219
Participation ratio		%	94	89	78

2) Score out of 100

## Grievance Handling

Category		Unit	2020	2021	2022
Employee grievance handling	Grievances reported	Case	69	54	88
	Resolution rate	%	100	100	100
Grievance handling in reporting center	Grievances reported	Case	0	1	0
	Resolution rate	%	-	100	-
Grievance handling of partner companies	Grievances reported	Case	225	160	81
	Resolution rate	%	100	100	100
Grievance handling of local community	Grievances reported	Case	0	7	6
	Resolution rate	%	-	100	100

## Risk Assessment for Child / Forced Labor

Category		Unit	2020	2021	2022
Business site subject to assessment		Site	4	4	5
Implementation rate		%	19	18	20

## Labor-Management Relations<sup>3)</sup>

Category	Unit	2020	2021	2022
Employees eligible for labor union membership	Person	3,948	3,986	4,045
Labor union membership <sup>4)</sup>		1,850	1,810	1,757
Ratio of labor union membership <sup>5)</sup>	%	46.9	45.4	43.4

3) Based on domestic business sites

4) The data in the 2021 report was updated for the 2022 report due to some missing data

5) 2020 and 2021 data in the 2022 Sustainability Report was adjusted due to calculation errors

## Supply Chain Management

Category		Unit	2020	2021	2022
Supply chain status	Domestic		316	356	382
	Overseas		381	402	410
	Subtotal		697	758	792
ESG assessment of supply chain <sup>1)</sup>	Key partners (domestic)		30	30	34
	Partners subject to assessment	Number	-	15	91
	Partners that conducted written assessment		-	15	91
	Partners that conducted on-site assessment <sup>2)</sup>		-	15	15
	Partners with corrective measures		-	-	15
Shared Growth Agreement	1-tier suppliers		171	155	230
	2-tier suppliers		97	81	70
Support for shared growth	Financial support for technical development	KRW 100 million	291	272	365
	Raising Shared Growth Fund		224	300	400
	Support for quality management training		122	563	367
	Support for safety management training		-	195	298
	Support for job capacity training	Person	421	734	557
	Support for ESG management training		-	-	156
	Support for training		543	1,492	1,378
	Consulting	Number	13	19	18
	Support for recruitment	No. of supported companies	27	28	8
		No. of supported individuals	91	77	105
	Activity support for innovation	Number	3	12	15

1) ESG assessment and monitoring on corrective measures commenced in 2021 and 2022 respectively

2) Partner companies categorized as high-risk group based on ESG assessment results

Category			Unit	2020	2021	2022
Support for shared growth	Technological support	No. of supported companies	Number	127	94	98
		No. of supported cases	Case	784	763	849
	Technology escrow		Case	35	40	42
	Market expansion support			23	23	40
Partner company inspection	Quality inspection			147	192	204
	Safety inspection	Number		-	31	32
	Environmental inspection			-	-	13
	Dispatching consulting instructors			4	5	5

## Safety<sup>3)</sup>

Category		Unit	2020	2021	2022
Industrial accident	No. of industrial accident <sup>4)</sup>	Number	8	8	6
	Rate of industrial accidents <sup>5)</sup>	Rate per ten thousand people	8.7	8.4	6.0
Lost Time Injury Frequency Rate (LTIFR) <sup>6)</sup>		-	0.420	0.399	0.288
Severity Rate <sup>7)</sup>		-	0.072	0.075	0.031
Total working hours		Hour	19,041,285	20,075,011	20,852,060
Industrial fatal accidents	Employees	Case	0	0	0
	Partner companies	Case	0	1	0
Safety and environmental inspections (regular assessments and monitoring)		Time	49	43	71
Safety and environmental audit	Domestic	Case	12	36	48
	Overseas	Case	26	96	204

3) Based on domestic and overseas business sites

4) Based on the reported cases to government agencies

5) 2020 and 2021 data in the 2022 Sustainability Report was adjusted due to changes in calculation formula and the inclusion of diseases  
Calculation: No. of incidents (accidents + diseases) / Personnel \* 10,000

6) 2020 and 2021 data in the 2022 Sustainability Report was adjusted due to changes in calculation formula  
Calculation: No. of incidents (accidents) / Total working hours X 1,000,000

7) Lost time incidents / Total working hours X 1,000

### Occupational Health and Safety Management Systems Certification<sup>1)</sup>

Category	Unit	2020	2021	2022
ISO 45001	Businesses sites subject to certification	Site	20	21
	Certification acquisition rate <sup>2)</sup>	%	100	97

1) Based on domestic and overseas business sites

2) For Indonesia, certification acquisition is scheduled in 2023, one year after commencing mass production

### Health and Safety of Products and Services

Category	Unit	2020	2021	2022
Ratio of products and service that assessed for safety and health impact	%	100	100	100
Products recalls	No. of products subject to mandatory recalls	Number	-	-
	No. of products voluntarily recalled <sup>3)</sup>		137,217	169,565
	Expenses related to recalls in the fiscal year	KRW million	43	33
	Ratio of expenses related to recalls to total annual revenue	%	0.06	0.04

3) Recalls initiated voluntarily without regulatory mandates

### Customer Satisfaction

Category	Unit	2020	2021	2022
No. of customers in satisfaction survey	Number	24	24	26
Customer satisfaction score	Point	96	96	96

### Quality Management

Category	Unit	2020	2021	2022
Quality inspection	Inspection on the compliance of quality requirements	Case	46	43
	Improvement measures		46	43
Quality workforce development	Training hours on quality management	Hour	56	152
	Quality management personnel	Person	37	284

### Information Security

Category	Unit	2020	2021	2022
Complaints regarding infringement of customer privacy or personal information	No. of complaints received from external parties and verified within the company	Case	0	0
	No. of complaints from regulatory authorities	Case	0	0
Training on data security	No. of training sessions conducted	Number	5	6
	No. of participants	Person	2,294	2,448
	Training hours per capita	Hour	5.3	6.5
Investment in data security	Total IT budget	KRW million	12,855	13,070
	Total security budget	KRW million	1,640	2,370
	Ratio of security budget to total IT budget	%	13	18

### Social Contribution

Category	Unit	2020	2021	2022
Investment in social contribution	Total social contribution expenses <sup>4)</sup>	KRW million	165	274
	No. of participants	Person	99	161
Employees donations	Total amount	KRW million	0.2	0.2
	No. of participants per year	Person	40	207
Employees volunteer activities	Total volunteer hours	Hour	16	136
	Volunteer hours per capita	Hour	0.4	0.7
	Beneficiaries of CSR programs	Person	244	5,946
Ratio of business sites that conduct CSR programs	%	100	100	100

4) Including company donations, social contribution funds, in-kind support, and other related costs for social contribution activities



## Governance

### Board Structures

Category		Unit	2020	2021	2022
BOD composition	Internal director	Person	3	3	3
	External director		1	1	2
	Total		4	4	5
Gender diversity	Male	Person	3	3	4
	Female		1	1	1

### Board Performance

Category	Unit	2020	2021	2022
No. of BOD meetings held	Time	5	6	6
No. of agenda items	Item	27	21	19
Attendance rate	%	95	100	89
Average attendance rate of external directors		100	100	100

### Employee Compensation

Category		Unit	2020	2021	2022
CEO remuneration	CEO total annual remuneration	KRW million	842	1,078	1,686
Employee compensation	Average remuneration of all employees excluding CEO		80	82	98

### Ethics and Compliance Check

Category	Unit	2020	2021	2022
Regular inspections on fair trade	Case	1	2	3
Special investigation on whistleblowing		16	7	11
Compliance self-inspection on corruption (by team)		1	1	1

### Evaluation and Reporting of Corruption

Category		Unit	2020	2021	2022
Evaluation of corruption risk	No. of business sites subject to evaluation	Number	0	5	5
	No. of business sites that conducted evaluation		0	5	5
	Ratio of business sites that conducted evaluation	%	0	100	100
Confirmed corruption cases and countermeasures	Reports and tip-offs	Case	1	0	2
	No. of addressed cases		1	0	1

### Violation of Laws and Regulations

Category		Unit	2020	2021	2022
Unfair trade such as anti-competitive behavior and monopoly practices	No. of violations	Case	0	0	0
	Fines imposed	KRW million	0	0	0
Corruption and bribery	No. of violations	Case	0	0	0
	Fines imposed	KRW million	0	0	0
Violation of regulations regarding safety and health impact of products and services	No. of violations	Case	0	0	0
	Fines imposed	KRW million	0	0	0
Non-compliance concerning product and service information and labeling		Case	0	0	0
Violation of regulations regarding marketing communication		Case	0	0	0
Breaches of customer privacy	No. of violations	Case	0	0	0
	Fines imposed	KRW million	0	0	0
Non-compliance with environmental laws and regulations	No. of violations	Case	0	0	0
	Fines imposed	KRW million	0	0	0

## Economy

Summary Consolidated Financial Statements (Unit: KRW million)

Category	2020	2021	2022
I. Assets			
Current assets	3,279,222	3,581,990	4,311,914
Non-current assets	2,747,382	3,054,728	3,209,159
Total assets	6,026,604	6,636,718	7,521,073
II. Liabilities			
Current liabilities	2,213,914	2,160,129	3,147,190
Non-current liabilities	1,368,050	1,790,572	1,499,678
Total liabilities	3,581,964	3,950,701	4,646,868
III. Equity			
Equity attributable to the parent	2,444,424	2,599,478	2,780,350
Capital stock	409,489	409,489	409,489
Other paid-in capital	1,141,514	1,186,154	1,195,106
Retained earnings	893,421	1,003,835	1,175,755
Non-controlling interest	216	86,539	93,855
Total equity	2,444,640	2,686,017	2,874,205
Total equity and liabilities	6,026,604	6,636,718	7,521,073

Summary Consolidated Statement of Comprehensive Income (Unit: KRW million)

Category	2020	2021	2022
Revenue	7,253,615	8,143,951	10,256,254
Cost of goods sold	6,920,638	7,745,247	9,672,608
Gross margin	332,977	398,704	583,646
Selling and administrative expense	276,390	303,688	431,920
Operating Profit	56,587	95,016	151,726
Profit before income taxes	9,601	104,312	122,561
Income tax expense	14,765	13,689	(922)
Consolidated net profit (loss)	(5,164)	90,623	123,483
Consolidated total comprehensive income (loss)	(14,977)	157,035	188,188

Summary Consolidated Statement of Cash Flow (Unit: KRW million)

Category	2020	2021	2022
Cash flow from operating activities	178,197	265,610	286,490
Cash flows from investing activities	(196,767)	(364,935)	(287,220)
Cash flows from financing activities	231,822	81,871	285,535
Net Increase / decrease in cash and cash equivalents	213,252	(17,454)	284,805
Cash and cash equivalents at beginning of period	265,834	458,365	493,285
Effect of exchange rate in cash and cash equivalents	(20,721)	52,374	(6,783)
Cash and cash equivalents at end of period	458,365	493,285	771,307

### Tax Payment by Country<sup>1)</sup>

Category		Unit	2020	2021
Korea	No. of employees	Person	4,200	4,281
	Sales		6,305,912	6,867,124
	Profit(loss) before tax	KRW million	15,919	35,209
	Corporate tax (current year)		4,466	(11,062)
	Paid tax		(2,314)	(2,985)
China	No. of employees	Person	1,854	1,503
	Sales		1,239,577	1,327,708
	Profit(loss) before tax	KRW million	(18,288)	20,365
	Corporate tax (current year)		4,442	77,431
	Paid tax		(7,098)	54,160
India	No. of employees	Person	1,280	700
	Sales		308,564	453,970
	Profit(loss) before tax	KRW million	6,978	30,577
	Corporate tax (current year)		2,890	6,529
	Paid tax		3,130	7,123
Indonesia	No. of employees	Person	115	348
	Sales		0	6,641
	Profit(loss) before tax	KRW million	(393)	(3,705)
	Corporate tax (current year)		(1)	8
	Paid tax		(1)	0

1) Based on separate criteria with final disclosure scheduled after tax adjustments in accordance with tax laws specific to each region  
2020 data in the 2022 Sustainability Report was adjusted due to changes in data

Category		Unit	2020	2021
Czech Republic	No. of employees	Person	522	489
	Sales		261,002	363,558
	Profit(loss) before tax	KRW million	6,888	13,942
	Corporate tax (current year)		2,089	2,181
	Paid tax		741	1,573
Slovakia	No. of employees	Person	280	309
	Sales		156,413	198,836
	Profit(loss) before tax	KRW million	6,292	7,730
	Corporate tax (current year)		1,418	1,370
	Paid tax		46	1,577
USA	No. of employees	Person	843	1,455
	Sales		1,036,974	1,124,411
	Profit(loss) before tax	KRW million	(1,724)	(1,226)
	Corporate tax (current year)		2,555	(3,125)
	Paid tax		3,132	(1,238)
Mexico	No. of employees	Person	988	956
	Sales		463,975	21,320
	Profit(loss) before tax	KRW million	(30,854)	(53)
	Corporate tax (current year)		2,498	215
	Paid tax		27	0
Brazil	No. of employees	Person	196	198
	Sales		69,662	91,843
	Profit(loss) before tax	KRW million	(783)	2,235
	Corporate tax (current year)		206	137
	Paid tax		187	99

## Tax Payment Details<sup>1)</sup>

Category	Unit	2020	2021
Corporate tax		0	0
Property tax		1,500	1,474
Non-creditable VAT and other sales taxes	KRW million	(112,300)	(129,979)
Employer-paid payroll taxes		29,000	30,603
Other taxes that constitute costs to the company, by category of taxes		2,700	3,100

1) Data of Hyundai Transys Headquarters

## Generation and Distribution of Economic Value

구분		단위	2020	2021	2022
Distribution of economic value	Sales		7,253,615	8,143,951	10,256,254
	Operating expenses		807,024	890,098	1,140,827
	Employee salary and welfare		428,396	498,179	564,966
	Shareholder and investor payments (interest expense)	KRW million	37,278	38,584	50,702
	Corporate tax		14,765	13,689	(922)
	Raw material charge		5,961,608	6,660,658	8,398,735
	Donations		301	418	694
	Financial support received from the government and public agencies <sup>2)</sup>	KRW 100 million	1	8	15
Funding for the DB Pension Scheme	Projected amount	KRW million	275,356	271,743	222,687
	Projected ratio	%	108	127	158
	Accumulated pension assets	KRW million	297,188	346,344	351,421
	Ratio of salary provided by company	%	100	100	100
Retirement pension	No. of DB pension members	명	3,862	3,899	3,877
	No. of DC pension members		86	87	84

2) Governmental subsidies related to R&D

## Products Manufacturing

Category		Unit	2020	2021	2022
Products / components manufactured by the company	Production volume of powertrain-related products and components	Number(ten thousand)	502	513	542
	Production volume of seat-related products and components	Number(ten thousand)	192	214	253
Area of manufacturing plants	Korea		285,581	285,581	285,581
	China		232,298	232,298	232,298
	India		71,147	71,147	71,147
	Indonesia		13,921	13,921	13,921
	Czech Republic	m <sup>2</sup>	14,704	14,704	14,704
	Slovakia		13,269	13,269	13,269
	USA		110,724	110,724	110,724
	Mexico		71,167	71,167	71,167
	Brazil		6,817	6,817	6,817

## Local Purchase Ratio in Key Business Regions

Category	Unit	2020	2021	2022
Korea		92.1	93.0	93.9
China		51.0	46.8	46.1
India		88.6	88.7	88.5
Indonesia <sup>3)</sup>		-	22.5	75.5
Czech Republic	%	98.4	97.5	97.7
Slovakia		98.9	97.8	97.9
USA		49.1	43.1	47.3
Mexico		35.9	47.5	47.3
Brazil		99.8	99.5	99.7

3) No record of performance (established in July 2020)

# ESG Disclosure Index

## GRI Standards

<b>Description</b>	GRI Standards was applied in Sustainable Management Reporting from January 1, 2022, to December 31, 2022
<b>GRI 1 used</b>	GRI 1: Foundation 2021
<b>Applicable industry standards</b>	As of the publication date in July 2023, no applicable industry standards were published for Hyundai Transys

## General Disclosures

Standards	Index	Pages	Note
GRI 2 General Disclosures 2021	2-1	Organizational details	5, 6
	2-2	Entities included in the organization's sustainability reporting	2
	2-3	Reporting period, frequency and contact point	2
	2-4	Restatements of information	2
	2-5	External assurance	115, 116
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	2-11	Chair of the highest governance body	82
	2-12	Role of the highest governance body in overseeing the management of impacts	16, 82
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	2-14	Role of the highest governance body in sustainability reporting	16, 112
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Standards	Index	Pages	Note
GRI 2 General Disclosures 2021	2-16	Communication of critical concerns	82, 114
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## Material Topics

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	3-2	List of material topics	113	
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GRI 3 Material Topics 2021	3-3	Management of material topics	19-21	
GRI 201 Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	21	
GRI 302 Energy	302-1	Energy consumption within the organization	91	
	302-3	Energy integrity	91	
	302-4	Reduction of energy consumption	92	
GRI 305 Emissions	305-1	Direct (Scope 1) GHG emissions	91	
	305-2	Energy indirect (Scope 2) GHG emissions	91	
	305-3	Other indirect (Scope 3) GHG emissions	91	
	305-4	GHG emissions intensity	91	
	305-5	Reduction of GHG emissions	91	

Standards	Index		Pages	Note
Environmental Impact Mitigation				
GRI 3 Material Topics 2021	3-3	Management of material topics	24, 26	
GRI 303 Water and Effluents 2018	303-1	Interactions with water as a shared resource	24	
	303-2	Management of water discharge-related impacts	24	
	303-3	Water withdrawal	92, 93	
	303-4	Water discharge	92, 93	
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GRI 305 Emissions	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	90	
GRI 306 Waste 2020	306-1	Waste generation and significant waste-related impacts	24, 26, 27	
	306-2	Management of significant waste-related impacts	24	
	306-3	Waste generated	93	
	306-4	Waste diverted from disposal	93	
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Green Products and Services				
GRI 3 Material Topics 2021	3-3	Management of material topics	26, 27	
GRI 302 Energy	302-5	Reductions in energy requirements of products and services	26, 90	

Standards	Index		Pages	Note
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GRI 3 Material Topics 2021	3-3	Management of material topics	31-33	
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	308-2	Negative environmental impacts in the supply chain and actions taken	98	
GRI 407 Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	56	
GRI 408 Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	56	
GRI 409 Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	56	
GRI 414 Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	98	
	414-2	Negative social impacts in the supply chain and actions taken	98	
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GRI 205 Anti-corruption	205-1	Operations assessed for risks related to corruption	88, 100	
	205-2	Communication and training about anti-corruption policies and procedures	88, 97	
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GRI 402 Labor/ Management Relations	402-1	Minimum notice periods regarding operational changes	64	
GRI 404 Training and Education	404-1	Average hours of training per year per employee	96	
	404-2	Programs for upgrading employee skills and transition assistance programs	60, 61	
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## SASB Index

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## WEF IBC Stakeholder Capitalism Metrics

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	Financial investment contribution	Total capital expenditure minus depreciation: 104,117 M KRW Amount of treasury stock purchase plus dividend payment: 0 KRW -
	Innovation of better products and services	Total R&D expenses 42
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## UN SDGs

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	3.9 Reduce the number of death and illnesses from hazardous chemicals and air, water and soil pollution and contamination	• Regularly monitor air, water, and soil contamination for management • Reduce hazardous chemical substances based on the integrated management system	24, 45-47
	4.4 Support promoting relevant skills for employment, decent jobs and entrepreneurship	• Run education systems tailored to each job and position to help employees sharpen their capabilities • Provide special educational programs, such as Electrification Academy and Seat Academy	60
	4.7 Increase the knowledge and skills needed to promote sustainable development	• Train employees on ESG mindset	15
	5.5 Ensure women's full and effective participation and equal opportunities for leadership	• Draw up policies to facilitate diversity and inclusivity and implement them	56
	6.3 Increase recycling and safe use, and improve water quality by reducing pollution	• Monitor water pollutant emissions and manage them • Purify domestic sewage and waste for reuse (Jigok Plant)	24
	7.2 Increase the share of renewable energy in the energy mix	• Set a goal of transitioning to 100% renewable energy by 2040 and take action to achieve it	20
	7.3 Increase the rate of improvement in energy efficiency	• Introduce high energy efficiency equipment	48, 49
	8.3 Encourage decent job creation and the formalization of growth of small- and medium-sized enterprises	• Hire professional talents from various backgrounds based on our talent management system • Help suppliers grow with policies for shared growth and various programs	53, 54, 58
	8.5 Achieve full and productive employment and equal pay for work of equal value	• Ensure that female and male new hires in the same position and job receive equal pay	59
	8.7 End forced and child labor	• Stipulate the prohibition of child labor within our human right policy and make sure the compliance with it	56
	11.2 Provide access to safe, affordable, accessible and sustainable transport systems	• Support silver cars for the elderly	71
	12.2 Achieve the sustainable management and efficient use of natural resources	• Manage conflict minerals • Expand the use of recycled / recyclable raw materials	26, 27, 52
	12.4 Achieve the environmentally sound management of chemicals and wastes, and reduce their release to the environment	• Mitigate toxic substances based on our integrated management system of product hazardous substances	47
	12.5 Reduce waste generation through recycling and reuse	• Expand the amount of waste recycled	24
	12.6 Adopt sustainable practices and report sustainability information	• Disclose data through the release of sustainability reports or on our website	-
	13.3 Improve capacity on climate change responses	• Set a goal of reaching net-zero emissions by 2045	19
	16.5 Reduce corruption and bribery in all their forms	• Obtain and maintain ISO 37001 certification • Reach zero breaches in terms of unfair transactions, corruption and bribe taking over the past three years	39, 87, 88

## UNGC

	Principle	Our Responses	Pages
 <b>Human Rights</b>	Businesses should support and respect the protection of internationally proclaimed human rights	<ul style="list-style-type: none"> <li>Establish and deliver human rights policies</li> </ul>	56, 57
	Make sure that they are not complicit in human rights abuses.	<ul style="list-style-type: none"> <li>Assess and monitor human rights-related risks</li> </ul>	56, 57
 <b>Labour</b>	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	<ul style="list-style-type: none"> <li>Operate a labor union and boost communication between labor and management</li> </ul>	64
	The elimination of all forms of forced and compulsory labour;	<ul style="list-style-type: none"> <li>Prohibit forced labor at all business sites</li> </ul>	56
	The effective abolition of child labour; and	<ul style="list-style-type: none"> <li>Prohibit child labor at all business sites</li> </ul>	56
	The elimination of discrimination in respect of employment and occupation.	<ul style="list-style-type: none"> <li>Ensure fair talent recruitment and impose a ban on discrimination</li> </ul>	56-58
 <b>Environment</b>	Businesses should support a precautionary approach to environmental challenges;	<ul style="list-style-type: none"> <li>Obtain and maintain ISO 14001 certification</li> <li>Manage pollutants and environmental impact</li> </ul>	24, 44-46
	Undertake initiatives to promote greater environmental responsibility; and	<ul style="list-style-type: none"> <li>Transition to renewable energy and reach net-zero emissions</li> </ul>	19-21
	Encourage the development and diffusion of environmentally friendly technologies.	<ul style="list-style-type: none"> <li>Expand the development of green products</li> </ul>	26, 27
 <b>Anti-corruption</b>	Businesses should work against corruption in all its forms, including extortion and bribery.	<ul style="list-style-type: none"> <li>Obtain and maintain ISO 37001 certification</li> <li>Assess corruption impacts and monitor</li> </ul>	39, 87, 88

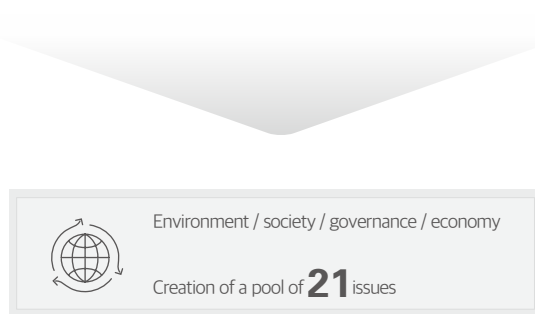
# Materiality Assessment

## Materiality Assessment Process

With the purpose of identifying and managing ESG issues, Hyundai Transys publishes its sustainability reports and conducts materiality assessments. We have adopted a double materiality assessment concept that identifies both the materiality of the impact that external ESG issues have on our financial value and our impact on the environment and people. This assessment allowed us to identify key material issues, based on which we disclosed our ESG management and performance data in 2022.

### Step 1. Create an ESG issue pool

We have incorporated global standards for disclosure and related initiatives, as well as key elements subject to local and overseas ESG assessments into the existing pool of ESG issues to create an ESG issue pool for 2023.



### Step 2. Conduct a materiality assessment

#### Financial Materiality

We analyze the materiality of the impact of external ESG elements on our finance.

- Analyze the status of our ESG management
- Investigate global mega trends
- Analyze ESG assessments and initiatives (EcoVadis, SASB, TCFD, etc.)
- Survey stakeholders on these issues (employees (teamleaders or above), ESG experts, etc.)

#### Impact Materiality

We unpack the materiality of the impact of our management on the environment and society (people)

- Conduct a benchmarking analysis of companies in the same industry
- Carry out a media analysis
- Unpack ESG initiatives (GRI Standards, WEF-IBC, UN SDGs, etc.)
- Survey stakeholders on these issues (employees, suppliers, etc.)

※ Stakeholder survey period: April 13, 2023 ~ April 26, 2023

### Step 3. Derive material issues

To comprehensively reflect both financial materiality and impact materiality, we identified the top issues in each area and then selected the issues that are significant in both materiality as key material ones.

- Review by the organization responsible for ESG affairs (Strategic Support Team) and management
- Select six issues that overlap among the top ten issues in terms of both financial and impact materiality as key material ones, based on the pool of 21 issues
- Report the final selected issues to the board once a year, and constantly monitor and manage them

## Materiality Assessment Results

The materiality assessment conducted in 2023 revealed that we have a total of seven material issues that top the list in terms of both financial and impact materiality. The results have continuity with the assessment in 2022, with 'environmental impact mitigation', 'ethics / compliance management', and 'economic performance creation' newly selected as salient issues. Hyundai Transys has carried out a range of activities to minimize its environmental footprint by forging environmentally friendly business sites, as well as implementing ethics / compliance management in a well-organized manner according to the anti-corruption management system certification. In addition, we are committed to preparing new businesses with a constant focus on R&D in the powertrain and seat sectors, allowing us to run our business and generate economic profits in a stable manner.

● Highly material ● Moderately material

Issue	Financial materiality	Impact materiality
Climate Action	●	●
Environmental Impact Mitigation	●	●
Green Products and Services	●	●
Talent Recruitment, Management, and Cultivation	●	●
Management of Occupational Safety and Health, and Employee Fitness	●	●
ESG Management within Supply Chain	●	●
Fair Transaction and Shared Growth	●	●
Human Rights Protection and Diversity	●	●
Reinforcement of ESG Management System	●	●
Ethics / Compliance Management	●	●
Economic Performance Creation	●	●
Strengthening of R&D Efforts	●	●







Key material issue	Our approach	GRI	Page
Climate Action	All our business sites have conducted a wide range of activities to mitigate their GHG emissions and raise energy efficiency. At the company level, we will establish a roadmap to reach net-zero emissions by 2050 following our goal of transitioning to 100% renewable energy by 2040.	201-2, 302-1, 302-3, 302-4, 305-1~5	19-21, 91, 92
Environmental Impact Mitigation*	As part of the management of the resources (input) used at our business sites and substances (output) emitted from our business operations, we have seamlessly managed our air and water pollutant emissions, as well as the chemicals we use. As for water and waste management, we have expanded the reuse and recycling of them to reduce our environmental impact.	303-1~5, 305-7, 306-1~5	24, 26, 27, 90, 92, 93
Green Products and Services	We have redoubled our efforts to develop products and technologies that take environmental impact into consideration, such as green vehicle parts, natural and recycled materials, and lightweight materials. We are also committed to increasing fuel efficiency to cutting back on our energy consumption during product manufacturing.	302-5	26, 27, 90
Management of Occupational Safety and Health, and Employee Fitness	In accordance with global safety and health management systems, such as ISO 14001, we have conducted a variety of activities, including risk assessments and safety and health education.	403-1~10	31-33, 65-68, 98, 99
ESG Management within Supply Chain	Based on the results of supplier ESG assessments, we have managed ESG risks in the supply chain and helped suppliers build capacity to deliver ESG management, thereby achieving sustainable shared growth and forging a supply chain. Furthermore, we ensure sustainable procurement by adhering to our policies on conflict minerals and green purchasing.	308-1,2, 407-1, 408-1, 409-1, 414-1, 414-2	31, 51, 56, 98
Ethics / Compliance Management*	As a responsible corporate citizen, we have implemented anti-corruption management based on the ethics and compliance management systems that meet global standards, such as ISO 37001.	205-1~3, 206-1	39, 88, 97, 100
Economic Performance Creation*	The expansion of electrification has caused a paradigm shift in the automobile sector. Against this backdrop, Hyundai Transys has consistently achieved sales growth as an innovative and creative leader driving the future of mobility.	201-1	5, 8-12, 103

\* Newly selected material issues compared to 2022

# Stakeholder Engagement

## Stakeholder Identification and Communication

Hyundai Transys has strived to facilitate communication with various stakeholders, including employees, suppliers, customers, local communities, the government, shareholders, and investors. Through communication channels tailored to each stakeholder group, we have regularly interacted with them. This report details their opinions on our key material issues through interviews with them. In the coming years, we will go the extra mile to reach out to them through various channels to understand their expectations and incorporate them into our ESG management.

						
Category	Employees	Suppliers	Customers	Local Communities	Government and Local Governments	Shareholders and Investors
Key concern	<ul style="list-style-type: none"> <li>Talent Recruitment, Management, and Cultivation</li> <li>Improvement of corporate culture and welfare benefits</li> <li>Management of Occupational Safety and Health, and Employee Fitness</li> <li>Human Rights Protection and Diversity</li> <li>Economic Performance Creation</li> </ul>	<ul style="list-style-type: none"> <li>ESG Management within Supply Chain</li> <li>Fair Transaction and Shared Growth</li> <li>Human Rights Protection and Diversity</li> </ul>	<ul style="list-style-type: none"> <li>Climate Action</li> <li>Environmental Impact Mitigation</li> <li>Green Products and Services</li> <li>ESG Management within Supply Chain</li> <li>Product Quality and Customer Satisfaction Management</li> <li>Reinforcement of ESG Management System</li> <li>Strengthening of R&amp;D Efforts</li> </ul>	<ul style="list-style-type: none"> <li>Environmental Impact Mitigation</li> <li>Human Rights Protection and Diversity</li> <li>Social Contribution and Local Community Engagement</li> <li>Stakeholder Engagement and Communication</li> </ul>	<ul style="list-style-type: none"> <li>Climate Action</li> <li>Environmental Impact Mitigation</li> <li>Establishment of Environmental Management System</li> <li>Management of Occupational Safety and Health, and Employee Fitness</li> <li>Fair Transaction and Shared Growth</li> <li>Ethics / Compliance Management</li> </ul>	<ul style="list-style-type: none"> <li>Climate Action</li> <li>Green Products and Services</li> <li>Product Quality and Customer Satisfaction Management</li> <li>Reinforcement of ESG Management System</li> <li>Protection of Shareholders' Rights</li> <li>Comprehensive Management of Financial and Non-financial Risks</li> <li>Economic Performance Creation</li> <li>Strengthening of R&amp;D Efforts</li> </ul>
Main communication channel	<ul style="list-style-type: none"> <li>Portal for employees</li> <li>Labor-management Council</li> <li>Cyber Sinnungo, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Visiting service for partners</li> <li>Shared growth portal</li> <li>Partners Day</li> <li>Cyber Sinnungo, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Corporate brochures</li> <li>Business report</li> <li>Sustainability report</li> <li>Business information disclosure, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Social contribution programs</li> <li>Meeting with residents</li> <li>Cyber Sinnungo, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Hearings</li> <li>Meetings</li> <li>Press release</li> <li>Seminars, etc.</li> </ul>	<ul style="list-style-type: none"> <li>IR activities</li> <li>Business report</li> <li>Sustainability report</li> <li>Business information disclosure, etc.</li> </ul>

# Third-party Assurance Statement

To readers of 2023 HYUNDAI TRANSYS Sustainability Report

## Introduction

Korea Management Registrar (KMR) was commissioned by HYUNDAI TRANSYS to conduct an independent assurance of its 2023 Sustainability Report(the “Report”). The data and its presentation in the Report is the sole responsibility of the management of HYUNDAI TRANSYS. KMR’s responsibility is to perform an assurance engagement as agreed upon in our agreement with HYUNDAI TRANSYS and issue an assurance statement.

## Scope and Standards

HYUNDAI TRANSYS described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3 and KMR’s assurance standard SRV1000. We are providing a Type 2, moderate level assurance. We evaluated the adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact, and the reliability of the information and data provided using the Global Reporting Initiative (GRI) Index provided below. The opinion expressed in the Assurance Statement has been formed at the materiality of the professional judgment of our Assurance Team.

Confirmation that the Report was prepared in accordance with GRI standards 2021 was included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process.

- GRI Sustainability Reporting Standards 2021
- Universal standards
- Topic specific standards
  - GRI 201: Economic Performance
  - GRI 205: Anti-Corruption
  - GRI 206: Anti-competitive Behavior
  - GRI 302: Energy
  - GRI 303: Water

- GRI 305: Emissions
- GRI 306: Waste
- GRI 308: Supplier Environmental Assessment
- GRI 403: Occupational Health and Safety
- GRI 407: Freedom of Association and Collective Bargaining
- GRI 408: Child Labor
- GRI 409: Forced or Compulsory Labor
- GRI 414: Supplier Social Assessment

As for the reporting boundary, the engagement excludes the data and information of HYUNDAI TRANSYS’ partners, suppliers and any third parties.

## KMR’s Approach

To perform an assurance engagement within an agreed scope of assessment using the standards outlined above, our Assurance Team undertook the following activities as part of the engagement:

- reviewed the overall Report;
- reviewed materiality assessment methodology and the assessment report;
- evaluated sustainability strategies, performance data management system, and processes;
- interviewed people in charge of preparing the Report;
- reviewed the reliability of the Report’s performance data and conducted data sampling;
- assessed the reliability of information using independent external sources such as Financial Supervisory Service’s DART and public databases.

## Limitations and Recommendations

KMR’s assurance engagement is based on the assumption that the data and information provided by HYUNDAI TRANSYS to us as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. To address this, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to challenge the quality and reliability of the information provided.



## Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with HYUNDAI TRANSYS on the revision of the Report. We reviewed the Report's final version in order to make sure that our recommendations for improvement and revision have been reflected. Based on the work performed, it is our opinion that the Report applied the GRI Standards. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

## Inclusivity

HYUNDAI TRANSYS has developed and maintained different stakeholder communication channels at all levels to announce and fulfill its responsibilities to the stakeholders. Nothing comes to our attention to suggest that there is a key stakeholder group left out in the process. The organization makes efforts to properly reflect opinions and expectations into its strategies.

## Materiality

HYUNDAI TRANSYS has a unique materiality assessment process to decide the impact of issues identified on its sustainability performance. We have not found any material topics left out in the process.

## Responsiveness

HYUNDAI TRANSYS prioritized material issues to provide a comprehensive, balanced report of performance, responses, and future plans regarding them. We did not find anything to suggest that data and information disclosed in the Report do not give a fair representation of HYUNDAI TRANSYS' actions.

## Impact

HYUNDAI TRANSYS identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible.

## Reliability of Specific Sustainability Performance Information

In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of economic, environmental, and social performance data related to sustainability performance. We interviewed the in-charge persons and reviewed information on a sampling basis and supporting documents as well as external sources and public databases to confirm that the disclosed data is reliable. Any intentional error or misstatement is not noted from the data and information disclosed in the Report.

## Competence and Independence

KMR maintains a comprehensive system of quality control including documented policies and procedures in accordance with ISO/IEC 17021:2015 - Requirements for bodies providing audit and certification of management systems. This engagement was carried out by an independent team of sustainability assurance professionals. KMR has no other contract with HYUNDAI TRANSYS and did not provide any services to HYUNDAI TRANSYS that could compromise the independence of our work.

September 2023 Seoul, Korea

CEO E. J. Hwang

# Greenhouse Gas Emissions Assurance Statement

## DNV BUSINESS ASSURANCE

No.: PRJN-506983-2023-AST-KOR

### Introduction

DNV Business Assurance Korea Ltd. ("DNV") was commissioned by HYUNDAI TRANSYS INC. ("HYUNDAI TRANSYS") to verify the HYUNDAI TRANSYS' Greenhouse Gas Inventory Report for the calendar year 2022 ("the report") based upon a reasonable level of assurance. HYUNDAI TRANSYS is responsible for the preparation of the GHG emissions and Energy consumption data on the basis set out within the guidelines on the operation of GHG emission trading scheme ("ETS") (Notification No. 2022-279 of Ministry of Environment). Our responsibility in performing this work is to the management of HYUNDAI TRANSYS only and in accordance with terms of reference agreed with them. DNV expressly disclaims any liability or responsibility for any decisions, whether investment or otherwise, based upon this assurance statement.

### Scope of Assurance

The GHG emissions data covered by our examination comprise Direct emissions (Scope 1 emissions) and Energy indirect emissions (Scope 2 emissions) from HYUNDAI TRANSYS boundary of the report;

- Organizational boundary for reporting: Domestic business sites of HYUNDAI TRANSYS
- GHG emissions under verification: GHG emissions & energy consumption from 2022

### Verification Approach

The verification has been conducted by DNV on February to March 2023 and performed in accordance with the verification principles and tasks outlined in the guidelines on the operation of GHG ETS (Notification No. 2022-279, Korean Ministry of Environment) and the verification guideline for GHG ETS (Notification No. 2021-112, Korean Ministry of Environment). We planned and performed our work to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a reasonable verification opinion concerning the completeness of the emission inventory as well as the reported emission figures in ton CO<sub>2</sub> equivalent. As part of the verification process;

- We have reviewed and verified the GHG emissions and energy consumption report for the calendar year 2022
- We have reviewed and verified the process to generate, aggregate and report the emissions and energy data

### Conclusions

As a result of the work described above, in our opinion nothing has come to our attention that would cause us to believe that the GHG emissions and energy consumption set out in HYUNDAI TRANSYS' report are not fairly stated. The GHG emissions and energy consumption of HYUNDAI TRANSYS for the year 2022 were confirmed as below;

### Greenhouse Gas Emissions and Energy Consumption of HYUNDAI TRANSYS for Yr 2022

Unit: ton CO<sub>2</sub> equivalent, TJ

HYUNDAI TRANSYS	GHG Emissions (ton-CO <sub>2</sub> equivalent)			Energy Consumption (Terajoule, TJ)		
	Scope1	Scope2	Total	Fuel	Electricity & Steam	Total
Year 2022	21,817	172,274	194,088	422	3,601	4,019

※ Total emissions might be different from the sum of direct and indirect emissions by applying the rule that emissions should be summed after truncating decimal places at the business site level.

May 2023  
Seoul, Korea



**Jang-Sub Lee**  
Country Manager DNV Business  
Assurance Korea Ltd

This Assurance Statement is valid as of the date of the issuance 19 May 2023. Please note that this Assurance statement would be revised if any material discrepancy which may impact on the Greenhouse Gas Emissions of HYUNDAI TRANSYS is subsequently brought to our attention. In the event of ambiguity or contradiction in this statement between English version and Korean version, Korean shall be given precedent.

# Awards & Membership Status

## Awards & Certificates

Awards & Certificates	Content	Organization
Best company in the Fair-Trade Agreement	Acquired the highest grade in the Fair-Trade Agreement evaluation	Fair Trade Commission
Best company in the Shared Growth Index	Earned the excellent grade in the Shared Growth Index evaluation	Shared Growth Committee
Order of Industrial Service Merit (Bronze Tower)	Recognized for contribution to win-win cooperation with large-, mid-, and small-sized companies	Shared Growth Committee
98th and 99th IR52 Jang Yeong-sil Awards	Research on the development of ergo seat motion system	Korea Industrial Technology Association
Paper of Excellent Presentation at the Korean Welding and Joining Society	Research on the impact of the combination of seat steel grade and thickness on the quality of joint connection	Korean Welding and Joining Society
Paper of Excellent Presentation at the Korean Reliability Society	Research on the methods for accelerated life test	Korean Reliability Society
ISO 37001	Anti-Corruption Management System	ISO
ISO 27001	International standard of information security management system	ISO
TISAX(AL3)	German Automobile Information Security Certificate	VDA
ISO 45001	Safety and Health Management System	ISO
ISO 14001	Environmental management system	ISO

## Membership Status

Nice, D&B	Seosan Police Station Security Cooperation Committee	Seongyeon-myeon Agricultural and Industrial Complex Council	Hyundai-Kia Cooperative Federation
Korea Industrial Technology Promotion Association (KOITA)	Seosan Chamber of Commerce and Industry	Reserve Commanders' Association	Hwaseong Chamber of Commerce and Industry
KSAE, the Automotive Engineers (KSAE)	Seosan Auto Valley Enterprise Council	Jigok-myeon Institutional Heads' Council	Korea Industrial Safety Association (KISA)
Korean Society for Fluid Machinery	Steering Committee of Seosan Branch Office (Prosecutor's Office) Crime Victim Support Center	Jigok-myeon Residents' Self-Governing Committee	The Korea Nursing Association
Korea Intellectual Property Association (KINPA)	Seosan Branch Office (Prosecutor's Office) Judicial Affairs and Management Committee	Seosan Safety Management Council	Defense Security Council in Daejeon, Chungnam, and Sejong
Korea Railroad Vehicle Industry Association	The association of heads of organizations in Seongyeon-myeon	Seosan Residents' Autonomous Environment Monitoring Council	Korea Defense Industry Promotion Association
Daejeon and Chungnam Management Federation	The associaiton of businessmen in Seongyeon-myeon	Seosan City Fire Administration Development Committee	Emergency Planning Officer Association of the Ministry of Trade, Industry and Energy
The Korean Society for Noise and Vibration Engineering (KSNVE)			

Contributors to the Disclosure of this Report	Contributors to the Disclosure of this Report					Contributors to the Disclosure of this Report	
	ESG General	Environmental	Social		Governance	Economy	
	<ul style="list-style-type: none"> <li>• Strategic Support Team</li> </ul>	<ul style="list-style-type: none"> <li>• Environment &amp; Fire Prevention Team</li> <li>• Infra Engineering Team</li> <li>• P/T R&amp;D Planning Team</li> <li>• Seat R&amp;D Planning Team</li> </ul>	<ul style="list-style-type: none"> <li>• Human Resources Team</li> <li>• Labor-Management Partners Team 1</li> <li>• Labor-Management Partners Team 2</li> <li>• Safety Planning Team</li> <li>• Value &amp; Development Team</li> <li>• Business Support Team</li> </ul>	<ul style="list-style-type: none"> <li>• Information Security Center</li> <li>• Procurement Planning Team</li> <li>• Supplier Relations Team</li> <li>• Global Logistics Team</li> <li>• Quality Planning Team</li> <li>• Business Operation Team</li> </ul>	<ul style="list-style-type: none"> <li>• Finance Team</li> <li>• Audit Team</li> <li>• Business Planning &amp; Analysis Team</li> <li>• Strategic Support Team</li> <li>• Legal Affairs Team</li> </ul>	<ul style="list-style-type: none"> <li>• Business Strategy Team</li> <li>• Finance Team</li> <li>• Accounting Team</li> <li>• Tax Team</li> <li>• Communication Team</li> </ul>	



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