

Climate Action

Responsible Value Chain

Materiality Assessment

Risk Management

TRANSFORMATION TO SUSTAINABLE MOBILITY

2024 Hyundai Transys Sustainability Report



About this Report

Overview

Hyundai Transys publishes the Sustainability Report annually to share our performance in Environment, Social, and Governance (ESG) and overall ESG management with our stakeholders. We will continue to pursue ESG management aimed at creating both financial and nonfinancial value and transparently disclosing related activities and achievements.

Reporting Period

The reporting period covers January 1, 2023, to December 31, 2023. For certain performance metrics, information from the first half of 2024 has been included, with specific footnotes clearly indicating the reporting period. Quantitative performance data were presented for 3 years, from 2021 to 2023, for trend analyses.

Reporting Boundaries

This report covers Hyundai Transys' Korean business sites (5 locations: Dongtan Seat Research & Development (R&D) Center, Hwaseong Drivetrain R&D Center, Seosan Jigok Powertrain Plant, Seosan Seongyeon Powertrain Plant, and Seoul Office). Key ESG data include information from overseas business sites (17 locations). Where there were limitations in data aggregation, the reporting boundaries for each data are specified in the annotations.

Reporting Standards

This report has been prepared according to the Global Reporting Initiative (GRI) Standards 2021. It also reflects the Sustainability Accounting Standards Board (SASB) information disclosure standards for industry-specific reporting. The sustainability performance information comprehensively reflected the reporting criteria of ISO 26000, European Sustainability Reporting Standards (ESRS), and Task Force on Climate-Related Financial Disclosures (TCFD). Additionally, the report considered the Stakeholder Capitalism Metrics of the World Economic Forum's International Business Council (WEF IBC). Unless otherwise stated, the financial information was prepared according to Korean International Financial Reporting Standards (K-IFRS) on a consolidated basis.

Report Verification Standards

To enhance the reliability of the information in this report, we commissioned a third-party verification from the British Standards Institution (BSI), a professional verification agency. This process ensured the accuracy of the disclosed data calculation standards and methodologies, as well as the overall reliability and fairness of the data. The verified Sustainability Report is regularly presented to the Board of Directors through the Strategic Support Team, our dedicated ESG unit. The BSI verification statement can be found in the Appendix.

Report Publication Date

August 2024

Inquiries

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Interactive Report User Guide

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Introduction

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CEO Message

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

Dear esteemed stakeholders,

We extend our deepest gratitude to all stakeholders who have continued to show warm interest in and encouragement for Hyundai Transys’ growth.

Last year, despite the uncertain global business environment and intense competition driven by the acceleration of electrification, Hyundai Transys achieved record-high performance since our inception, reaching KRW 11.7 trillion in revenue. In the ESG sector, thanks to our multifaceted efforts, including our transition toward using renewable energy, the establishment of a supply chain risk management system, and strengthening of governance, we have acquired a Gold rating brought by the sustainability assessment conducted by the global research organization EcoVadis earlier this year.

Recently, the global market has been facing increasing uncertainty because of the intensification of geopolitical risks, exacerbating competition as a result of industrial transitions, and strengthening of ESG regulations. However, Hyundai Transys aims to leverage these changes as opportunities for sustainable growth.

We will secure a future growth engine for sustainable business growth.

As the automobile industry is transitioning to the mobility industry, competition to gain market leadership is intensifying. Hyundai Transys seeks to achieve steady growth by exploring new growth opportunities amidst ceaseless changes and challenges. We aim to establish a more stable revenue structure with strategies for entering new markets and diversifying our customer base. Our focus will be on securing mobility technology competitiveness, which is the foundation of our competitiveness, by enhancing our electrification capabilities and internalizing core seat technologies. For new businesses related to future mobility, such as robotics, Purpose Built Vehicles (PBV), and Urban Air Mobility (UAM), we will come up with concrete business plans to enable rapid revenue generation through sustainable investment and technological capacity building.

We will strengthen our ESG management throughout the company to internalize the management.

Recently, as external expectations for ESG have increased, ESG regulations have been further strengthened, with mandatory ESG information disclosures becoming prevalent, particularly in the United States and Europe. Hyundai Transys has expanded the scope of ESG data management to all our business sites to reinforce our ESG management system and preemptively identify potential risk factors. Additionally, the company is preparing to assess the ESG levels of all our business sites, including those not subject to ESG information disclosure regulations.

We will actively respond to the climate crisis by pursuing Carbon neutrality.

Hyundai Transys is diligently implementing key tasks to achieve a transition to 100% renewable energy across all our business sites by 2040 and carbon neutrality by 2045. Specifically, in the powertrain sector, the company is restructuring our lineup to focus on electrification products used in environmentally friendly (eco-friendly) vehicles with lower carbon emissions for the responsible development of products. In the seat sector, based on the ECO SEAT road map, Hyundai Transys is expanding the R&D of sustainable materials that have less environmental impact compared to conventional materials, such as materials extracted from nature and recycled waste materials. Furthermore, the company plans to extend our management scope to reduce carbon emissions across all our business activities, including not only product development but also manufacturing processes and the supply chain.

Hyundai Transys will continue to engage with various stakeholders to drive positive changes for a better future. We ask for your continued interest in and support for Hyundai Transys’ journey and challenge-taking as we transform into a sustainable mobility enterprise.

Thank you.

CEO & President **Su Dong (Steve) Yeo** of Hyundai Transys

여수동



ESG Message

Hyundai Transys is committed to sustainable management by creating economic value that considers environmental and social sustainability. To discuss not only business growth but also the fulfillment of social expectations and corporate responsibilities, we conducted interviews with internal and external stakeholders.

Management Support Division Director Executive Vice President Youngki Kim



Hyundai Transys prioritizes “respect for human rights” as our foremost value and implements human rights management policies and activities accordingly. Specifically, when recruiting, we employ flexible hiring procedures that exclude gender and educational discrimination to recruit talented and creative personnel. Additionally, we hold events on International Women’s Day for female employees and maintain collaborative relationships with local communities.

Our human rights management in the past was limited to our employees, but we are now expanding our perspective on human rights to include our external stakeholders. This means we are pursuing additional initiatives that encompass not only employees but also value chain workers, local communities, and customers. Through these human rights strategies and activities, we aim to develop effective strategies and maximize their impact.

The key challenges Hyundai Transys must address to leap into a leading global ESG company are as follows: first, conducting enhanced human rights education by specifically presenting cases of human rights violations, victim relief procedures, and employee codes of conduct, to thereby enable all personnel to participate; second, enhancing the monitoring system to preemptively identify and prevent human rights risks that workers within the value chain may be exposed to; lastly, providing guidelines and codes of conduct to ensure that human rights management is implemented at the same level and direction across all Korean and international subsidiaries, and supporting, managing, and supervising these efforts.

Hyundai Transys believes that human rights management encompassing key stakeholders will positively impact the corporate brand in the long term and enhance corporate competitiveness. We will strive to fulfill our responsibilities to stakeholders and advance as a trusted, sustainable company.

Head of Purchasing Division Senior Vice President Hyuntae Kim



Hyundai Transys is directly impacted by the paradigm shift in the automotive industry, and with the mandatory “ESG disclosure” set to take effect after 2026, enterprises are required to report their activities and performance according to the global sustainability disclosure criteria.

Hyundai Transys recognizes the importance of global stakeholders’ demand to implement corporate ESG management. At the procurement division level, we are prioritizing supply chain ESG management as a key task in response to the enactment of the “European Union (EU) Supply Chain Due Diligence Directive.”

Hyundai Transys’ policy direction for shared growth management is set and aligned with global policies. The approach involves selecting business partners in need of focused management through ESG evaluations and providing support. Rather than one-time support activities, we monitor and review the follow-up actions to ensure that the partners achieve a certain level of ESG capability.

As legislation regarding supply chain management is rapidly advancing in the United States and EU countries, Hyundai Transys will strive to expand the scope of ESG management and apply ESG perspectives throughout the entire value chain by evaluating overseas business partners at key locations for meaningful improvements.

ESG Message

Social contribution partner
company: 000gan
Representative Yoon-ye Shin



000gan is a design agency that creates various products based on sustainable design. Since 2020, it has been collaborating with Hyundai Transys on a recycling project utilizing scrap leather. This collaboration began when Hyundai Transys' social contribution manager observed the agency's "Zero Waste Project" and proposed converting high-quality scrap leather into products with eco-friendly and socially responsible value.

Typically, waste leather and seat covers are disposed of through incineration or landfill, which are processes that result in significant carbon emissions. Back then, the amount of waste leather was increasing, but the lack of appropriate methods for their disposal led to internal considerations about recycling. Because the leather and seat cover materials that Hyundai Transys uses are of high quality, with verified durability and fire resistance, various upcycling products with different designs could be considered for their utilization.

Through collaboration, we achieved a reduction of approximately 18kg of carbon emissions per card wallet produced. We take pride in this collaboration as a highly valuable sustainable win-win business model for the company.

Hyundai Transys is an enterprise that recognizes the significant negative impacts of business activities and strives to transform these into positive outcomes through eco-friendly and socially responsible initiatives. As a company that seriously considers addressing and steering environmental and social issues in a positive direction, I would like to emphasize that this is a highly meaningful project both personally and at the corporate level. I support Hyundai Transys in its ongoing efforts to expand its eco-friendly and social impact for a sustainable society.

Smart Eco CEO and president of
the Korean Society for Life Cycle
Assessment (LCA)



Representative Ik Kim

Previously, environmental regulations were legislated at the national and regional levels. However, in the next 5 to 10 years, these regulations are expected to become more sophisticated, targeting individual products. In the automotive industry, the EU has passed new car carbon emission regulations, and laws related to the LCA and greenhouse gas regulations for vehicles have come into effect. Because the EU is pushing to ban the sale of internal combustion engine vehicles from 2035, Hyundai Transys must effectively implement low-carbon strategies in its product design and development process.

Achieving Hyundai Transys' overall carbon neutrality goals, as well as reducing greenhouse gas emissions and environmental impacts at the product unit level, requires a strategic company-wide response. Hyundai Transys has sufficient capability to identify greenhouse gas emissions through the LCA of its products, covering raw material extraction and production, product manufacturing, and recycling/disposal stages, and to develop and implement strategies in order to reduce these emissions. However, measuring emissions during the product usage phase remains a significant challenge.

At the product level, we could select representative vehicle models equipped with Hyundai Transys products and estimate their greenhouse gas emissions based on the weight of Hyundai Transys products relative to the vehicle's curb weight. For the company to achieve carbon neutrality, it is essential to effectively consider carbon reduction strategies across each product's design and the entire supply chain. This requires collaboration with specialized institutions and the broader industry, as well as a strong commitment from the executives. Through these efforts, we expect Hyundai Transys to leap forward as an eco-friendly enterprise.

Hwashin Co., Ltd.
CEO Dong-hoo Kim



Hyundai Transys supports its partners' ESG management through funding, education, and consulting to promote shared growth. Hwashin Co., Ltd. is also implementing ESG management through Hyundai Transys' partner support policies.

Through close communication with the department responsible for the shared growth strategy, we have been able to collaborate on the development of new products such as the low-floor electric bus wheel motor housing and military new tactical vehicle AXLE. We are actively incorporating improvements from these collaborations in our mass production and development processes. Additionally, we are accumulating advanced technologies through Hyundai Transys' technical support for the introduction of new technologies and site visits to business partners. Hwashin Co., Ltd. has established an internal task force team (TFT) to respond to Hyundai Transys' ESG evaluation and we are building an ESG management system, including conducting awareness training for employees.

Through Hyundai Transys' support, Hwashin Co., Ltd. is trying to introduce ESG management and has realized that considering ESG elements in our policies and strategies not only enhances the enterprise's competitiveness and stabilizes our business, but also strengthens the overall management system and opens up new opportunities. Particularly, from a long-term perspective, strengthening the competitiveness of its business partners is expected to create a virtuous cycle that enhances the competitiveness of the parent company. Thus, we anticipate Hyundai Transys to emerge as a leading global ESG company.

About HYUNDAI TRANSYS

Hyundai Transys at a Glance

Since our establishment, Hyundai Transys has grown into a global auto parts company and is now gearing up for a new mobility era with technologies that drive the evolution of the means of transportation beyond vehicle components.

Company name	Hyundai Transys Co., Ltd.
Year of establishment	1994
CEO	Su Dong (Steve) Yeo
Headquarters' location	105, Sindang 1-ro, Seongyeon-myeon, Seosan-si, Chungcheongnam-do, Korea
Key business	Auto parts (powertrains, seating system)
Credit rating	AA- (Korea Ratings, Korea Investors Service, NICE Investors Service)

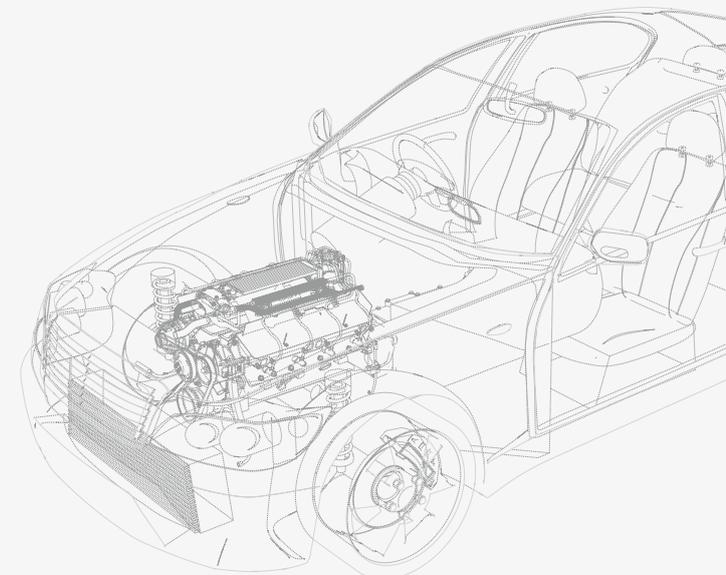
Business Management Facts

Sales	KRW 11.694 trillion	
Operating profit	KRW 117 billion	
Global auto parts supplier ranking	34th place (based on 2023 sales)	

Global network	34 business sites in 11 countries	
Employees	10,829 people (4,113 in Korea; 6,716 overseas)	
Researchers	906 persons	

Vision

Hyundai Transys focuses on the powertrain and seat businesses and is working to enhance our core capabilities in future mobility and achieve sustainable growth.



About HYUNDAI TRANSYS

Company Overview

Global Network

Hyundai Transys communicates closely with customers worldwide through 34 production, sales, and R&D bases in 11 countries.



25 Production Plants **5 R&D Centers** **4 Sales Offices**

● Powertrain production ● Seat production ● Research ● Sales

North America

- Georgia Powertrain Plant
- Georgia Seat Plant
- Savannah Seat Plant
- Illinois Branch
- Arizona Branch
- Alabama Branch
- Michigan Branch
- California Branch

Latin America

- Monterrey Powertrain Plant
- Monterrey Seat Plant
- Brazil Seat Plant

Europe

- Czech Seat Plant
- Slovakia Seat Plant
- Europe Technical Center
- Europe Control Development Lab

Asia

- Beijing Powertrain Plant
- Rizhao Powertrain Plant
- Sichuan Powertrain Plant
- Beijing Seat Plant
- Cangzhou Seat Plant
- Chongqing Seat Plant
- China Sales Office

India

- India AP Plant (Powertrain)
- India AP Plant (Seat)
- India Chennai Seat Plant
- India Technical Center
- Indonesia Seat Plant

Korea

- Dongtan Seat R&D Center (HQ)
- Hwaseong Drivetrain R&D
- Seosan Jigok Powertrain Plant
- Seosan Seongyeon Powertrain Plant
- Seoul Office
- Asan Plant (Hyundai Mseat)
- Ulsan Plant (Hyundai Mseat)
- SCM Plant (Hyundai Mseat)

Our Business

POWERTRAIN

Business Model

A powertrain is a vehicle driving system that converts fuel into power to move the wheels. It includes all power-related devices such as the engine, transmission, and drive shaft. Based on our mass production technologies and experiences in automatic transmissions, Hyundai Transys produces world-class powertrains that can be installed in various vehicle types, including hybrid and electric vehicles (EVs).

Internal Combustion Engine Powertrain

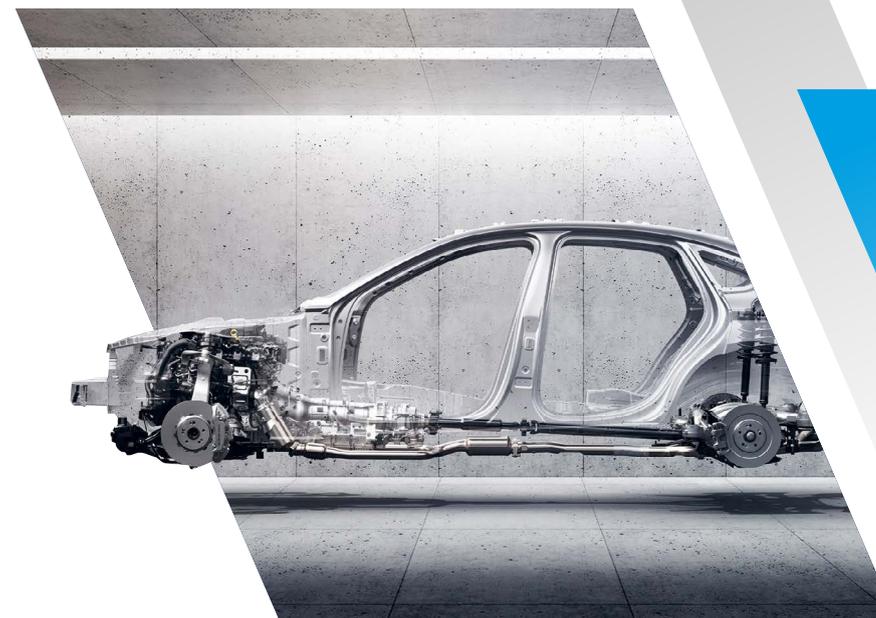
An internal combustion engine powertrain is a system that delivers the driving force generated by burning fossil fuels in the engine through a transmission and drive shaft. Hyundai Transys mass produces transmissions and axles, which are power transmission devices in internal combustion engine powertrains. Based on continuous research and mass production expertise, the company has established a powertrain lineup applying highly efficient and high-performance technologies.

Transmission

A transmission is a core component that converts the engine's output into optimized torque according to the vehicle's control strategy. Hyundai Transys has established a full lineup of various transmissions, including automatic (AT), continuously variable (CVT), double clutch (DCT), and manual transmissions (MT), delivering customer satisfaction through excellent quality. In response to recent demands for eco-friendly vehicles, we have developed and are supplying hybrid transmissions and reducers for EVs, actively adapting to the rapidly changing environment.

Axle

An axle is a device that supports the vehicle body by connecting it to the wheels. Hyundai Transys' axles incorporate cutting-edge technologies to maximize vehicle performance. Made with high-strength materials, these axles ensure stability under various driving conditions, including high-speed and long-distance driving. Additionally, the Electric Shift Transfer Case (EST) that we have independently designed, provides safe driving even on off-road terrain.



AT
(Auto Transmission)



DCT
(Dual Clutch Transmission)

Our Business



EDS (3in1)



EV Reducer

HEV Drive System (e²AT)

POWERTRAIN

Electric Powertrain

A powertrain of EVs consists of a motor, battery, and reducer. Among these, a reducer functions similarly to a transmission in an internal combustion engine powertrain, converting the power generated by the motor into torque that aligns with the vehicle's control strategy. According to global vehicle sales trends and regulations, such as the EU's ban on new internal combustion engine vehicle sales, the US' mileage standards for new vehicles, and China's stricter pollutant emission standards for internal combustion engine vehicles, the market share of electrified powertrains is expected to rapidly grow. Hyundai Transys, based on our expertise in the mass production of transmissions, is actively responding to the electrification market by developing a lineup that includes the 3-in-1 EV drive system, the EV reducer, and the HEV drive system.

3-in-1 EV drive system

An Electric drive system (EDS) is an EV drive system that integrates a motor, inverter, and reducer into a single unit. Hyundai Transys has developed an EV drive system that reduces weight and enhances system efficiency through such an integrated structure. We are actively developing the latest technologies, such as applying hairpin winding technology to the driving motor and designing a direct spray oil cooling system, to increase mileage. The company aims to achieve clean mobility in response to the global trend of increasingly stringent environmental regulations.

EV Reducer

An EV reducer is a device that adjusts the high-speed rotation of a motor to deliver the target output to the vehicle's drive shaft. Hyundai Transys has produced EV reducers since 2019 and is establishing a lineup of reducers applicable to various vehicle models. Notably, the disconnecter system applied to an EV reducer allows for seamless switching between an All-Wheel Drive (AWD) and a Two-Wheel Drive (2WD), reducing unnecessary power loss and achieving a fuel efficiency improvement effect of approximately 6%–8%. Through this technology pioneered by Hyundai Transys, the company is securing new competitiveness in the era of EVs.

HEV drive system

A hybrid drive system is a system that controls the driving force using two power sources: an internal combustion engine and an electric driving motor. Based on our expertise in internal combustion transmission technology, Hyundai Transys has developed the world's first new-concept hybrid drive system, e²AT, which combines P1+P2 types. Additionally, the system ensures vehicle compatibility with a built-in damper and enhances power performance by increasing the gear ratio span. Furthermore, by developing an integrated Oil Pump Unit (OPU) inverter and optimizing the layout, Hyundai Transys continues to secure global competitiveness.

Our Business

SEATING SYSTEM

Seat Solutions

Automotive seats are critical components that connect passengers to the vehicle. Hyundai Transys seats not only incorporate cutting-edge technologies for passenger safety and comfort but also enhance the mobility experience through distinctive designs, ensuring a more comfortable and enjoyable journey.

Complete Seat Systems

Hyundai Transys offers seat solutions optimized for the value pursued by each vehicle, ranging from compact cars to large vehicles, sedans to SUVs, and electric vehicles. We develop products that consider all essential seat elements, including ergonomic designs, a variety of safety and convenience features for passenger comfort, sophisticated styling, and sustainable materials. Customer satisfaction is achieved through state-of-the-art manufacturing processes and stringent quality control.

Structure & Mechanism

Based on standardized seat frame solutions and core mechanism technologies, Hyundai Transys designs efficient seat structures. The standardized seat frames for each vehicle segment provide stable quality and cost savings. Core mechanisms, such as sliders, recliners, and height adjusters, are key components that control the fundamental movements of the seat. By developing these mechanisms as modular units, compatibility has been enhanced.

Safety & Convenient Features

Hyundai Transys seats are equipped with various technologies for passenger safety and convenience. Notable examples include the Ergo Motion Seat, which controls air cells within the seat to provide optimal driving posture and seating comfort; the Relaxation Comfort Seat, designed based on the zero-gravity posture for maximum comfort; the Swivel Seat, which can rotate 180 degrees to enhance spatial utilization; and the Heater and Ventilation Seat, which regulates temperature and humidity to create a pleasant interior environment.



Our Business

SEATING SYSTEM

Future Mobility Seat

Mobility is evolving beyond simple transportation into a living space in motion. As a result, the concept, function, and design of automotive seats are undergoing rapid transformation. Hyundai Transys is researching seat layouts and structures from a total interior perspective to provide safe, healthy, and enjoyable mobility experiences while developing the components and control technologies necessary to implement these changes. Additionally, Hyundai Transys is expanding the scope of seat technology to new mobility spaces, such as multi-purpose mobility and urban air mobility, and is leading the change toward a sustainable future through the development of eco-friendly seat technologies utilizing natural and recycled materials.

Autonomous Vehicle Seats

Future mobility transcends the limitations of cars as mere transportation, offering shared experiences. Seats become integral parts of the space, reflecting a variety of lifestyles. Hyundai Transys researches seat movement, functionality, and form based on a total interior system, providing variable seat layouts optimized for modular vehicle structures. To meet the expectations of customers seeking diverse and unique experiences, Hyundai Transys is committed to enhancing passenger convenience with UX technologies that create superior user experiences.

Infotainment Seats

As the automotive paradigm shifts from internal combustion engines to electric vehicles, the expanded interior space has driven growth in the "Infotainment" market, where passengers can engage in various activities. The evolution of vehicles into living spaces has piqued the interest of both IT companies and the automotive industry in hardware and software systems that provide information and entertainment to drivers and passengers. Hyundai Transys is also researching and developing multi-purpose mobility seat systems that enhance infotainment spaces through technologies such as 4D motion simulators, vibrating haptic sound systems, and directional speakers.

Purpose-Built Vehicle (PBV)

PBVs are vehicles designed for specific purposes, allowing the interior space to be freely configured according to each passenger's mobility needs, which differentiates them from conventional vehicles. By utilizing electric vehicle platforms, PBVs enhance space utilization and design flexibility, making them customizable for various purposes such as transportation, medical services, or mobile dining. Hyundai Transys is conducting research on PBV mobility-based UX scenarios and specialized structures, such as seat attachment/detachment technology for improved space utilization, pop-up/hidden seats, and mechanisms designed for families with young children.

Urban Air Mobility (UAM)

Urban Air Mobility (UAM) and Advanced Air Mobility (AAM) present more complex challenges than ground-based mobility like cars. These aircraft must meet strict aviation safety standards, requiring exceptional strength, impact absorption, and lightweight materials. In addition, they must provide high levels of comfort and convenience, necessitating advanced technological expertise. Hyundai Transys has garnered global recognition by introducing aviation mobility seats that use eco-friendly lightweight materials and feature exposed slim-frame designs. With extensive experience and advanced technology, Hyundai Transys is dedicated to delivering satisfying mobility experiences while creating sustainable spaces.

Eco-Friendly Material Seats

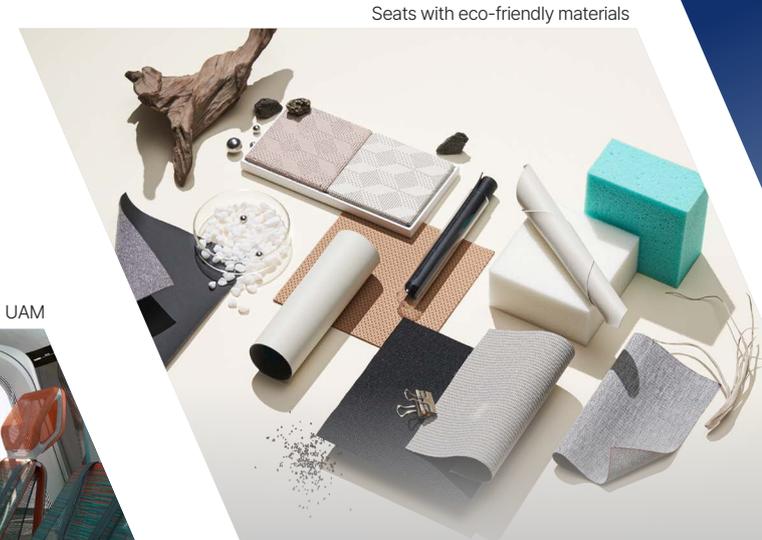
With the advent of autonomous driving technology, vehicle interiors and seats are evolving into living spaces, which has heightened the need for eco-friendly automotive interior materials to ensure passenger health, safety, and compliance with environmental regulations. Hyundai Transys is addressing these demands by developing a variety of eco-friendly technologies, including the use of natural materials such as traditional Korean paper and bamboo, biomass applications, silicone derived from quartz, and replacing synthetic fibers with natural cotton fibers. Additionally, Hyundai Transys is undertaking a government-backed project titled "Development of Recycled Leather Materials from End-of-Life Vehicles" and has obtained Global Recycle Standard (GRS) certification.



PBV



UAM



Seats with eco-friendly materials

Our Business

Powertrain R&D

Hyundai Transys has established research centers according to our business divisions, which are categorized into Powertrain and Seat divisions. These centers focus on not only developing our current core business products, but also work on technologies that could become our future growth engines. We are currently prioritizing the development of low-carbon products in response to stricter carbon emission regulations, thereby enhancing our technological competitiveness to become a leading manufacturer of eco-friendly mobility components.

“Global no.1 powertrain system solutions provider”

Vision

[Enjoy taking challenges to create global top electrification products]

Strategy

Powertrain R&D Theme



Achieving zero emissions together



Realizing clean mobility of a new concept

Direction of R&D

Technologies responding to the car industry mega-trends



Expanding internal combustion engine transmission development expertise to develop highly efficient, high-performance future mobility solutions



Developing compact powertrains to realize advanced technologies



Providing solutions promptly in response to electrification powertrain market trends and environmental regulations

Our Business

Seat R&D

Hyundai Transys is establishing research centers within our Powertrain and Seats division, where we are not only developing our core business products but also advancing technologies that will drive future growth. In response to increasingly stringent carbon emission regulations, we are focusing on the development of low-carbon products and are committed to enhancing our technological competitiveness at the forefront of innovation, aiming to become a leading manufacturer of eco-friendly mobility components.

“A Leader in Seat System Solutions Connecting Present and Future Mobility”

Vision

Develop “intelligent seats that interact with passengers”

Strategy

SEAT R&D Theme



Eco-friendly mobility



Freedom of mobility



Connected mobility

Direction of R&D

Technologies responding to the car industry mega-trends



Seats that monitor, assess, and respond based on internal passenger data by utilizing external communication systems through the vehicle.



Seats that support various activities for non-driving scenarios and adapt to diverse indoor environments.



Seats that are compatible with various vehicle models, offering multi-purpose functionality and customizable options to suit individual preferences.



Seats that integrate lightweight, eco-friendly materials to enhance energy efficiency.

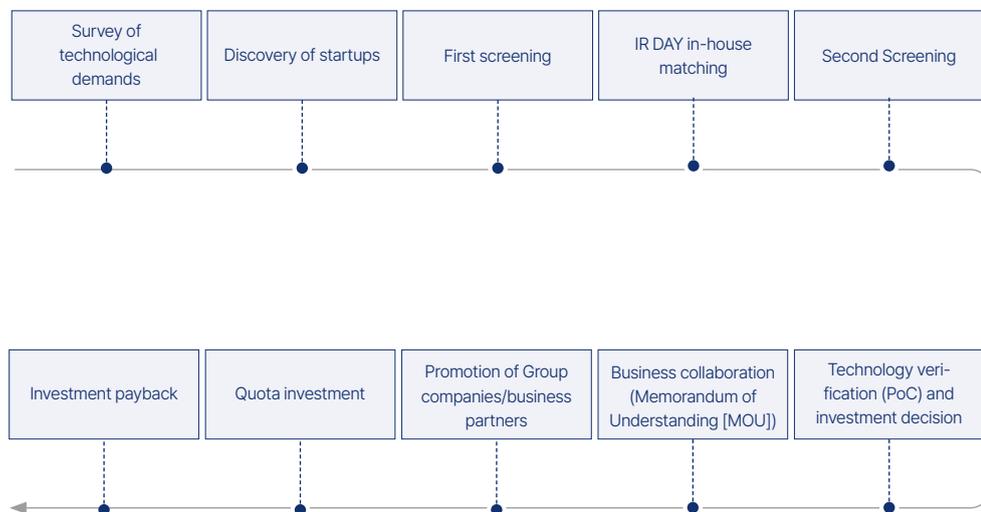
Our Business

Open Innovation

Open Innovation Process

We enhance our future competitive edge by proactively responding to the automotive industry's megatrends of "Mobility, Electrification, Connectivity, Autonomous (MECA)" and cooperating with companies that can grow together with us. In order to develop new technologies and products related to automobiles, our New Business Department leads our open innovation efforts in collaboration with the R&D departments and Hyundai Motor Group's ZERO1NE Team. Open innovation involves discovering innovative ideas, enhancing internal capabilities through collaboration, and actively responding to market and technology trends to secure the necessary technologies and thereby identify new business opportunities. Open innovation plays a crucial role in discovering startups, conducting Proof of Concept (PoC), and fostering business collaboration to support investments and develop new technologies.

Implementation Process



Open Innovation Results

Hyundai Transys has established an internal working process for open innovation and is actively conducting related activities. Periodically, we review the Technology Road Mapping (TRM) and assess the technological needs of the R&D department to set the direction for identifying potential partners. We then discover startups that meet the relevant technological needs. Startups deemed to have technological relevance to Hyundai Transys are introduced to related internal departments, and a PoC is conducted through an internal review. Based on the results of the technological validation, we proceed with quota investment and collaboration/incubation stages. For this process, we focus on identifying and discovering internal technological needs.

Key Open Innovation Achievements

Startup	Collaboration period	Collaboration achievements
ENR	2021-2023	• Development of recycled leather products for seat covers using waste leather and acquisition of Global Recycled Standard (GRS) ¹⁾ certification
MUJIN CHEMICAL	2021-2023	• Development of multi-design punching technology and awarded the IR52 Jang Young-shil Award ²⁾
Algorigo	2019-	• Development of film-type body pressure measuring sensors and algorithm for analyzing/determining sitting postures
Smarteum bangE	2022	• Development of an all-in-one footrest and shoe sterilization module
AU	2023	• Development of a technology for measuring biological signals using radar sensors

1) Products that meet the criteria proving that recycled materials were used in the production of fiber and clothing, as well as contain more than 20% of recycled materials, are eligible for this certification.

2) A system of the Korean Ministry of Science and ICT that awards outstanding technologies and products with excellent technological innovation achievements.

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Double Materiality Assessment

Hyundai Transys has used double materiality assessments to identify material issues since 2022. This assessments analyze both the financial impact of external ESG-related influences on the company and the impact of the company's activities on the society and environment. By applying the ESRS, Hyundai Transys has categorized ESG issues into risks and opportunities, positive and negative impacts, and actual and potential impacts to derive material issues.

ESG Issues Pool Deriving Process

1. Analysis of the business management environment

	Methods of analyses	Detailed items					
Business Model	Media analysis	• Business models/strategies/performance, brand image, business strategies, controversies					
Industry ESG Trend	Benchmarking	• Selection of competitors and five global ESG-leading companies, followed by comparative analyses of ESG information disclosures, strategies, activities, and areas of ESG evaluating agencies					
Stakeholder	Interviews with stakeholders	• Classification by degree of impact and interest (employees, business partners, customers, local community, government, shareholders, and investors)					
Stakeholder classification							
Definition of stakeholders	Stakeholders experiencing products and services and significantly impacting the company's sustainability	Key assets that play a crucial role in the organization's operations and value creation	Stakeholders directly or indirectly affected by our business activities	Key partners affecting the company's production processes and product/service quality	Stakeholders providing financial capital that enables maintaining sustainable growth engines	Stakeholders with decision-making authority and enacting laws/regulations related to the automotive industry	
Communication channels	<ul style="list-style-type: none"> • Customer satisfaction surveys (annually) • Voice of Customer (VoC) surveys (ongoing) • International trade fairs (ongoing) • Visits to client companies (ongoing) • Sustainable management reports (annually) 	<ul style="list-style-type: none"> • Labor union (permanent) • Business status briefings (quarterly) • Diagnoses of organizational culture (annually) 	<ul style="list-style-type: none"> • Social contribution activities (ongoing) • Sisterhood activities (ongoing) • Press releases (ongoing) 	<ul style="list-style-type: none"> • Meetings with business partners (annual general meetings, meetings, lectures, etc.) • Continuous response channels (online/off-line) 	<ul style="list-style-type: none"> • Shareholders' meetings (annually) • Website (ongoing) • Business management disclosure (ongoing) • Conferences and meetings (ongoing) 	<ul style="list-style-type: none"> • Participation in national projects (ongoing) • Conferences and meetings (ongoing) 	

2. Derivation of ESG Issues Pool

1. Analyses of sustainable management information disclosure indicators
Review of disclosure indicators: GRI, ESRS, IFRS, SASB
2. Analyses of global ESG evaluation indexes
Utilization of industry indicators from Korea Institute of Corporate Governance and Sustainability (KCGS), Morgan Stanley Capital International (MSCI), Dow Jones Sustainability Indices (DJSI)
3. Analyses of benchmarking companies' ESG material issues
Analyses of material issues among competitors and leading ESG companies in the same industry
4. Analyses of Hyundai Transys ESG strategies (three-year period)
Analyses of Hyundai Transys ESG strategies with information over three years
5. Interviews with departments in the field and derivation of a final issues pool
A final pool of 19 issues was derived after a consistency/validity review.

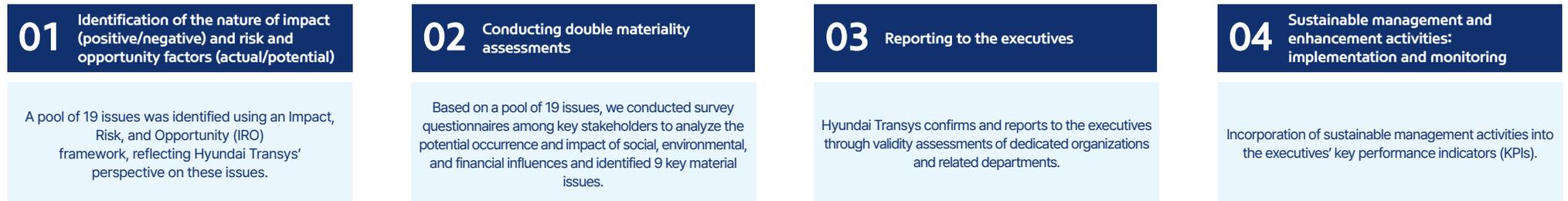
3. Changes in ESG Issues Pool(2022/2023)

From the previous year's 20 issues, 19 issues were selected for 2023 after adjusting the overarching concepts and duplicate issues.
With the increasing importance of individual management strategies/activities in the environment sector, the issue of "reducing environmental impact" has been subdivided into air quality, water quality, waste, and hazardous chemicals management.
As the risk management activities of business partners encompass shared growth, they have been integrated into "managing the ESG of the supply chain."
Renamed the issue from "enhancing product quality and strengthening product safety" to "managing customer satisfaction and controlling quality" to consider the social impact of customers' health and safety management

Double Materiality Assessment

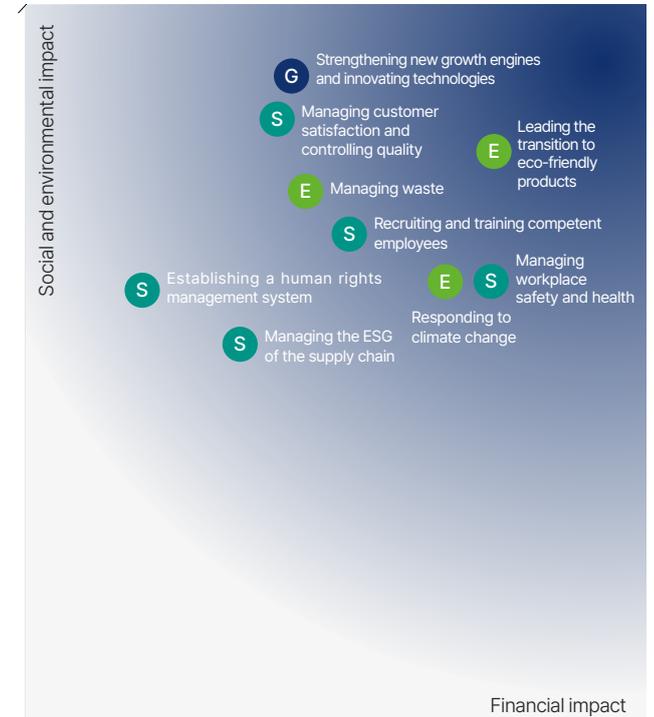
Materiality Assessment Process

Hyundai Transys has comprehensively analyzed sustainability issues, including responding to climate change, supply chain, and human rights, by reflecting the characteristics of our business sector. As a result of the analyses, nine key material issues have been identified, as shown in the table below.



Materiality Assessment Results

Material issues	New issues	Risk/opportunity classification	Impact classification	Reasons for selection
Leading the transition to eco-friendly products	-	Opportunity	Actual	• With the strengthening of global environmental regulations, there is a need to transition to the development and production of eco-friendly products, such as EVs.
Strengthening new growth engines and innovating technologies	●	Opportunity	Potential	• The competitiveness of the automotive industry hinges on technological innovation, necessitating efforts to secure future market leadership by developing new technologies.
Managing workplace safety and health	-	Risk	Potential	• Compliance with industrial safety regulations and ensuring workplace health and safety have emerged as the core elements of corporate ethics in line with the strengthening of national occupational safety and health laws in various countries and the Serious Accidents Punishment Act in Korea.
Responding to climate change	-	Risk	Actual	• Addressing climate change is a global issue. Thus, proactive corporate strategies for carbon emission reduction are essential because the automotive industry is a major emitter of GHGs.
Managing customer satisfaction and controlling quality	●	Opportunity	Potential	• Meeting the demands of "customers," who are our key stakeholders, and ensuring quality are the primary management strategies of our company. Therefore, it is necessary to maintain trust through service and quality improvements.
Managing waste	●	Risk	Potential	• Complying with environmental regulations through waste minimization and expanding recycling is necessary to respond to the EU's circular economy strategies and strengthened waste management laws.
Recruiting and training competent employees	●	Opportunity	Potential	• Recruiting competent people is a key element of corporate competitiveness, necessitating continuous education and training to enhance this.
Managing the ESG of the supply chain	-	Risk	Actual	• The implementation and management of our ESG strategies across the entire supply chain are required because of the supply chain due diligence law and the mandatory disclosure of ESG information.
Establishing a human rights management system	●	Risk	Potential	• UN Guiding Principles on Business and Human Rights: Companies must regard respect for human rights as a fundamental principle of corporate management and strengthen their activities according to the human rights laws of each country.



*The previous year's major issue of "workplace safety and employee health management" has been renamed as "managing workplace safety and health." Additionally, the creation of economic achievements has been subdivided into "leading the transition to eco-friendly products" and "strengthening new growth engines and innovating technologies."

Double Materiality Assessment

Analyses of Material Issues (Impact, Risk, and Opportunity)

As a result of our 2023 materiality assessments, we identified a total of 9 key material issues that ranked high in terms of financial importance and environmental/social importance. The newly identified key material issues include "strengthening new growth engines and innovating technologies," "managing customer satisfaction and controlling quality," "managing waste," "recruiting and training competent employees," and "establishing a human rights management system."

●●●●● : Very high
 ●●○○○ : Medium
 ●○○○○ : Low

Material issues	Financial impact	Social and environmental impact	Risk	Opportunity	Page
Leading the transition to eco-friendly products	●●●●○	●●●●○	• Reputation and regulatory risk burden brought by responding to the market or regulatory compliance	• Securing market competitiveness by expanding the eco-friendliness of existing products and developing new products in response to the transition to eco-friendly vehicles such as electric, hybrid, and hydrogen vehicles	11-15p, 21p, 43p
Strengthening new growth engines and innovating technologies	●●●○○	●●●●○	• Increasing operational costs and medium- to long-term revenue risks brought by technological innovation	• Securing production efficiency, revenue growth, and business competitiveness through technological innovation	16p, 22p
Managing workplace safety and health	●●●●○	●●●○○	• Increasing safety and health management costs brought by the implementation of the Serious Accidents Punishment Act of Korea	• Enhancing operational capabilities and securing reliability in the global market by acquiring the Occupational Health and Safety Management Systems (ISO 45001) certificate	23p, 44-51p
Responding to climate change	●●●●○	●●●○○	• Increasing transition costs to respond to climate change	• Securing market competitiveness by reducing operational costs and increasing productivity efficiency through enhanced energy management	24p, 35-42p
Managing customer satisfaction and controlling quality	●●●○○	●●●●○	• Incurrence of claim response costs and decline in customer trust brought by inadequate customer satisfaction management	• Securing market competitiveness compared to competitors through continuous customer satisfaction improvements and enhancements	25p, 73-78p
Managing waste	●●●○○	●●●●○	• Increasing compliance costs brought by the strengthening of global laws/ regulations on waste management	• Contributing to a circular economy at the workplace by recycling raw materials and waste	26p, 66p
Recruiting and training competent employees	●●●●○	●●●○○	• Increasing risk of talent attrition brought by inadequate management of organizational culture	• Strengthening the expertise of employees through job competency enhancement training and developing them into outstanding talents as they are the company's most important asset	27p, 68-72p
Managing the ESG of the supply chain	●●●○○	●●●○○	• Potential direct financial losses brought by the risks associated with raw material sourcing within the supply chain	• Jointly enhancing sustainability within the supply chain to create positive social impact and upgrade brand image	28p, 54-57p
Establishing a human rights management system	●●○○○	●●●○○	• Potential risk to organizational reputation and increased costs related to brand image recovery if human rights policies are not implemented	• Securing social impact through fair labor conditions and protection of workers' human rights	29p, 52-53p

*As the importance of human rights in Hyundai Transys' management is being emphasized, the "establishing a human rights management system" has been selected as a material issue through a validity assessment.

MATERIAL ISSUE #1

Leading the transition to eco-friendly products

[SDG 9]
Target 9-4 Applying highly efficient resource use and clean technologies, as well as eco-friendly processes, in the industry

[SDG 13]
Target 13-1 Strengthening resilience and adaptive capacity to climate-related hazards and natural disasters

Financial impact ●●●●○

Social and environmental impact ●●●●○

GOVERNANCE

As global regulations for carbon neutrality are being strengthened, automobile manufacturers are required to transition to low-carbon or zero-carbon vehicles. Considering the continuous expansion of electrified products (HEV, EV) and the increasing consumption of eco-friendly products brought by the strengthening of global eco-friendly policies and regulations, Hyundai Transys is establishing product technology strategies PRM¹⁾ and TRM²⁾ in alignment with the technological strategy directions of global automakers. Hyundai Transys' R&D organization is divided into the Electrification R&D Division and the Seat Division, each performing all processes of product R&D from R&D strategy planning to product design, verification, and patent application under clear role distinctions.

1) PRM: Product Road Map
2) TRM: Technology Road Map

STRATEGY

Impacts, risks, and opportunities	Detailed explanation	Response period			Response strategies
		Short-term	Mid-term	Long-term	
Risk	Climate change and environmental pollution problems are increasing the demand for the corporate development of eco-friendly products and services, as well as the strengthening of product-related laws/regulations. Failure to develop eco-friendly products at the level required by the market or regulations can lead to reputational and regulatory risks for the company.	●			Each division of Hyundai Transys R&D is focused on key products in line with future growth strategies. To improve our research capabilities, including promoting active R&D and vitalizing exchanges, we are fostering a creative research culture and operating a reward system for outstanding papers to encourage participation in these efforts made. Additionally, we are expanding our capabilities by certifying technologies and obtaining awards via external presentations.
Opportunity	The era of eco-friendly electrification brings technological innovation, environmental protection, and economic opportunities, along with changes in various supply chains and social dynamics. By enhancing our capabilities in EV driving systems, expanding the electrification product lineup, and developing eco-friendly seat materials, we can seize economic and business opportunities in line with the eco-friendly era.	●	●	●	Hyundai Transys is strengthening its lineup with electrification products applied to eco-friendly vehicles and is developing sustainable seat technologies using natural and recycled materials.

RISK MANAGEMENT

Hyundai Transys conducts product R&D in the Powertrain and Seat sectors under the themes of "zero emission" and "human- and nature-friendly seats," respectively, to lead in eco-friendly products. During the development planning stage, we clearly establish the direction of project development through feasibility studies. To identify areas of vulnerability and monitor progress, we conduct GATE checks for each project schedule and quarterly progress checks for pilot projects.

METRICS & TARGET

- ☑ **Powertrain**
 - Establishing a high voltage lineup for HEVs
 - Diversifying the EV reducer lineup
- ☑ **Seat**
 - Increasing the proportion of raw materials extracted from nature (use of bio-polyol material for foam pads, silicone leather extracted from quartz, and fiber fabric with cotton/linen application)
 - Developing a volatile organic compound-reducing adhesion method
 - Developing technologies that can replace fluorinate antifouling agents
 - Discovering materials that can reduce/replace hazardous substances
 - Expanding low-density materials (product lightweighting)

MATERIAL ISSUE #2

Strengthening new growth engines and innovating technologies



[SDG 8]

Target 8-2 Achieving higher levels of economic productivity through technological advancement and innovation

Financial impact ● ● ● ○ ○

Social and environmental impact ● ● ● ● ○

GOVERNANCE

Hyundai Transys establishes its mid- to long-term product portfolio based on information such as global automakers' product sales forecasts, market environment analyses, and the results of its competitiveness analyses. Through public hearings organized by the research center involving the relevant sectors, we derive our PRM and TRM linked to our mid- to long-term product portfolio. We ensure the timely development of products and technologies by checking and managing the progress being made and risks at the top executives' committee meetings (weekly), mid- to long-term business strategy workshops (annually), and management strategy seminars (biannually).

STRATEGY

Impacts, risks, and opportunities	Detailed explanation	Response period			Response strategies
		Short-term	Mid-term	Long-term	
Risk	During establishing business tasks to enhance technological innovation and growth engines, failures to properly judge market trends and business feasibility may lead to increased operational costs and adverse effects on the company's impact mid- to long-term profitability.	●	●	●	Hyundai Transys is proactively responding to trends in the automotive industry and strengthening future competitiveness through collaboration with companies that can grow together. Additionally, we are enhancing our technological competitiveness by expanding our EV product portfolio, in addition to our core business products of powertrains and seats.
Opportunity	Enhancing product efficiency and productivity through technological innovation provides opportunities for increased revenue and enhanced business competitiveness. Additionally, creating new businesses through technological innovation offers opportunities for competitive advantage in existing markets and sustainable business growth.	●	●	●	Hyundai Transys discovers innovative ideas through open innovation, enhances internal capabilities through collaboration, and actively responds to market and technology trends to develop technologies. Additionally, we support investments in startup discovery, PoC, and business collaboration, and play a role in developing new technologies.

RISK MANAGEMENT

Hyundai Transys selects new products and new businesses that align with the company's business strategies and core operations based on the technological strategy direction of Hyundai Motor Group and trends of global automakers. For R&D projects selected through internal screening, multifaceted analyses are conducted, including internal research, and regular and irregular communication with core departments, in order to assess the implementation suitability and business feasibility. Response strategies for potential risks during the project execution process are presented to the top executives' committee for final decision-making. Based on the established technology and business road map, we conduct step-by-step checks to prevent, mitigate, and timely resolve risks. Additionally, Hyundai Transys promotes open innovation with various external entities, such as startups, to develop innovative technologies and discover new business opportunities. Through these efforts, we continuously strengthen our core technological competency and market competitiveness and ensure technical stability.

METRICS & TARGET

KPI	Unit	2022	2023
Investment in R&D	KRW 100 million	2,586	3,594
Investment in R&D compared to revenue	%	3.42	4.18

MATERIAL ISSUE #3

Managing workplace safety and health



[SDG 3]

Target 3-4 Preventing noncommunicable diseases and promoting mental health and wellness

[SDG 8]

Target 8-8 Creating a safe and stable working environment

Financial impact ●●●●○

Social and environmental impact ●●●○

GOVERNANCE

To build a safe workplace, Hyundai Transys has appointed a chief safety officer (CSO) and established a corporate safety and health management system for company-wide safety and health management. Under the supervision of the CSO, we conduct company-wide safety and health planning, as well as safety and health risks discovery, management, and improvement activities at each workplace. We also conduct semi-annual evaluations on the operation of the safety and health management system and compliance with obligations and have a decision-making process to report to and receive approval from the board of directors on the operation of the safety and health system, safety and health management plans, goals, and performance.

STRATEGY

Impacts, risks, and opportunities	Detailed explanation	Response period			Response strategies
		Short-term	Mid-term	Long-term	
Risk	Because of the nature of the industry, employees and partner company workers are exposed to environments with high accident risks, such as the use of machinery and chemical substances. Noncompliance with safety management regulations can result in significant penalties in the event of major accidents or industrial injuries.	●	●	●	We have established a safety and health management policy and implementation strategy for safety management and built a safe workplace based on safety and health management certification (ISO 45001) and safety and health policies to enhance the overall safety awareness at Hyundai Transys.
Opportunity	By operating and establishing a stable occupational health and safety management system, employee satisfaction and job performance capability, as well as the company's productivity, can be improved. Providing a safe working environment can prevent production interruptions caused by personnel losses.	●	●	●	We are setting goals for 2024 to establish a safe workplace, including achieving zero major accidents, reducing accident rates and absenteeism rates, managing serious accidents, complying with safety-related regulations, minimizing hazardous risk factors, and sharing achievements made.

RISK MANAGEMENT

Hyundai Transys is committed to strengthening its occupational health and safety management system to minimize accident risks. We provide continuous education and training for all employees and partner company workers, distribute guidebooks containing industrial safety education content, and perform regular safety inspections and risk assessments to discover and manage potential risks. Additionally, we have established internal audit and monitoring systems to ensure compliance with laws and regulations related to occupational safety and health. We transparently communicate with and provide improved safety and health management information to stakeholders, including our employees.

METRICS & TARGET

KPI	Unit	2022 (Performance)	2023 (Performance)	2024(Performance)
Major accidents	Cases	0	0	0
Accident rate (as of Korean standard)	Cases per 10,000 people	86.91	80.73	72.66
Lost Time Injury Frequency Rates (LTIFR)	Cases per million working hours	0.288	0.382	0.371
Identifying potential risks (based on Korean standards)	Cases	240	348	313
Departments' own inspections	Cases	664	1,444	1,300

MATERIAL ISSUE #4

Responding to climate change



7 AFFORDABLE AND CLEAN ENERGY



13 CLIMATE ACTION



[SDG 7]
 Target 7-2 Significantly expanding the proportion of renewable energy
 Target 7-3 Doubling the rate of energy efficiency improvements

[SDG 13]
 Target 13-2 Integrating climate change measures into policies, strategies, and plans

Financial impact ●●●●○

Social and environmental impact ●●●○

GOVERNANCE

Through our ESG Management Council, Hyundai Transys focuses on deliberating and deciding on issues related to climate change response. In January 2024, the Board of Directors reviewed the achievements made in 2023 and set the plans related to climate change response for 2024. The key achievement in 2023 was the establishment of the 2045 carbon neutrality strategy, and the main plan for 2024 was to expand investments in solar power generation facilities at our Korean and international business sites. Hyundai Transys will continue to implement strategies to achieve 2045 carbon neutrality, including creating eco-friendly workplaces, transitioning to renewable energy, and reducing carbon emissions throughout the product lifecycle.

STRATEGY

Impacts, risks, and opportunities	Detailed explanation	Response period			Response strategies
		Short-term	Mid-term	Long-term	
Risk	With the strengthening of regulations and legal responsibilities brought by climate change, efforts to enhance energy efficiency through the reduction of GHG emissions and the implementation of carbon neutrality, as well as the development of eco-friendly products and services, are being called for. Additionally, compliance costs arising from legal/regulatory violations can impose economic burdens on the company.	●			We are establishing a 2040 RE100 road map for the transition and discovery of suitable transition means for each site based on the level of renewable energy market formation and infrastructure development status in each country.
Opportunity	While the initial investment costs for implementing carbon neutrality are inevitable, in the long term, this can reduce the company's energy expenses, enhance our productivity, and contribute to increased revenue by securing market competitiveness.	●	●	●	By discovering transition means such as Power Purchase Agreements (PPA) and Renewable Energy Certificates (REC), we plan to convert 33% of our Korean production sites to renewable energy by 2030. For our overseas production sites, we aim to achieve 100% conversion by 2030.

RISK MANAGEMENT

Hyundai Transys is conducting evaluations on climate change-related physical/transition risks and opportunities to analyze the financial impacts stemming from climate change response strategies and related factors. The key risks identified include trends in carbon emission regulations, market reputation, and stakeholder demands. Notably, our 2024 Sustainability Report reports in detail our governance, strategy, risk management, and target indicators related to climate change response, based on our actionable strategies. We will also enhance monitoring to achieve our goals.

METRICS & TARGET

Carbon emissions and their reduction targets

Category	Unit	Classification	2023	2024 (Target)	2030 (Target)	2045 (Target)
Emissions	tCO ₂ eq	Scope 1	25,771	21,570	17,363	8,286*
		Scope 2	316,771	306,433	111,111	0
Reduction amount	tCO ₂ eq	Scope 1	-	667	1,071	6,127
		Scope 2	-	9,014	239,673	362,973

* For the remaining carbon emissions in 2045, we plan to review offset options and new carbon-neutral technologies (such as the Central Communication Unit [CCU]).

Renewable energy transition goals

Category	Unit	2023	2024 (Target)	2030 (Target)	2045 (Target)
Powertrain facilities in Korea	MWh	0	825	116,991	303,739
Seat facilities in Korea (subsidiaries)	MWh	0	0	1,910	14,218
Overseas facilities (powertrains, seats)	MWh	10,857	11,113	304,172	322,242
Global research centers/offices	MWh	0	0	125	23,582

MATERIAL ISSUE #5

Managing customer satisfaction and controlling quality

[SDG 9]

Target 9-1 Building quality, reliable, sustainable, and resilient infrastructure, focusing on affordable and equitable access for all, to promote economic development and humanity's wellness

Financial impact ●●●○

Social and environmental impact ●●●●○

GOVERNANCE

Hyundai Transys receives VoC feedback on our products and services from our client companies to achieve customer satisfaction. This feedback is organically shared among the research, quality, and sales departments, centered around the Customer Support Group. The feedback is then incorporated into the technology strategies for the formulation and implementation of improvement measures, as well as the development of new products and the enhancement of existing ones. Additionally, to swiftly respond to the rapidly changing customer demands and market changes, Hyundai Transys has established and operates an integrated process linking the management strategy, research, production, and support sectors.

STRATEGY

Impacts, risks, and opportunities	Detailed explanation	Response period			Response strategies
		Short-term	Mid-term	Long-term	
Risk	If customer satisfaction management is inadequate or the level of customer satisfaction continuously declines, it can foster negative and uncooperative perceptions among our client companies, potentially hindering successful sales. Additionally, customers' claims on product quality can lead to increasing claim response costs and decreasing customer trust.	●	●	●	Hyundai Transys continuously maintains customer satisfaction improvement activities through our VoC management processes and implements improvement activities for services with low satisfaction levels.
Opportunity	By continuously managing and improving customer satisfaction, we can build a positive perception as a mid- to long-term partner, which can lead to securing product sales. Additionally, meeting the quality standards demanded by our client companies allows us to lead the market compared to competitors and secure additional sales opportunities.	●	●	●	We foster continuous partnerships through expanded communication with our customers. By leading proactive communication through customer-engaging events such as the Seat Technology Exhibition (SETEX), we enhance our brand value.

RISK MANAGEMENT

Hyundai Transys extends its VoC management beyond basic communication methods, such as documents, phone calls, and emails, to include face-to-face/video conferences and executive exchanges, to ensure smooth communication with our Korean and international client companies and collect opinions on ways to improve any inconveniences related to our products and services. Additionally, our customer satisfaction evaluation follows the stages of planning, execution, inspection, and follow-up actions. Based on the results, we strive to establish and implement improvement measures to enhance customer satisfaction.

METRICS & TARGET



Category	Unit	2021	2022	2023
Number of evaluated customers	Persons	24	26	23
Evaluation score	Persons	96.0	95.6	96.4
Powertrain	Persons	96.1	96.3	97.6
Seat	Persons	95.9	94.8	95.1

MATERIAL ISSUE #6

Managing waste



[SDG 12]

Target 12-5 Substantially reducing waste generation through prevention, reduction, recycling, and reuse

Financial impact ●●●○○

Social and environmental impact ●●●●○

GOVERNANCE

Hyundai Transys establishes waste management strategies and goals within our value chain to reduce negative environmental impacts during our operation. We implement management strategies to comply with laws and regulations in locations where our Korean and international business sites are situated, and decisions are made and performance monitored through our ESG Working Council and the ESG Management Council. Effective strategies related to environmental management are submitted to the Board of Directors for final decision-making.

STRATEGY

Impacts, risks, and opportunities	Detailed explanation	Response period			Response strategies
		Short-term	Mid-term	Long-term	
Risk	The costs for the company to comply with environmental regulations may increase because of the strengthening of waste management laws/regulations. Additionally, violations of these laws/regulations can result in fines or sanctions, which may damage the company's external image.	●			Hyundai Transys continuously strives to meet the national resource circulation implementation targets and manages the entire process of waste generation, transportation, and treatment according to our "environmental policies" and "waste management guidelines."
Opportunity	The company can achieve a circular economy by recycling waste generated within the organization or by shifting from traditional landfill and incineration methods to recycling processes.	●	●	●	We are continuously exploring ways to increase the recycling rate of waste materials, such as reprocessing scrap iron generated during the powertrain production process and reintegrating it as raw material.

RISK MANAGEMENT

Hyundai Transys is continuously striving to meet the national resource circulation implementation goals by reducing waste generation and monitoring its waste generation, transportation, and treatment processes. Waste generated at our business sites is classified by type and emitted/transported/and treated through internal processes to prevent violations of waste management laws beforehand. To prevent potential external leakage accidents during the waste storage process, we conduct regular inspections of waste storage facilities and allocate separate investment costs annually to improve these facilities. Additionally, to increase the recycling rate, we explore appropriate recycling treatment methods for each type of waste and select/manage treatment companies accordingly.

METRICS & TARGET

KPI	Unit	2023(Performance)	2024 (Target)
Amount of waste emission / KRW unit	Thousand tons/KRW 10 billion	0.0010	0.00099

*Company-wide standards

MATERIAL ISSUE #7

Recruiting and training talents

[SDG 4]
Target 4-4 Supporting vocational and technical training

[SDG 8]
Target 8-3 Creating quality jobs and supporting small and medium-sized enterprises

Financial impact ●●●●○

Social and environmental impact ●●●○

GOVERNANCE

Hyundai Transys establishes goals and policies for talent management and implements strategies to strengthen talent management by improving the existing recruitment process and securing new channels. The direction for various aspects, goals, and outcomes of talent recruitment, management, and development are set by each business site and human resources (HR) department, reflecting regional and job-specific characteristics. Hyundai Transys recognizes HR as a crucial asset for securing future-leading technological capabilities and operates development programs to enhance employees' competencies.

STRATEGY

Impacts, risks, and opportunities	Detailed explanation	Response period			Response strategies
		Short-term	Mid-term	Long-term	
Risk	If the recruitment process involves unpleasant or unnecessary contact or questions, it can negatively impact the applicant experience, possibly leading to a decline in the company's brand image and hindering talent acquisition. Additionally, insufficient support for employees adapting to the organizational culture can contribute to talent attrition.		●	●	Through specialized training for interviewers, we enhance our understanding of interview errors and prohibited questions to ensure nondiscriminatory recruitment. Additionally, by establishing a mid- to a long-term road map for organizational culture, we create an innovation-based environment and promote various organizational culture improvement activities to enable efficient working based on mutual trust and respect among the employees.
Opportunity	Enhancing the capabilities of each employee by providing the necessary education and opportunities for outstanding work performance offers the company the opportunity to cultivate talents aligned with the company's strategies and to achieve goals, thereby securing excellent talents.	●	●	●	We are transforming our working methods to agilely respond to the rapidly changing internal and external environments. To enhance the practical capabilities of our personnel in line with our electrification business, we operate future mobility training programs tailored to specific job roles. Additionally, we continuously develop educational systems and curricula to foster knowledge in indirect sectors.

RISK MANAGEMENT

Hyundai Transys recognizes the process of attracting and training employees who align with the company's recruitment brand and business direction as an important item to manage. To improve the employees' working methods and secure their practical capabilities for tasks related to Hyundai Transys' business, we are developing a systematic training system and curricula. Additionally, to manage the employees' emotions and diagnose hidden personnel attrition factors, we conduct an annual organizational culture satisfaction survey and various communication events to mitigate such risks.

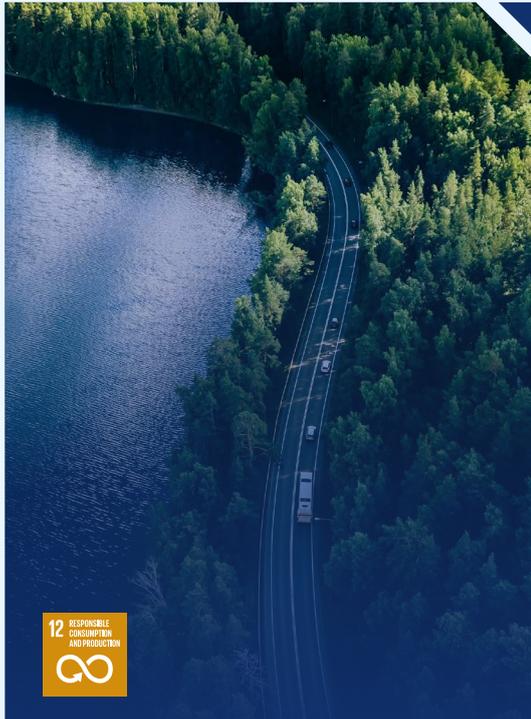
METRICS & TARGET

Category	Unit	2023 (Performance)	2024 (Target)
Training hours per capita	Hr/Person	30.7	31.5
Investment costs for training	KRW 100 million	37.7	38.8

*As of Korean business sites (five business sites)

MATERIAL ISSUE #8

Managing the ESG of the supply chain



[SDG 12]

Target 12-7 Expanding sustainable public procurement

Financial impact ●●●○○○

Social and environmental impact ●●●○○○

GOVERNANCE

Hyundai Transys is establishing a company-wide sustainable supply chain management system to enhance mutual competitiveness with our partners within our value chain. We set mid- to long-term strategies for improving the ESG capabilities of our supply chain and conduct evaluations, education, consulting, and shared growth program activities based on the strategies. These matters are reported to the executives and the results are then disclosed externally.

STRATEGY

Impacts, risks, and opportunities	Detailed explanation	Response period			Response strategies
		Short-term	Mid-term	Long-term	
Risk	Our supply chain is exposed to various ESG risk factors, which can directly impact our company's production and sales activities. Hyundai Transys' value chain requires social and environmental management of raw material sourcing. Therefore, any risk arising within our supply chain can lead to direct financial losses for the company and affect our operational stability.	●			We operate a conflict minerals management process to prevent the use of minerals unethically mined from conflict regions. We support the conflict minerals use prohibition activities of the Responsible Business Alliance (RBA) and the Global Enabling Sustainability Initiative (GeSI). Additionally, we prohibit transactions with countries involved in war crimes or subject to economic sanctions and conduct regular screenings to thoroughly monitor these activities.
Opportunity	Environmental management within the supply chain can lead to improved productivity through operational cost reductions, such as enhanced energy efficiency and waste reduction. This can enhance the market competitiveness of our products, thereby providing opportunities to enter new markets and secure new customers.		●	●	Hyundai Transys not only provides eco-friendly products, but also implements a green purchasing policy that considers the eco-friendliness of the products we purchase. By prioritizing the procurement of products with minimal environmental impact throughout their entire lifecycle—raw materials, manufacturing, distribution, usage, disposal, and reuse—we aim to continuously expand eco-friendly procurement and strengthen our efforts to build a more eco-friendly supply chain.
	By monitoring labor conditions and human rights problems, as well as implementing standards equivalent to our own standards within the supply chain, we can prevent potential misconduct within the supply chain and build a brand image as a company committed to social responsibility.	●	●	●	By enacting a "Supplier Code of Conduct," we set criteria for business ethics, environment, labor/human rights, safety/health, and management systems, and demand the voluntary participation of our business partners in practicing social responsibility. We are currently expanding the scope to include not only Korean parts suppliers but also overseas suppliers as part of our efforts made to build a sustainable supply chain and achieve shared growth.

RISK MANAGEMENT

Hyundai Transys conducts separate evaluations on ethics and safety when registering new partner companies and identifies excellent and high-risk companies through ESG evaluations of Korean parts suppliers. For high-risk companies, we assign tasks for improvements through on-site visits and provide follow-up management to support capacity building. Additionally, we offer ESG-related education and consulting opportunities to encourage proactive ESG management by our business partners.

METRICS & TARGET

Category	Unit	2021	2022	2023	Others
Number of suppliers assessed for ESG risks	Companies	15	91	182	• Currently promoting global expansion - 2024: pilot evaluation in Europe (6 companies)
Number of suppliers undergoing ESG risk due diligence	Companies	15	15	36	- 2025: pilot evaluation planned for the Americas

MATERIAL ISSUE #9

Establishing a human rights management system

5
GENDER
EQUALITY

8
DECENT WORK AND
ECONOMIC GROWTH

[SDG 5]
Target 5-5 Ensuring women's effective participation and equal opportunities for leadership at all levels of decision-making

[SDG 8]
Target 8-8 Eradicating forced labor, modern slavery, human trafficking, and eliminating child labor

Financial impact ● ○ ○ ○ ○

Social and environmental impact ● ● ● ○ ○

GOVERNANCE

The key driver for advancing towards a sustainable future is "people." Hyundai Transys has established and manages policies, standards, and management guidelines for the prevention and response to human rights problems based on the United Nations Universal Declaration of Human Rights, Guiding Principles on Business and Human Rights, and the regulations of the International Labour Organization (ILO). A dedicated department has been set up to carry out human rights management, and major human rights-related issues, including human rights policies, are reported and reviewed through meetings that include decision-makers from at least the dedicated department.

STRATEGY

Impacts, risks, and opportunities	Detailed explanation	Response period			Response strategies
		Short-term	Mid-term	Long-term	
Risk	If a human rights policy is not implemented, the organization may face reputational risks brought about by problems, such as child labor, discrimination, and workplace harassment. If these issues become public, they can cause long-term damages to the company's image and affect the recruitment and organizational culture, which may take a considerable amount of time to recover.	●	●	●	To identify and manage potential and actual risks, we conduct risk assessments for human rights across six areas and share the results with various stakeholders to actively reflect the social changes.
Opportunity	By promoting women's rights and implementing diversity policies, we manage the organizational culture and personnel sentiment within the company, which can enhance the company's brand and competitiveness, aid in employee retention, and attract talent.	●	●		We have established and operating a Diversity, Equity, and Inclusion (DE&I) policy to build an organizational culture that respects diversity and contributes to the transition to an inclusive society. Additionally, through Employee Resource Group activities, we facilitate mutual communication and foster a sense of belonging among members with common backgrounds, such as vulnerable groups in society, local community, and women.

RISK MANAGEMENT

Hyundai Transys has an internal human rights organizational structure that regularly checks human rights risks to actualize human rights management. In 2023, we conducted human rights impact assessments at 4 Korean sites and 10 overseas sites to monitor their human rights risks and state of human rights management. In 2024, we plan to extend these assessments to additional overseas sites that have not been assessed to identify additional risks and address any vulnerabilities.

METRICS & TARGET

Category	Unit	2023 (Performance)	2024 (Target)
Human rights risk assessment	%	70%	100%
Human rights grievance handling rate	%	100%	100%

* Based on the assessed business sites (5 Korean, 15 overseas)

Compliance with ESG Regulations

Hyundai Transys' Strategies to Respond to ESG Regulations

Hyundai Transys has established and is implementing strategies for proactive and flexible responses to the strengthening of global regulations and policies. Among these, the core keywords of ESG management that the global society is demanding of companies may be categorized into the strengthening of carbon emission regulations, the establishment of supply chain risk management systems, and the enhancement of ESG governance. Hyundai Transys aims to strengthen the sustainability of the enterprise by establishing systems and implementing strategies for major ESG issues.

Activities to respond to climate change regulations

CBAM

The European Union (EU) has implemented a policy to impose the same carbon prices and costs on goods imported into the EU as those produced by facilities subject to the EU Emissions Trading System (EU ETS). This policy aims to prevent carbon leakage.

EU Taxonomy

The EU taxonomy for sustainable activities (or green taxonomy) aims to determine whether corporate activities are environmentally sustainable economic activities and to disclose this information externally, thereby encouraging financial institutions to invest in and support eco-friendly businesses.

Strengthening our eco-friendly technology capabilities

Expanding eco-friendly materials for seats

Improving the energy efficiency of our core powertrain products

Expanding the proportion of recycled and renewable materials

Upgrading our eco-friendly management and carbon neutrality road map

Scope 3 emission calculation

Upgrading our carbon neutrality road map

Strengthening our energy transition strategies through RE100

Activities to Respond to Supply Chain Regulations

Establishment of a supply chain risk management system



Expanded ESG evaluations of the supply chain

Starting with 15 partner companies in 2021, we conducted ESG evaluations and training for 91 partner companies in 2022 and 182 in 2023.



Achieved a "Gold" rating in EcoVadis Assessment

With the enhancement of environmental and supply chain regulations, the criteria for evaluating corporate sustainability are also becoming more stringent. By enhancing policies and activities, Hyundai Transys aims to strengthen our sustainable supply chain capabilities.



Aggregated ESG data of our overseas sites

Hyundai Transys inspected the data management systems at our overseas business sites based on ESRS and GRI and carried out due diligence to ensure compliance with the headquarters' criteria.



Enhanced the occupational safety and health management system

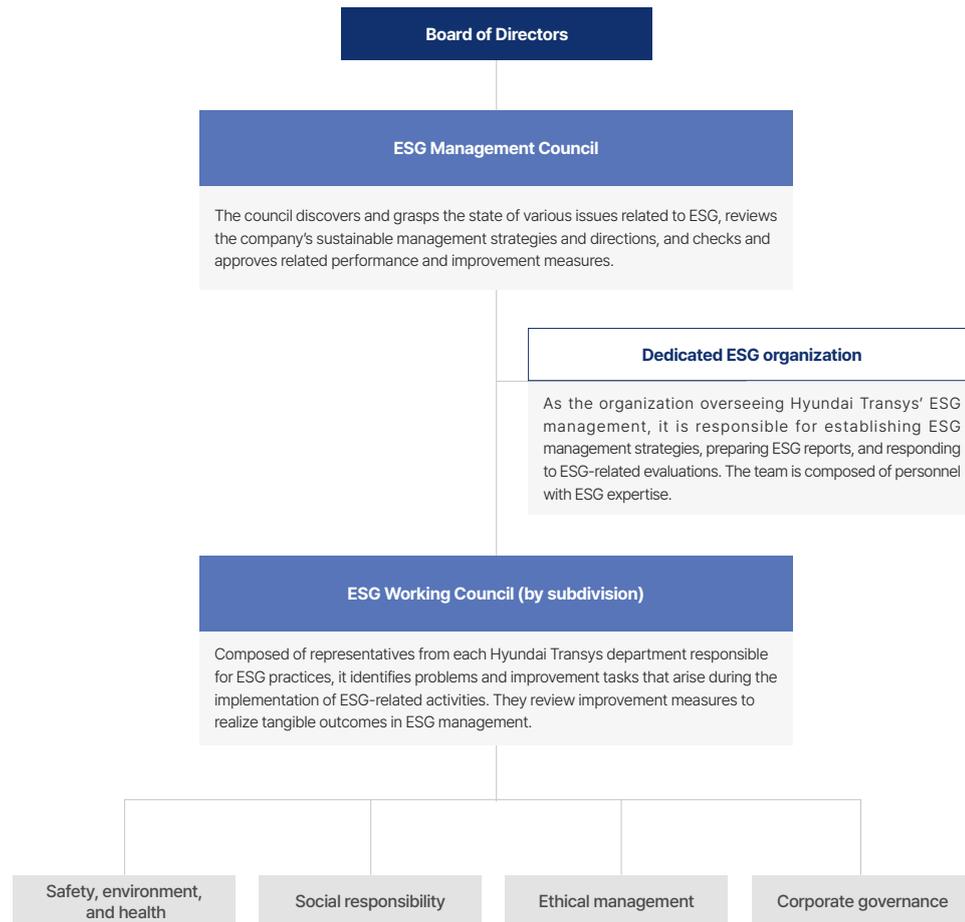
Hyundai Transys has strengthened its occupational safety and health education for foreign personnel and external business sites and has drawn up improvement goals for vulnerable areas through increased investment in the occupational safety and health sector and enhancement of facilities and equipment.

ESG Governance

Strengthening the ESG Governance Framework

Hyundai Transys' ESG governance is composed of a total of five directors, including both internal and external directors. To strengthen the decision-making authority within the Board of Directors, Hyundai Transys has 40 percent of the total board members being external directors. Notably, since 2020, the company has appointed external female directors to ensure diversity within the board. The Board of Directors is composed of experts with expertise and extensive experience in the industry, academia, management, and law. The Board of Directors at Hyundai Transys deliberates and decides on ESG strategies and key issues that significantly impact sustainable growth. They also check the state of ESG strategy and detailed task implementation from the perspective of key stakeholders, thereby ensuring the realization of effective management policies.

ESG Implementation Framework



Deliberation state of key ESG agenda

Date of event	Agenda item	Approval status	Attendance rate
January 27, 2023	<ul style="list-style-type: none"> Approval of the 2023 Occupational Safety and Health Management Plan Approval of the 2023 ESG Plan Approval of personnel appointment for law compliance support 	Approved	100%
February 27, 2023	<ul style="list-style-type: none"> Approval of investment in next-generation hybrid driving system 	Approved	100%

ESG Education for All Executives

Training date	Training curricula
May 3, 2023	<ul style="list-style-type: none"> Global ESG legal and regulatory trends
	<ul style="list-style-type: none"> Trends in ESG responses in the automobile and parts industry - Hyundai Transys' response direction based on external trends

Training date	Training curricula
May 31, 2024	<ul style="list-style-type: none"> Financial perspective on business risks and models - Necessity of ESG management
	<ul style="list-style-type: none"> Comparison with listed companies and competitors with KRW 2 trillion in assets - Diagnosis of Hyundai Transys ESG management
	<ul style="list-style-type: none"> Strategic integration of ESG management and the role of executives



Executives' seminar for ESG management

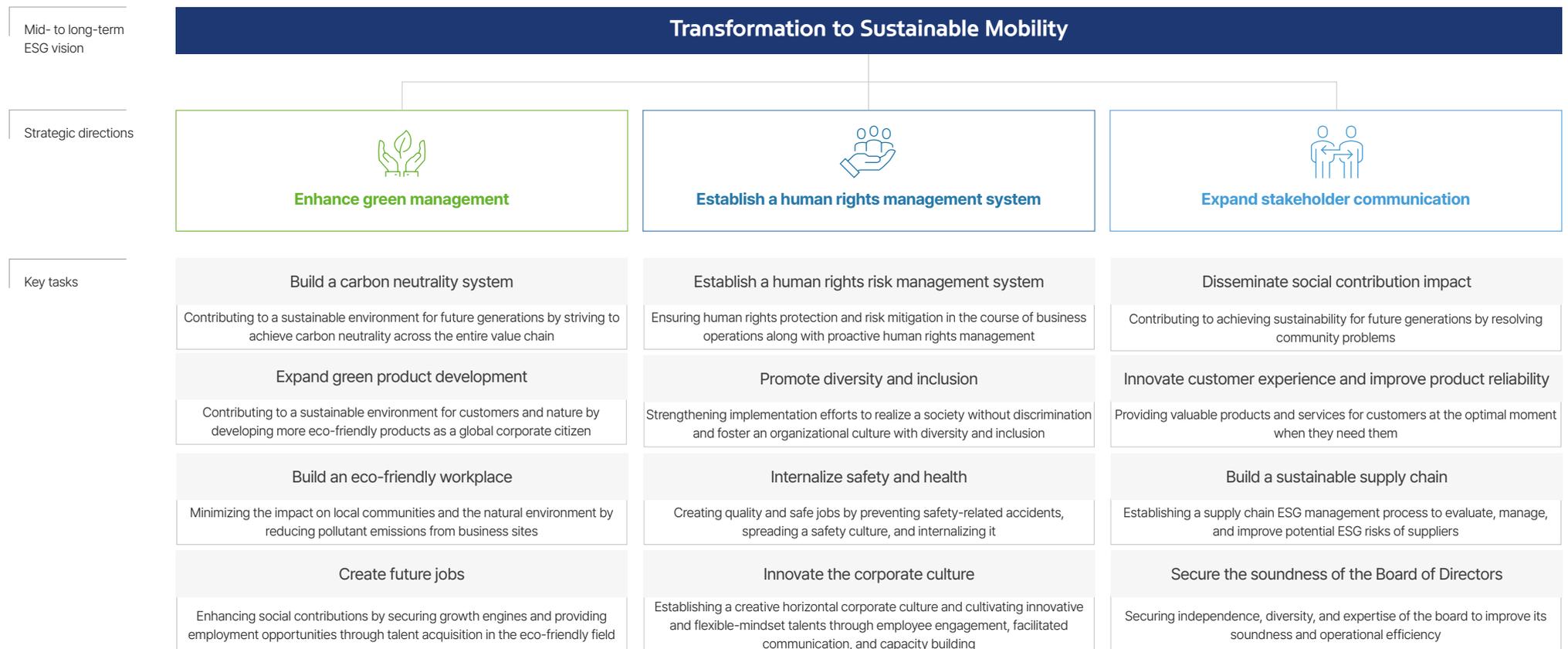
ESG Implementation Strategies

ESG Strategies Framework

Under the mid- to long-term vision of "Transformation to Sustainable Mobility," Hyundai Transys has established three strategic directions and selected 12 key issues to implement as follows. To effectively manage the performance of the key issues in 2023, 46 corporate ESG KPIs related to the issues were established, and the progress and achievements of the tasks were periodically checked.

Additionally, to implement ESG initiatives, we have established an ESG Working Council and manage and disclose the performance of key issues through collaboration between the dedicated teams and various subdivisions. This is closely related to the ESG Management Council and the Board of Directors. Hyundai Transys strives to practice sustainable management based on this ESG governance structure.

ESG Strategies Framework of Hyundai Transys



ESG Highlights

2023 ESG Highlights

Road to Net-Zero



Establishment of Environment 2045 Carbon Neutrality Strategy



Calculation of company-wide greenhouse gas scopes 1, 2, and 3 emissions



Tree planting for carbon neutrality

7,852 trees



Violations of environmental regulations

1 case

*Company-wide standard



ISO 14001 (environmental management systems) Certification

95%

*Company-wide standard (excluding Hyundai Mseat)



Road to Human



Degree of satisfaction with organizational culture

74 points



Human rights risk assessments at business sites

70%

*As of assessed business sites (5 in Korea, 15 overseas)



ISO 45001 (occupational health and safety management systems) Certification

95%

*Company-wide standard (excluding Hyundai Mseat)



Road to Coexistence



ESG evaluation of partner companies

182 companies



Financial support for partner companies' technological development

KRW **87.2** billion



ISO 37001 (anti-bribery management systems) / ISO 37301 (compliance management systems) Certification

100%

*Based on Korean standard (not applicable to overseas business sites)



External evaluations



NQC

89 points



EcoVadis

GOLD



CDP Climate Change Supply Chain

B grade



ROAD to Sustainability

- 35 ROAD to Net-Zero
- 44 ROAD to Human
- 54 ROAD to Coexistence

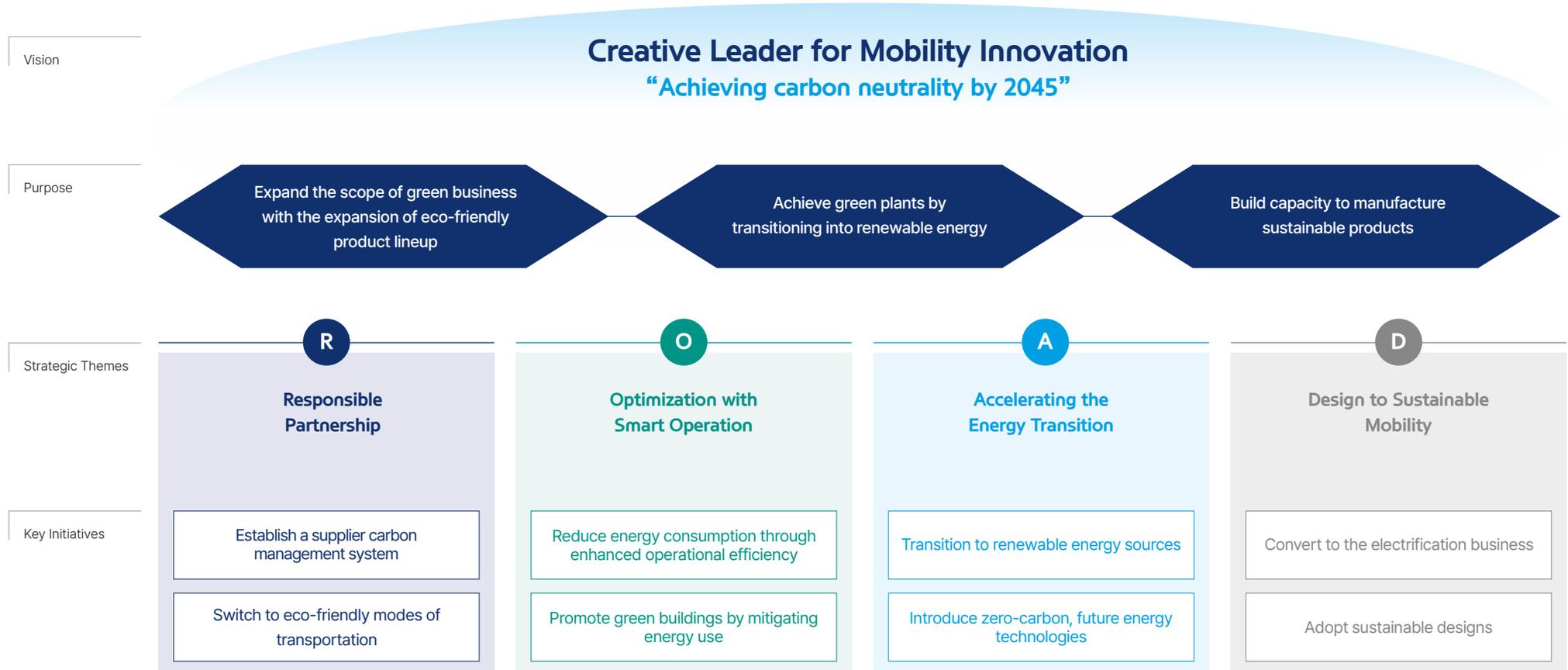
ROAD to Net-Zero

Hyundai Transys' Climate Response Strategies

2045 Carbon Neutrality Initiative

Hyundai Transys has declared our commitment to achieve carbon neutrality by 2045, considering Korean and international laws/regulations related to climate change, market trends, the company's technological development trends, internal and external stakeholders' demands, and alignment with our business strategies. This road map was disclosed in the 2023 Sustainability Report. Specifically, based on the vision of "Creative Leader for Mobility Innovation," we are pursuing this goal through three directions and four strategic themes. Key strategies include the installation of solar panels and the promotion of RE100. Moving forward, we will expand our management scope to realize GHG reductions across all aspects of our business activities, including Scopes 1, 2, and 3.

Hyundai Transys' Carbon Neutrality Strategies

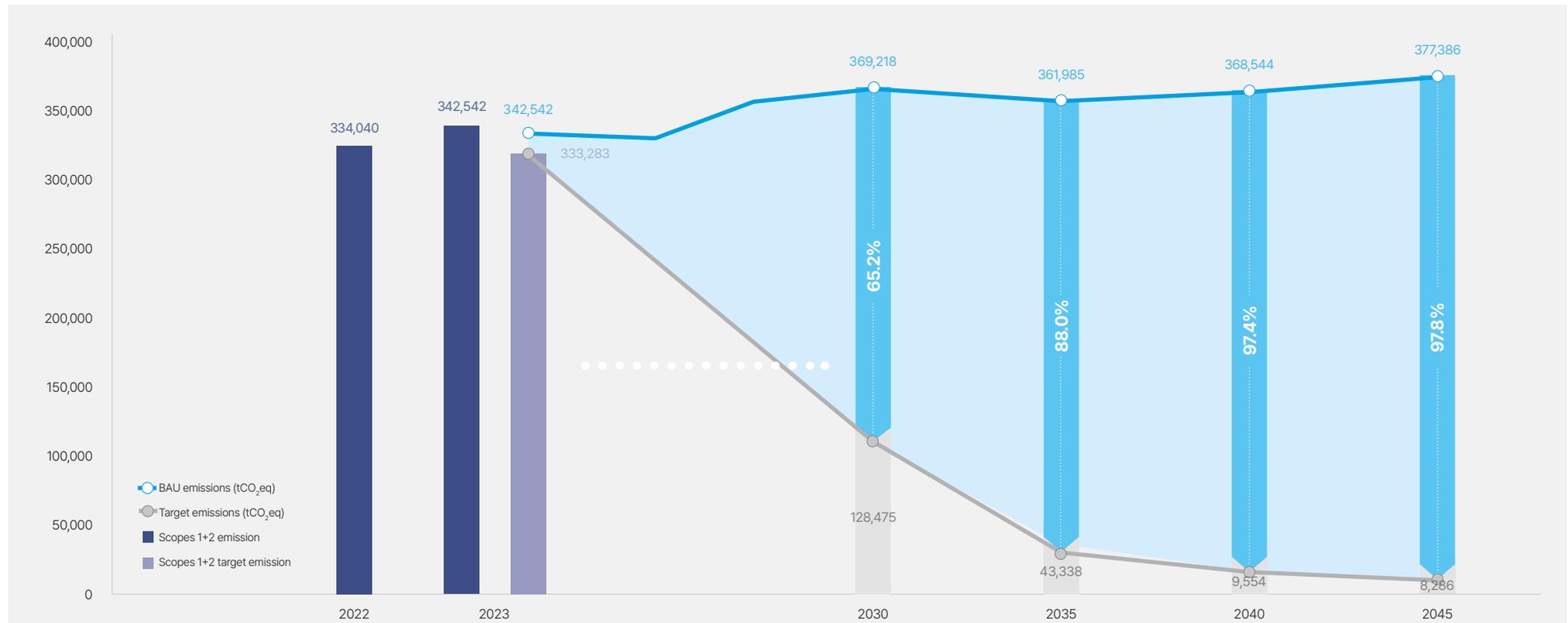


ROAD to Net-Zero

Hyundai Transys' Climate Response Strategies

Carbon Emissions Forecast and Reduction Goals

In alignment with the Hyundai Group's declaration of our carbon neutrality vision, Hyundai Transys has announced our 2045 carbon neutrality goal and established a road map to implement responsible carbon reduction. Under the vision of "Creative Leader for Mobility Innovation," we aim to transition to 100% renewable energy in all our business sites both in Korea and globally by 2040. We will achieve carbon neutrality by adopting carbon-reducing technologies, such as process efficiency improvements and transition to EVs. Hyundai Transys plans to reduce GHG emissions by 97.8% compared to the Business As Usual (BAU) scenario by 2045 by transitioning to renewable energy and investing in carbon reduction technologies. For the remaining emissions, we will continuously review and apply new technologies emerging from the growth of the carbon offsetting or reducing technology market to achieve carbon neutrality.



1) Calculation criteria for BAU carbon emissions
 - Based on the mid- to long-term business plans (2024–2032) and the four-year average unit values (2020–2023) for powertrains and seats, we have calculated the emission forecasts up to 2032.
 - Based on the average growth rate over the six-year business plan period (2027–2032) after 2033, we calculated the emission forecasts up to 2045.

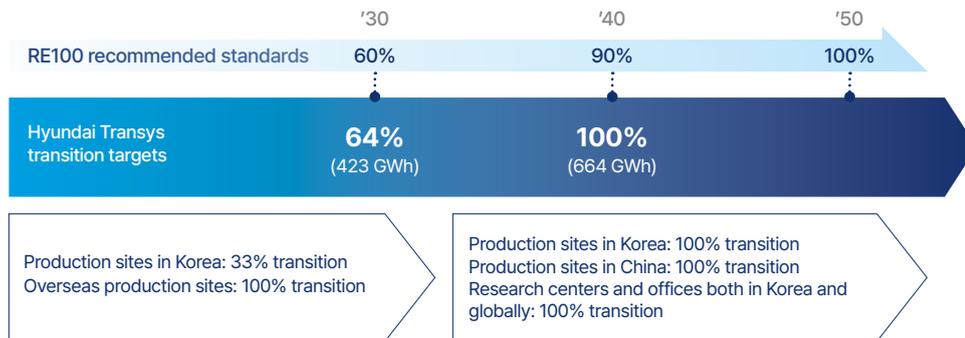
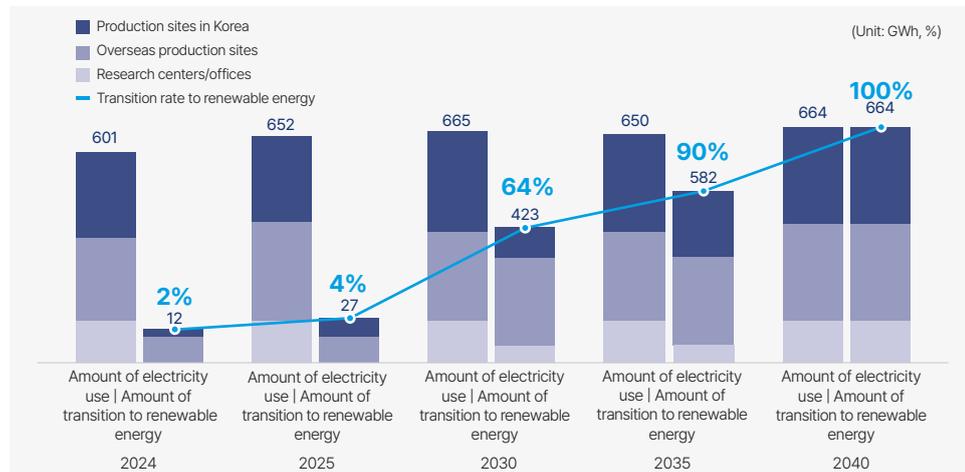
2) Calculation criteria for the carbon reduction targets
 - The Scope 2 reduction target was calculated in line with the strategy to achieve RE100 across all business sites both in Korea and globally.
 - The Scope 1 reduction target was calculated according to investments in energy efficiency for production processes and the transition to EVs based on the Science Based Targets initiative (SBTi) reduction pathway.

ROAD to Net-Zero

Hyundai Transys' Climate Response Strategies

Strategies for Implementing RE100

Hyundai Transys uses over 90% of our total energy consumption in the form of electricity across all our business sites, making the transition to renewable energy essential for achieving carbon neutrality. Hyundai Transys has established a 2040 RE100 transition road map, which is 10 years ahead of the RE100 campaign's recommended transition target of 2050. Based on the level of renewable energy market development and infrastructure built in each country, the road map includes transition methods such as PPA and REC tailored to the conditions of each facility. By 2030, the company plans to transition 33% of our production sites in Korea to renewable energy. The goal is to achieve 100% transition for overseas production sites by 2030 and for all production sites, research centers, and offices in Korea and globally by 2040.



Production sites in Korea: 33% transition
Overseas production sites: 100% transition

Production sites in Korea: 100% transition
Production sites in China: 100% transition
Research centers and offices both in Korea and globally: 100% transition

Activities to Respond to Climate Change

Hyundai Transys has introduced solar power generation facilities through On-site PPA* at our powertrain production sites in China, specifically the Beijing Plant (introduced in 2014) and the Rizhao Plant (introduced in 2022), to produce and consume renewable energy on-site. Additional solar power generating facilities are scheduled to be operational at the Jigok Powertrain Plant and the Beijing Powertrain Plant in the second half of 2024.

*On-site PPA: It is a method wherein the power consumer leases idle land (such as rooftops) to a power producer, who then establishes and responsibly operates renewable energy generating facilities. The power thus generated is entirely used by the power consumer.

Installation State of Solar Power Generating Facilities



State of rooftop solar power installation in the Beijing Powertrain Plant



State of solar power installation in the Rizhao Powertrain Plant

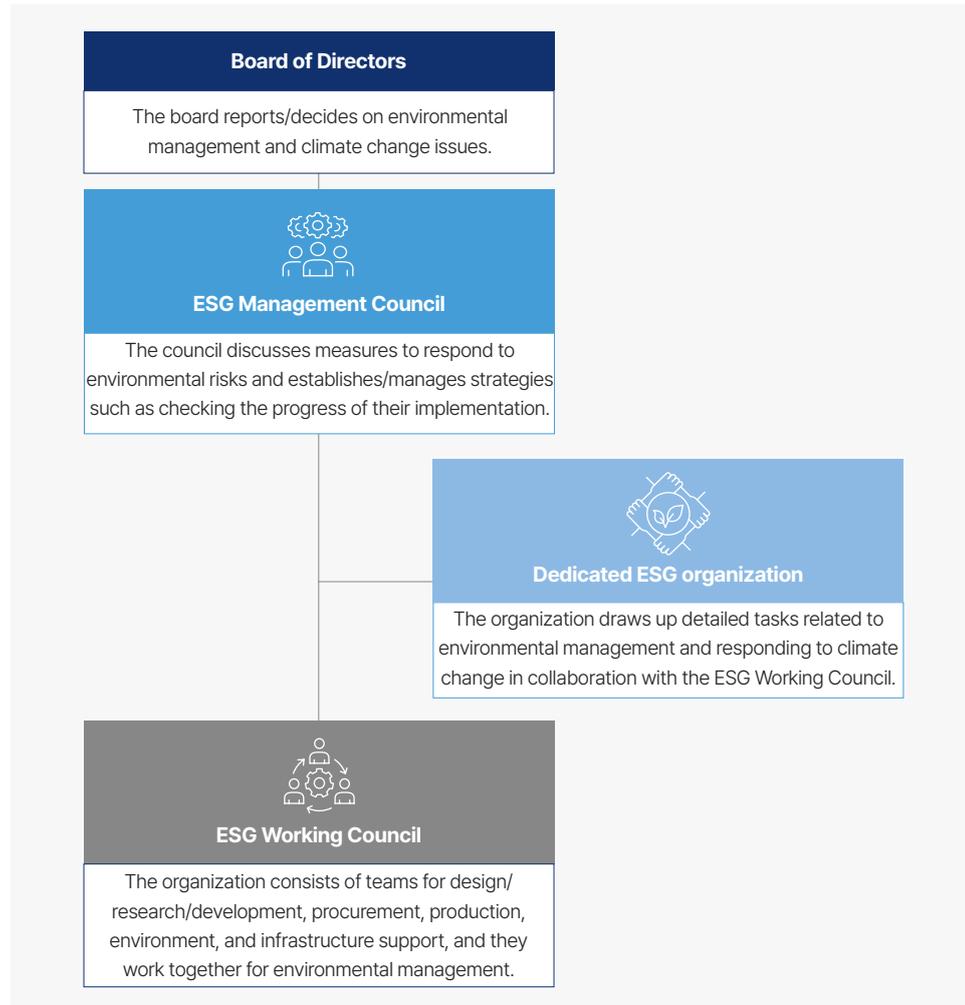
Installation State of Solar Power Generating Facilities

Classification	Unit	Korea		China		
		Jigok Powertrain Plant	Beijing Powertrain Plant		Rizhao Powertrain Plant	
			Phase 1	Phase 2		
Installation capacity	MW	2.8	0.5	3.95	9.7	
Amount of generated power	MWh/yr	825 (operation in September 2024, amount of generated power for 3 months)	350	727 (operation in November 2024, amount of generated power for 2 months)	10,408	
Reduced amount of carbon emission	tCO ₂ eq	379 (Expected)	194	402 (Expected)	8,276	

ROAD to Net-Zero

Governance for Responding to Climate Change

Responding to climate change has been selected as a material issue for Hyundai Transys in 2024. We recognize the importance of addressing the demands of various stakeholders regarding climate change and fulfilling corporate responsibilities in this regard. Consequently, Hyundai Transys has set the goal of achieving carbon neutrality by 2045. We have then established reduction targets and strategies for each phase and are disclosing our climate change-related information according to IFRS S2 (TCFD) standards.



Strengthening the Board of Directors' Roles and Responsibilities in Environmental Management

Hyundai Transys is establishing a management system to reduce and mitigate environmental impacts from the perspective of an integrated environmental management governance, including climate change issues. Through the ESG Working Council, each relevant division executes detailed tasks for environmental management. The Board of Directors and the ESG Management Council oversee and ensure that climate change response and environmental management initiatives are aligned with the company's business strategies.

Roles and Responsibilities of the Dedicated Organization for ESG and ESG Working Council

Hyundai Transys classifies our strategies for climate change from the perspectives of mitigation and adaptation. We assign roles and responsibilities to team leaders in each relevant head office (division) by linking ESG-related KPIs. The Working Council implements detailed tasks to achieve company-wide carbon neutrality and monitors the achievement rates of these tasks.



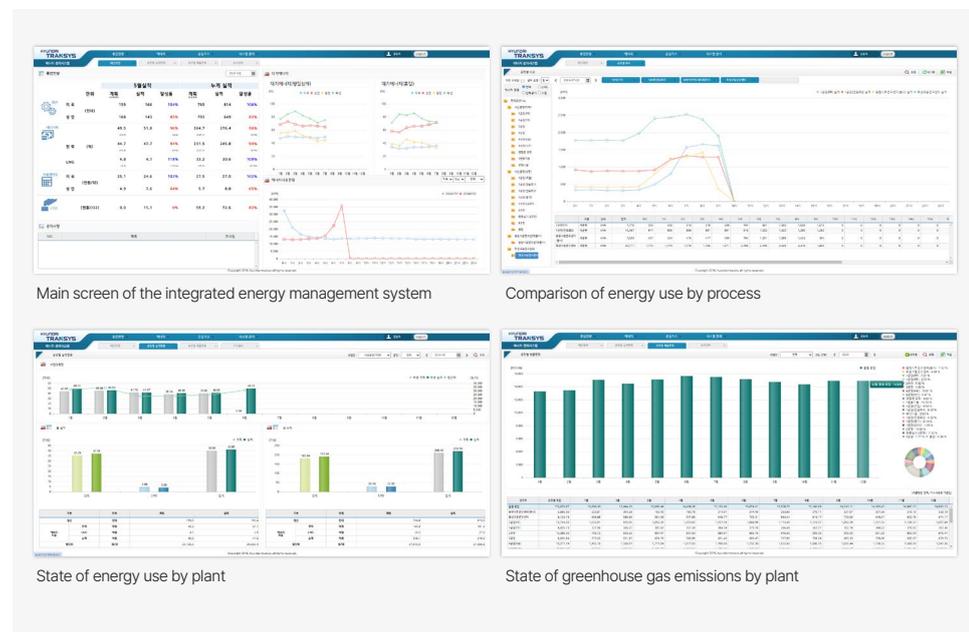
ROAD to Net-Zero

Improving Energy Efficiency

Hyundai Transys is improving its energy efficiency by replacing major equipment, including outdated facilities, and improving equipment operation, thereby saving energy.

Integrated Energy Management System

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 analyses. 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 systems, impregnation apparatus, washing machines, 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.



Activities to Save Energy

No	Details of the activities	Investment cost (KRW 100 million)	Savings on operating expenses (KRW 100 million)	Saved amount		GHG reduction (tCO ₂ eq)
				Electricity (kWh)	LNG (Nm ³)	
1	Replacement of hot and cold water dispenser equipment	4.9	1.1	-	154,503	340
2	Replacement of clean room heating, ventilating, and air conditioning (HVAC) systems	7.1	1.4	128,520	90,000	256
3	Rationalization of hot and cold water dispensers' and boilers' operating hours	0	1.1	-	84,650	185
4	Replacement of compressor equipment in the Jigok Powertrain Plant	4.9	1.7	266,855	-	123
5	Participation in the City Gas demand reduction program (organized by the Korea Energy Agency and the Korea Gas Safety Corporation)	0	0.6	-	47,743	104
6	Replacement of aging cooling tower	2.4	0.3	17,424	18,337	48
7	Replacement of high-efficiency LED fixtures (offices, streetlights)	0 (Self-replacement)	0.1	54,922	-	25
Total		19.3	6.3	497,721	395,233	1,081

ROAD to Net-Zero

Physical Risks Related to Climate Change (Analyses of Scenarios)

Analyses of Climate Change Scenarios

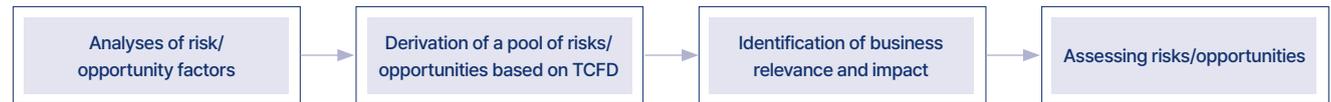
Since 2021, Hyundai Transys has been disclosing information on climate-related governance, strategies, risk management, indices, and targets according to the recommendations of TCFD. We have analyzed the impact of climate change-related risks and opportunities on our business based on exploratory scenarios. We have established timelines for the short-term (1 year), medium-term (2–5 years), and long-term (5 years), and have established strategies for reduction by setting mid- to long-term business strategies and the target point for the Net-Zero goal. We equally analyzed not only the business sites but also the entire value chain.

We analyzed the impact of climate change on our business based on scenarios presented by the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA). For physical impacts, we utilized the IPCC's SSP5-8.5 scenario to assess risks under the worst-case climate change conditions. For transition risks and opportunities, we used the IEA's Net Zero Emissions (NZE) scenario to analyze and set proactive climate change response goals. Hyundai Transys will continue to expand and refine these scenarios for analyses from various perspectives and transparently report our climate change response strategies.

Scenario	Temperature	Approach
SSP5- 8.5 (IPCC)	4.4°C increase	Analysis of physical risks from the viewpoint of responding to the physical impact of the worst climate change
NZE (IEA)	1.5°C increase	Analysis of transition risks from the viewpoint of setting targets for proactive response to climate change

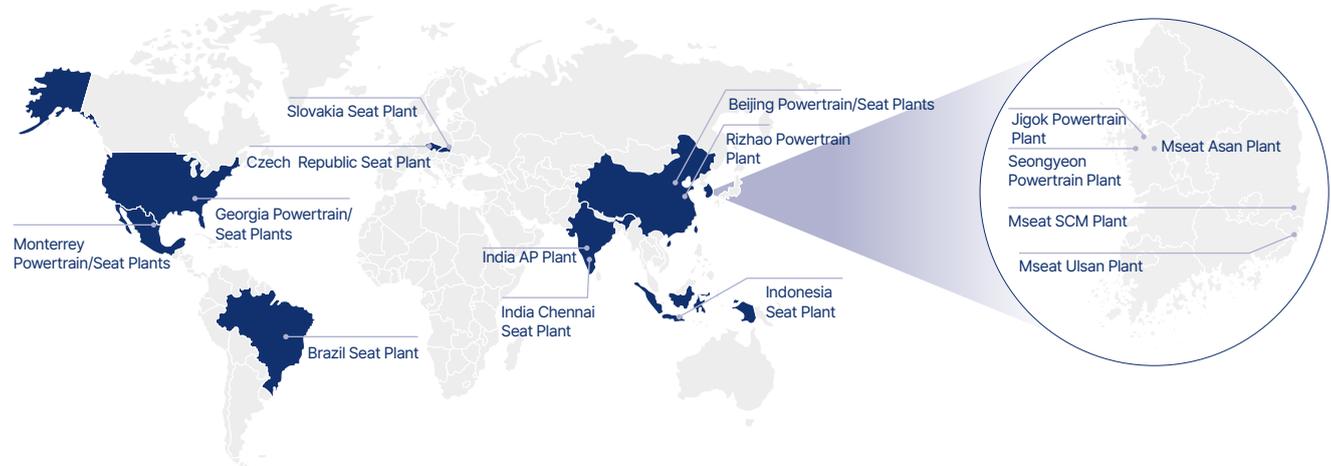
Assessment Process of Risks and Opportunities Related to Climate Change

Hyundai Transys categorizes climate change-related risks into transition risks and physical risks by conducting thorough reviews of each specific factor associated with the company's business. The importance of each impact on our business is evaluated based on the opinions of internal/external stakeholders and expert analyses regarding the likelihood of occurrence and the level of impact. Subsequently, for the identified risk and opportunity factors, we calculated the financial impact and established strategies that align with both the financial and nonfinancial impacts.



Setting the Scope of Climate Change Analyses

Hyundai Transys conducted risk analyses for the years 2030 and 2050 across 19 locations in 9 countries where our production sites are situated. The scope of the analyses included both physical risks, acute/chronic, and transition risks in four areas: regulatory, technological, market, and reputational. A total of 19 business sites were selected for the analyses based on our global production sites. For physical risks, the analyses were conducted using the Representative Concentration Pathway (RCP) scenario, following the IPCC's temporal scope, which is divided into the mid-term (2030) and long-term (2050) periods.



ROAD to Net-Zero

Risk Management

Hyundai Transys has analyzed the climate change risks and opportunities for the company. The scope of the analyses included the directly operated business sites in Korea as well as the upstream and downstream in the value chain. The assessment of the climate change impact was conducted using average weather data of the geographical location of each business and business site by considering the short-, medium-, and long-term aspects. The key risk and opportunity factors identified through the impact assessment are regularly checked through the dedicated ESG organization and ESG Working Council, and we will build our capacity for managing areas in need of improvements by deriving tasks.

Deriving Financial Impacts and Response Strategies for Physical and Transition Risks

Low | Mid-High | High Short-term: 0-3 years | Mid-term: 3-5 years | Long-term: 10 years or more ●Average | ●Slightly Important | ●Very Important

Item		Details	Financial impact	Response period			Response strategies and activities	
				Short-term	Mid-term	Long-term		
Physical	Acute	Typhoons, floods, and other natural disasters	Hyundai Transys' manufacturing facilities face the risk of damage and loss from natural disasters such as typhoons and floods.	Low	●	●	●	<ul style="list-style-type: none"> Strengthen the climate change monitoring system to prepare for extreme weather events (Safety Alert) Establish an emergency contact network for natural disasters and regularly inspect facilities Conduct emergency response training Establish a natural disaster response manual
	Chronic	Average temperature rise	The increase in the number of heat wave days from climate change can lead to the deterioration of worker health and reduced productivity during outdoor work, which may result in operational delays, quality defects, and delivery delays.	Mid High	●	●	●	<ul style="list-style-type: none"> Strengthen safety and health policies and systems Implement preventive measures against high temperatures during the hot weather, including proactive replacement of equipment/facilities (such as checking air conditioners and ensuring breaks for rest) Introduce an Energy Storage System (ESS) for efficient power distribution and usage to prepare for peak electricity demand
Transition	Policies and laws	Reporting emissions and strengthening environmental regulations (Corporate Sustainability Reporting Directive [CSRD] and CBAM, etc.)	Increasing burden for greenhouse gas management strategies from strengthened external regulations on greenhouse gas emissions reporting.	Mid High	●	●		<ul style="list-style-type: none"> Respond to Korean and international climate disclosure laws/regulations (advanced calculation of Scope 3) Carbon Neutrality Road Map: advance with Scope 3 reduction pathway
		Greenwashing risk	With enhanced external scrutiny on corporate ESG management information and advertising, including lawsuits related to greenwashing, there are heightened risks of declining trust and legal/regulatory penalties.	High	●	●	●	<ul style="list-style-type: none"> Strengthen ISO 14001 (environmental management systems) by analyzing stakeholder needs related to the environment Monitor compliance with ISO 37301 (compliance management systems) Manage risks and secure reliability through own greenwashing risk checks
	Technology	Transition to low-carbon products and services	The competition in the market for low-carbon products and services is intensifying, necessitating the need to secure market competitiveness.	High	●	●	●	<ul style="list-style-type: none"> Establish and implement detailed tasks according to the Carbon Neutrality Road Map Transition into low-carbon facilities/equipment in the manufacturing process
	Market	Rising energy costs	Rising energy prices directly lead to operational cost increases.	High	●	●	●	<ul style="list-style-type: none"> Invest in highly energy efficient equipment and replace facilities with energy use reducing facilities Invest in renewable energy, recycle resources, and improve energy efficiency
	Reputation	Growing stakeholder demands	Inadequate response to climate change risks can lead to a decline in Hyundai Transys' corporate image and the formation of negative perceptions.	Mid High	●	●	●	<ul style="list-style-type: none"> Diversify and activate communication channels and communication with stakeholders Disclose key strategies and performance through TCFD reports and Sustainability Reports Attempt policy engagement for government policies or major regulations

Identifying the Financial Impacts of Opportunities and Deriving Response Strategies

Item		Details	Financial impact	Response period			Response strategies and activities	
				Short-term	Mid-term	Long-term		
Opportunity	Resource efficiency	Improving manufacturing efficiency	Consider ways to improve energy and resource efficiency to reduce operational costs and enhance productivity, while emphasizing corporate responsibility towards climate change.	Mid High	●	●	●	<ul style="list-style-type: none"> Establish automation systems in production sites Improve efficiency by transitioning into highly efficient/low-energy source equipment and facilities
		Enhancing the circulation of resources/products (water, raw materials, etc.)	Consider the reduction of greenhouse gas emissions through resource recycling and potentially save costs through a circular economy	Mid High	●	●	●	<ul style="list-style-type: none"> Introduce a waste emissions management monitoring system and expand recycling
	Energy source	Using low-emission energy sources	Reduce risks from price rises in energy procurement	Mid High	●	●	●	<ul style="list-style-type: none"> Expand renewable energy source generating facilities within business sites Expand the use of renewable energy such as PPAs and RECs
	Products and services	Increasing the sales of low-emission products and services Commercializing new products/services	Increase sales thanks to rising demand for low-emission products and services	High	●	●	●	<ul style="list-style-type: none"> Develop products/services based on the technological road maps of UAE, etc. Strengthen external technology collaboration through open innovation

ROAD to Net-Zero

Physical Risks and Impacts of Climate Change

Financial Impact (Quantitative) Assessment Process



Degree of risk exposure due to climate change by business site

Country	Sites	Flooding				Typhoon				Scorching heat			
		2030		2050		2030		2050		2030		2050	
		RCP 2.6	RCP 8.5	RCP 2.6	RCP 8.5	RCP 2.6	RCP 8.5	RCP 2.6	RCP 8.5	RCP 2.6	RCP 8.5	RCP 2.6	RCP 8.5
Korea	Jigok Powertrain Plant	Green	Green	Green	Red	Yellow	Yellow	Yellow	Yellow	Green	Green	Green	Green
	Seongyeon Powertrain Plant	Green	Green	Green	Red	Yellow	Yellow	Yellow	Yellow	Green	Green	Green	Green
	Asan Plant (Hyundai Mseat)	Green	Green	Green	Red	Yellow	Yellow	Yellow	Yellow	Green	Green	Green	Green
	Ulsan Plant (Hyundai Mseat)	Green	Green	Green	Red	Yellow	Yellow	Yellow	Yellow	Green	Green	Green	Green
	SCM Plant (Hyundai Mseat)	Green	Green	Green	Red	Yellow	Yellow	Yellow	Yellow	Green	Green	Green	Green
China	Beijing Powertrain Plant	Green	Green	Green	Red	Yellow	Yellow	Yellow	Yellow	Green	Green	Green	Green
	Rizhao Powertrain Plant	Green	Green	Green	Red	Yellow	Yellow	Yellow	Yellow	Green	Green	Green	Green
	Beijing Seat Plant	Green	Green	Green	Red	Yellow	Yellow	Yellow	Yellow	Green	Green	Green	Green
India	India AP Plant (Powertrain)	Yellow	Yellow	Yellow	Red	Yellow	Yellow	Yellow	Yellow	Orange	Orange	Orange	Red
	India AP Plant (Seat)	Yellow	Yellow	Yellow	Red	Yellow	Yellow	Yellow	Yellow	Orange	Orange	Orange	Red
	India Chennai Seat Plant	Yellow	Yellow	Yellow	Red	Yellow	Yellow	Yellow	Yellow	Orange	Orange	Orange	Red
Indonesia	Indonesia Seat Plant	Green	Green	Green	Red	Yellow	Yellow	Yellow	Yellow	Green	Green	Green	Green
Czech Republic	Czech Seat Plant	Yellow	Yellow	Yellow	Red	For Europe, the typhoon's impact is minimal, making it impossible to calculate.				Orange	Orange	Orange	Red
Slovakia	Slovakia Seat Plant	Green	Green	Green	Red	For Europe, the typhoon's impact is minimal, making it impossible to calculate.				Green	Green	Green	Green
United States	Georgia Powertrain Plant	Yellow	Yellow	Yellow	Red	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
	Georgia Seat Plant	Yellow	Yellow	Yellow	Red	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Mexico	Monterrey Powertrain Plant	Green	Green	Green	Red	Yellow	Yellow	Yellow	Yellow	Orange	Orange	Orange	Red
	Monterrey Seat Plant	Green	Green	Green	Red	Yellow	Yellow	Yellow	Yellow	Orange	Orange	Orange	Red
Brazil	Brazil Seat Plant	Green	Green	Green	Red	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow

Risk exposure: **low** **High**

Impact depending on business site location

Probability of occurrence High probability of occurrence in countries with extensive coastal areas (Korea, Indonesia)

Degree of damage impact Korea has the highest degree of damage impact because of the high probability of occurrence and high asset value.

Probability of occurrence Mexico and the United States frequently experience hurricanes, with a high likelihood of future occurrences

Degree of damage impact Mexico has the highest degree of damage impact because of the high probability of occurrence and high asset value.

Probability of occurrence High probability in tropical climate countries (Mexico, Indonesia, India)

Degree of damage impact High impact in Korea because of the high production share and in Mexico because of the high probability of occurrence

Response direction

Mitigate risks by preparing emergency response manuals and insurance coverage for assets against flooding

Preemptively recognize the potential for typhoons and mitigate asset loss risks through insurance coverage

Need to prepare measures to address declining labor productivity, such as allocating cooling costs and offering vacation incentives

ROAD to Net-Zero

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 carbon footprint and emission of pollutants, as well as develop eco-friendly materials and methods to promote resource circulation and lead ESG management.

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 plug-in hybrid electric vehicles (PHEVs). One of our products is the AWD disconnecter (DAS) for EVs, the first invention in the world, which can cut off power delivery from the auxiliary drive shaft to switch to 2WD 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. Hyundai Transys is deriving and continuously managing technology and product road maps to develop core components and expand eco-friendly technologies and products.

Managing the Environmental Impact of Our Products

Hyundai Transys considers 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 (HEVs, PHEVs, and EVs) with improved fuel efficiency and functionality. We also ensure compliance with the Directive on end-of-life vehicles (ELVs), which aims to reduce automobile waste and make it easier to recycle. The directive 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.

Researching and Developing Eco-friendly Seats

Classification	Technology overview	Technology performance
Natural fiber fabric	By increasing the use of natural materials in seat components, we aim to reduce the use of petroleum-based substances and mitigate the environmental impact of landfill waste through the biodegradability of these natural materials.	Unlike previous materials that used 100% petroleum-based fibers, we have developed a fabric that incorporates 25% natural materials (cotton). While conventional petroleum-based fabrics take about 20–200 years to decompose in landfills, our products with natural materials are expected to decompose in a significantly shorter period.
Slab foam with reduced hazardous substances	To create a more pleasant vehicle interior environment, we have reduced the flame-retardant content used in seat components. While the existing slab foam uses flame retardants to prevent fires, the newly developed slab foam ensures flame retardant performance without the addition of flame retardants.	By avoiding the use of flame retardants, we have achieved a 28% reduction in the emission of volatile organic compounds that contribute to new car syndrome compared to conventional slab foam.
Lightweight artificial leather	We have reduced the weight of polyurethane artificial leather, the main material used to cover seats, by applying hollow fiber and optimizing the polyurethane resin content. The weight reduction of the covering is expected to improve fuel efficiency and reduce carbon emissions.	The lightweight artificial leather can achieve a weight reduction of 11.4% (0.328 kg per unit) compared to conventional PU artificial leather. This corresponds to an annual reduction in carbon emissions of 6.5 tons per unit. *Based on a vehicle body weight of 1.5 tons, a 1 kg weight reduction results in an annual CO ₂ reduction of 20 tons per vehicle.

ROAD to Human : Safety&Health

Growing Need for Safety and Health Management

Along with the increasingly stringent laws such as the Serious Accidents Punishment Act of Korea, 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 strategies in order to build safe business sites, and manages safety and health based on these. We monitor the performance by setting safety and health goals every year, and also promote various activities to manage safety risk factors and internalize a safety-conscious culture company-wide.

Safety and Health Management Policy

Hyundai Transys is striving to realize zero-accident, eco-friendly workplaces by minimizing potential safety, health, and environmental risks that may occur during business management and production processes. In order to establish safe business sites, we have prepared a safety and health management policy and systematically managed our safety and health accordingly.

Realizing a "zero-accident eco-friendly workplace" by minimizing safety, health, and environmental risks

Comply with safety and health laws	Comply with safety and health-related laws and regulations, other restrictions, and requirements
Minimize the emission of environmental pollutants	Minimize the emission of environmental pollutants and contribute to eco-friendly activities by efficiently using energy resources
Minimize harmful risk factors	Create safe and pleasant workplaces 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 Strategies

We have drawn up strategies for strengthening safety management and based on these, we have carried out safety and health activities. We will endeavor to make Hyundai Transys a safe place for everyone by internalizing a safety-conscious, establishing a safety management system, and building the capacity of the responsible organizations.

Safety and Health Goals

Every year, Hyundai Transys sets specific safety and health goals, operates relevant activities, and monitors the performance. In 2024, we established goals for building safe business sites. The goals include managing serious safety-related accidents, responding to safety-related laws and regulations, minimizing risk factors, sharing our performance, and practicing safety and health management.

	Performance in 2023	Goals for 2024
Serious accidents	<ul style="list-style-type: none"> Serious accidents: Zero 	<ul style="list-style-type: none"> Serious accidents: Zero
Safety-related accidents	<ul style="list-style-type: none"> Accident rate 86.91 Absenteeism rate 8.76 	<ul style="list-style-type: none"> Accident rate 72.66 Absenteeism rate 7.80
Laws and regulations	<ul style="list-style-type: none"> Consulted for preparing safety and health documents (reflected relevant regulations and actual work) Subscribed to legal information service (monitored regulatory changes) 	<ul style="list-style-type: none"> Enhancing regular safety education Monitoring policies of the Korean Ministry of Employment and Labor Rapidly responding to regulatory changes
Risk factor minimization (employee engagement)	<ul style="list-style-type: none"> Divisions' self-inspection 1,444 cases Identified potential risks 348 cases Resolved 228 cases Incorporated safety items in the daily inspection checklist 	<ul style="list-style-type: none"> Identifying over 1,300 cases through the divisions' self-inspection Identifying potential risks 313 cases Improving 234 cases Strengthening prework risk prediction activities (TBM) *TBM : Tool Box Meeting Conducting emergency drills once per semester with 100% implementation
Sharing performance data	<ul style="list-style-type: none"> External: published the Sustainability Report Internal: shared safety and health goals and achievements 	<ul style="list-style-type: none"> External: providing safety and health information (Sustainability Report) Internal: sharing safety and health goals and achievements

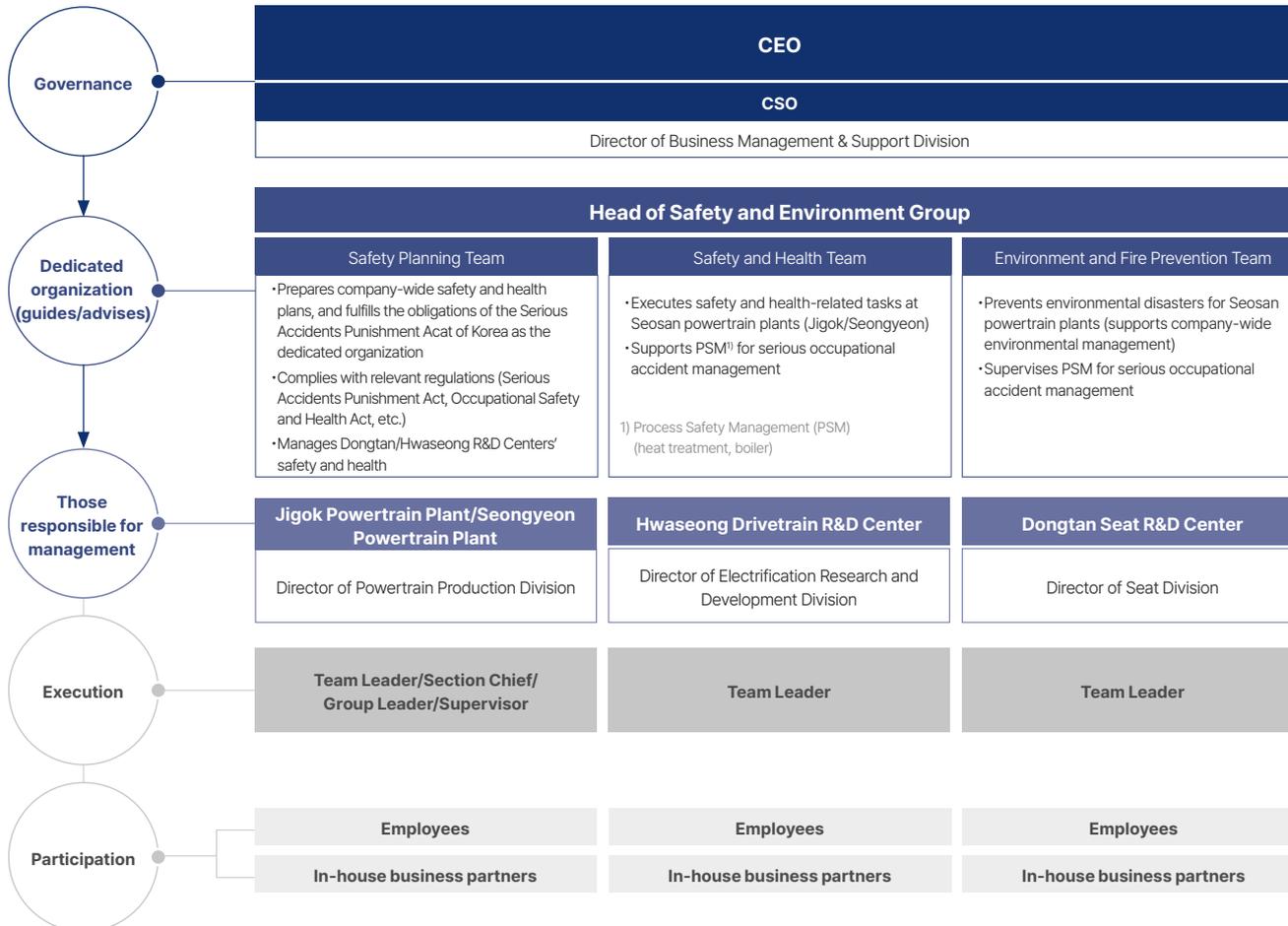
ROAD to Human : Safety&Health

Growing Need for Safety and Health Management

Dedicated Organization for Safety and Health Management

Governance for Safety and Health Management

Hyundai Transys laid the foundation for a professional organizational structure driven by the Chief Safety Officer (CSO). The organization 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.



Hyundai Transys' Safety and Health Strategies

Under the 2023 goal of zero major disasters, Hyundai Transys manages indicators such as LTIFR¹⁾, accident rate²⁾, and absenteeism rate³⁾. We implement safety management strategies and activities categorized by type for our business sites. From the perspective of preventing and mitigating safety-related accident risks, we aim to upgrade our safety and health management activities to ensure safe workplaces by annually monitoring the activities' effectiveness.

Type	Hyundai Transys' activities and strategies
Respond to strengthened safety and health regulations and international standards	<ul style="list-style-type: none"> Obtain occupational health and safety management systems certification (ISO45001) Check safety and health-related laws and regulations Share key safety information with our clients Conduct a weekly safety forecast
Enhance safety and health communication	<ul style="list-style-type: none"> Manage the safety of overseas subsidiaries Work Permit Operation Committee Hold weekly safety managers' wrap-up meeting
Manage risks	<ul style="list-style-type: none"> Assess risks continuously Assess business partner risks and shared growth collaboration projects Guide business partners to adopt safe technologies and evaluate their competence Conduct weekly safety checks Hold safety days Award excellent employees complying with safety measures
Provide education and training	<ul style="list-style-type: none"> Provide special and qualification training for foreigners by language region Self-operate legal education for supervisors Newly establish and operate an in-house qualification system
Collaborate externally	<ul style="list-style-type: none"> Operate the Safety and Health Advisory Committee

1) Lost Time Injury Frequency Rates (LTIFR): the rate of work-related injuries resulting in lost time per 1 million working hours

2) Accident rate: the ratio of the number of accidents per 10,000 workers

3) Absenteeism rate: the proportion of days workers are absent from illness, injury, or other reasons

ROAD to Human : Safety&Health

Growing Need for Safety and Health Management

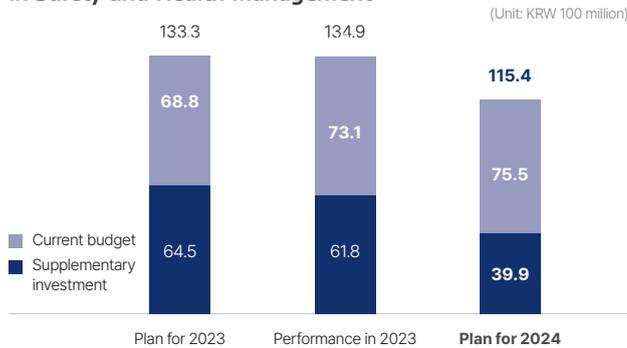
Safety and Health Management System

Hyundai Transys has obtained the international standard certification for occupational health and safety management systems (ISO 45001). We acquired this certificate for 100% of our business sites in Korea (all 4 sites in Korea) and 94% of our overseas sites (16 out of 17 sites, with Indonesia scheduled for 2025). Based on the ISO 45001 certification, all employees and value chain workers across all sites are subject to the same safety and health management system.

Investing in Safety and Health Management

We are enhancing our company-wide safety and health budget management system to strengthen the budget 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 restructured the entities responsible for safety investment plan deliberation and approval, as well as the management of associated costs by designating responsible departments for them. In 2023, the actual investment in safety and health management amounted to KRW 13.49 billion, exceeding the planned amount. Although the completion of safety and health facility investments in 2023 has led to a relative reduction in supplementary investment amounts for 2024, the current budget investment for activities such as safety training, health check-ups, and safety equipment inspections, has increased.

Performance of and Plans for Investment in Safety and Health Management

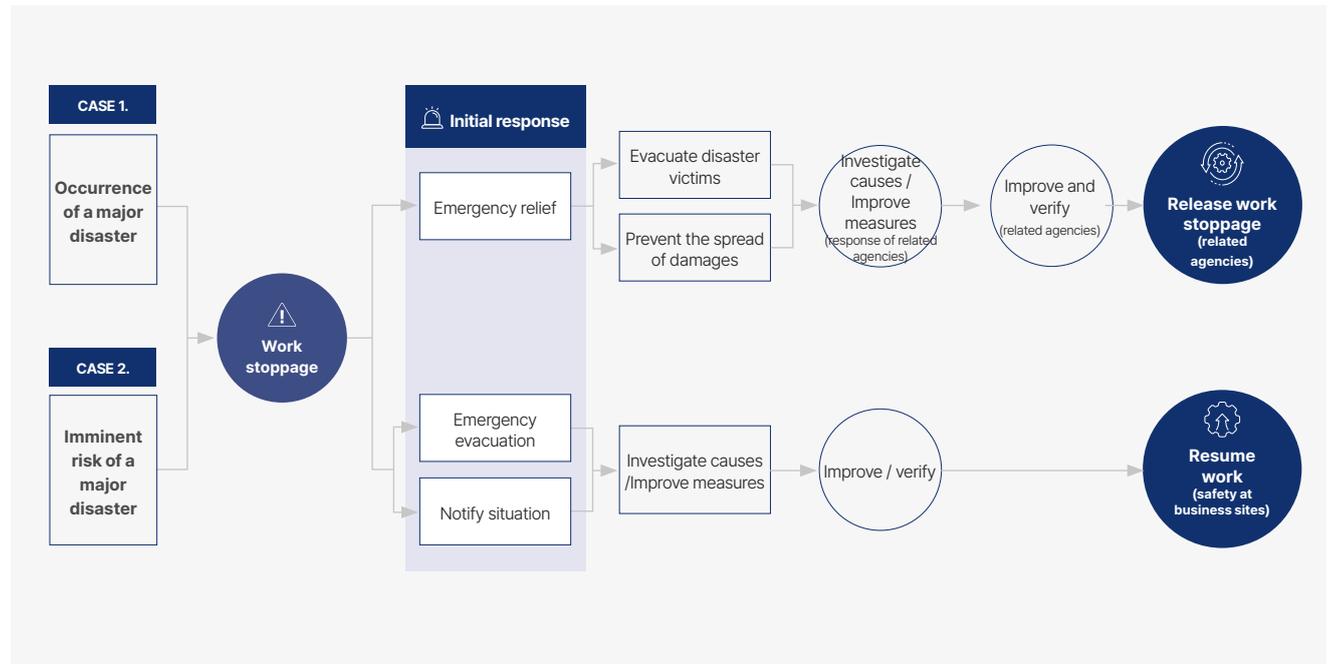


Responding to Safety-related Accidents

Strengthening the Emergency Response Manual for Major Disasters

Hyundai Transys has established a response and reporting system for major disasters or imminent risks within our business sites. In 2023, we undertook the task of detailing scenarios of major disasters and strengthening the emergency response system for each scenario. Additionally, we conducted a biannual review of the implementation level of the emergency response manual and reported the findings to the safety and health management officer.

Major Disaster Response System

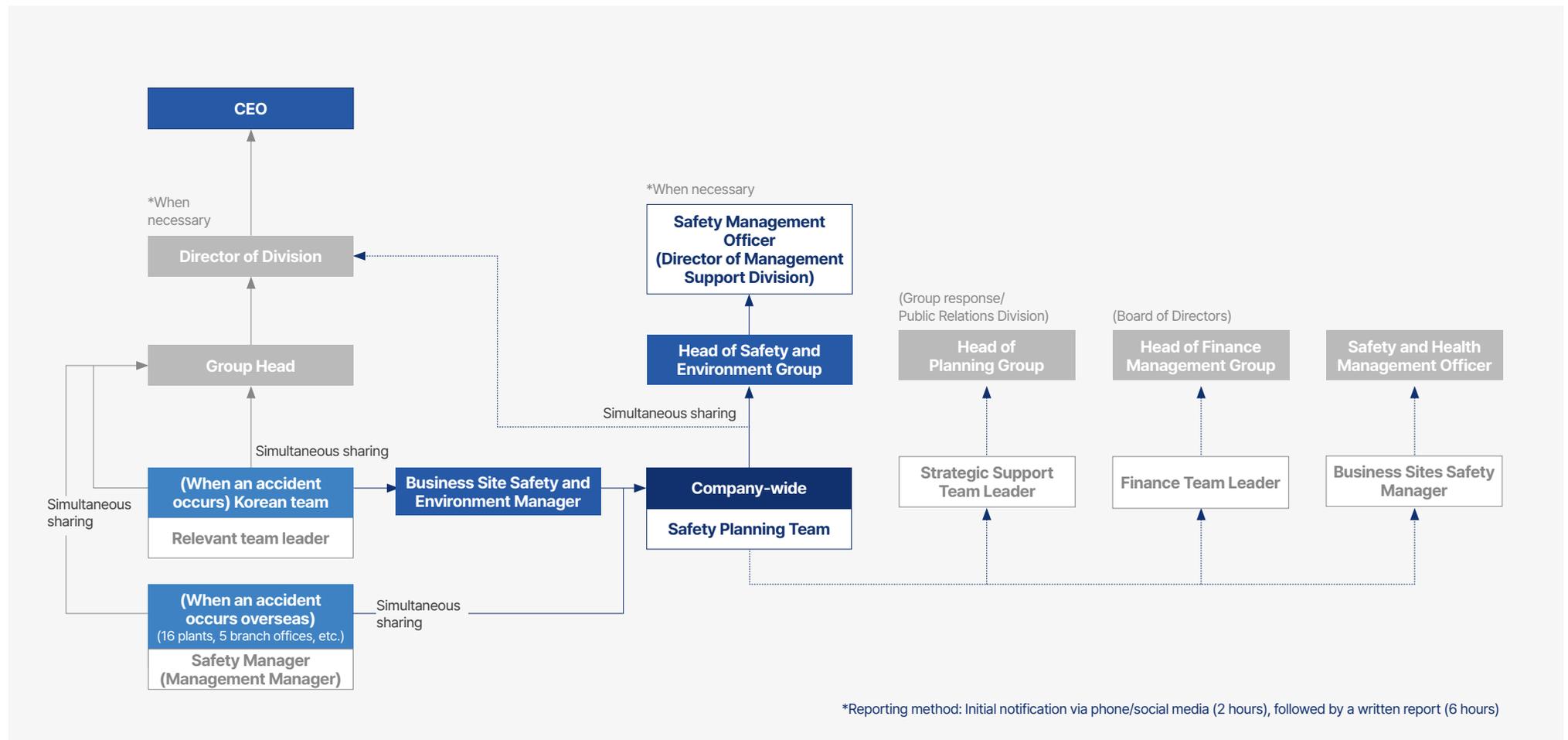


ROAD to Human : Safety&Health

Growing Need for Safety and Health Management

Process for Reporting Safety-related Accidents

Hyundai Transys has established a process whereby, for the occurrence of a safety-related accident, the team leader shares the information with the Safety and Environment Manager and the Safety Planning Team, reports to the Group head and the head of Division, and, according to reporting standards, also reports to the CEO to ensure immediate response.



ROAD to Human : Safety&Health

Promoting a Safety and Health-conscious Culture

Managing Safety and Health Risks

Mandatory Inspection Following the Occupational Safety and Health Act of Korea

In response to the recent strengthening of the Serious Accidents Punishment Act of Korea, Hyundai Transys conducts biannual mandatory inspections under the Occupational Safety and Health Act of Korea to ensure thorough compliance with occupational safety and health-related requirements. In the first half of 2023, we reviewed the management policies, degree of target implementation, safety KPI evaluations, PSM performance checks, and safety measures across all our business sites. We identified areas for supplementing these mandatory inspections and requested necessary improvements. In the second half of the year, we conducted joint cross-inspections with our two subsidiaries to verify the implementation of these improvements. Additionally, to manage occupational safety and health risks more proactively, we conducted detailed inspections of items not only related to the Serious Accidents Punishment Act and the Occupational Safety and Health Act of Korea but also other relevant laws. We equally fulfilled our mandatory inspection obligations through consultations with specialized agencies. Hyundai Transys is committed to continuously strengthening this management system to establish a safe workplace.

Internal Audits on PSM

We conduct internal audits on PSM for each facility to identify issues and take corrective actions, proactively preventing and managing serious industrial accidents. Based on the 162 PSM items announced annually by the Korean Ministry of Employment and Labor, we conduct internal audits biannually at the Jigok Powertrain Plant and Seongyeon Powertrain Plant, thereby maintaining the S grade.

Internal Audits Process on PSM

 <p>Interviews with responsible personnel</p> <p>Confirming awareness of key PSM elements among managers and responsible personnel</p>	 <p>Document review</p> <p>Reviewing relevant documents such as drawings, procedures, and training materials</p>	 <p>On-site inspection</p> <p>Examining PSM-related facilities (heat treatment facilities, boilers, etc.)</p>	 <p>Establishing countermeasures</p> <p>Formulating follow-up measures and improvement plans</p>
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Executives' Safety Inspection

Hyundai Transys conducts monthly safety inspections led by the CEO and executives to preemptively prevent safety-related accidents, faithfully implement managers' oversight, and improve risk factors through cooperation between employees and management. These efforts are being expanded by enhancing the internalization of the occupational health and safety system, raising safety and health awareness, and sharing information among all employees.



Regular Risk Assessments

We conduct risk assessments twice a year (in the first and second half of the year). Through these evaluations, we analyze hazardous risk factors within the plants to reduce the risk levels and improve safety and health standards. In 2023, we identified a total of 8,125 hazardous risk factors and have completed improving 8,124 of them. The remaining unresolved issue is scheduled to be addressed by the third quarter of 2024.

Results of Reassessments Conducted During the Second Half of the Year

Classification	Target of assessment: risk sources	Risk levels of 1-8 points	Risk level of 9 points or higher	State of progress made in improvements		
				Completed improvement	Improvement in progress	Improvement deadline
Jigok Powertrain Plant	2,170	2,149	21	2,169	1	Q3 2024
Seongyeon Powertrain Plant	1,165	1,163	2	1,165	-	-
Hwaseong Drivetrain R&D Center	3,647	3,615	32	3,647	-	-
Dongtan Seat R&D Center	1,143	1,138	5	1,143	-	-
Total	8,125	8,065	60	8,124	1	-

ROAD to Human : Safety&Health

Promoting a Safety and Health-conscious Culture

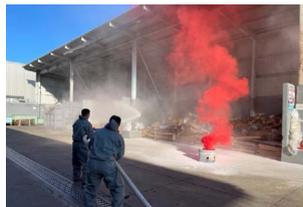
Managing Safety and Health Risks

Activities for Preventing Occupational Accidents

Hyundai Transys carries out various preventive activities to practice occupational health and safety management at our major business sites in Korea and globally. We have revised and updated the safety standard manuals, regulations, and guidelines to improve our safety levels and developed indicators to measure the safety culture level at our sites. These indicators cover 7 areas and comprise 87 items, which are reflected in our KPIs. Additionally, we hold safety campaigns and conferences and have established safety training centers to operate training programs on safety and accidents to prevent safety-related accidents. Furthermore, our overseas business sites regularly publish safety journals, conduct safety inspections, provide safety training, and carry out emergency evacuation drills, thereby practicing systematic and advanced safety management.

Responding to Risks with Safety and Health Management Training

In 2023, Hyundai Transys conducted cardiopulmonary resuscitation (CPR) and emergency measures training to respond swiftly and flexibly to safety-related accidents and emergency situations that can happen at our business sites. A total of 286 employees participated in the training, which aimed at securing the golden time by taking emergency measures in cases of respiratory arrest or cerebrovascular diseases and building the capacity to handle emergencies. Additionally, joint firefighting training was carried out to inspect the usage state of firefighting facilities and to minimize human casualties.



Safety and Health Activities with Employee Engagement

Hyundai Transys carries out various safety and health activities to achieve our safety and health goals, fulfill mandatory items, and enhance employee engagement. Through these efforts, the company strives to prevent safety-related accidents, proactively eliminate risks, and establish safe business sites for everyone.

Safety and health management activity	Details
Safety conferences	<ul style="list-style-type: none"> Built consensus among the executives, safety leaders, and labor unions, and reminded them of the importance of vigilance to motivate prioritizing safety in operations Date: February 22, 2024, Attendance: 161 people
Safety interviews (SHE QUIZ) video recording/distribution	<ul style="list-style-type: none"> Filed in-house employees participating in safety and health interviews and quiz activities → built safety consensus and raised awareness
Training for risk assessment specialization	<ul style="list-style-type: none"> Held practical training on risk assessment procedures and methods 342 employees responsible for risk assessments at each division completed the training
Mind Reading Program	<ul style="list-style-type: none"> Provided training for psychological support to prevent suicides and discovered early on groups at high risk of depression 119 employees attended
Campaigns	<ul style="list-style-type: none"> Held the Safety Emphasis Week Campaign and Interlock Safety Rules Compliance Campaign

Making Safety Achievements with All Employee Engagement Based on Basics and Principles

Classification	Fire Safety Merit Award (award date: November 9, 2023)	Global Standard Management Award (award date: November 22, 2023)
Organizers	Chungcheongnam-do Provincial Office	Korea Management Registrar (KMR)
Commendation	Commendation from the Governor of Chungcheongnam-do Province	Safety Management Award
Merit	Proactive fire prevention policies and establishment of an advanced fire detection system, etc.	Zero serious accidents, enhancement of risk assessments, pursuit of preventive activities, etc.
Awards ceremony	 <p>Awards ceremony</p>	 <p>Awards ceremony</p>
	 <p>Awards certificate</p>	 <p>Press release from the Korea Economic Daily</p>

ROAD to Human : Safety&Health

Promoting a Safety and Health-conscious Culture

Safety and Health Activities with Employee Engagement

Safety Conference

Hyundai Transys holds an annual safety conference to build consensus on safety management between the management team and the labor union, and to raise awareness, thereby motivating safety prioritization. The safety conference held in February 2024 in the Jigok Powertrain Plant's auditorium was attended by a total of 161 people. The event featured a safety play reenacting significant past safety-related accidents and shared key safety management initiatives such as management strategies and safety culture level indicators. Additionally, the management team and safety leaders expressed their commitment to prioritizing safety by sharing their goals and the current on-site situations. Moving forward, Hyundai Transys will continue to implement the "Safety Leader's Pledge" for zero accidents at each plant and establish the foundation for practicing occupational health and safety management by sharing various programs company-wide.



Interviews on Safety (SHE QUIZ)

Hyundai Transys holds safety and health-related interviews and quiz activities for all employees to build consensus on safety. To this end, five workers on the production line were selected to listen to their thoughts on safety and accident prevention. Additionally, quiz questions on safety regulations and internal rules were posed, and employees who answered correctly were rewarded with gift certificates to enhance participation and build consensus on safety. Furthermore, a 40-minute-long safety video was produced, which is actively being utilized for promotion. Hyundai Transys is considering the quarterly implementation of employee engaging programs such as holding interviews and quizzes. We will do our utmost efforts to create an atmosphere and build consensus wherein all employees recognize the importance of safety and health management and practice it.



Life-keeper Training, Mental Care (Maeumbom) Program

Hyundai Transys operates the "Mental Care (Maeumbom) Program" to prevent suicide through the early detection of groups at high risk of depression and to support mental health. Through this program, we share basic knowledge for suicide prevention and methods for detecting depression risk signals and conduct life-keeper training to correctly recognize the dignity of life (119 people completed the training in 2023). Additionally, stress tests using electroencephalogram (EEG) devices and psychological counseling were provided for employees who wished to participate in the program. The satisfaction level of employees who participated in the training was high at 83.7%, and we plan to establish a solid foundation for practicing safety and health management by expanding the educational program in the future.



Providing Training for Risk Assessment Specialization

Hyundai Transys provides specialized training in risk assessment to build employees' risk assessment capacity and internalize the assessment standards to thereby identify hazardous risk factors in advance and prepare effective improvement plans. In 2023, specialization training was provided to 342 risk assessment personnel, covering the Korea Risk Assessment System's (KRAS) risk assessment procedures and methods, on-site risk identification, and practical training on assessment. To ensure that the training outcomes are shared across the company, the Safety and Health Team prepared and distributed a risk assessment writing manual. Additionally, regular annual training is planned to actively implement safety management.

ROAD to Human : Safety&Health

Promoting a Safety and Health-conscious Culture

Safety and Health Activities with Employee Engagement

Safety Inspection Campaign

Hyundai Transys designated the "Safety Emphasis Week" for all employees at the Seosan plants in April and November 2023 and held a campaign focusing on the avoidance of using smartphones while walking, driving, or working, and adherence to safety regulations. To effectively promote this, safety banners and placards were installed, and promotional materials were distributed. Through this campaign, the company aimed to build consensus among employees regarding smartphone usage rules and spread awareness of the need to adhere to safety regulations. Additionally, the campaign sought to raise awareness about the necessity of safety rules, such as prohibiting interlock violations and unauthorized release, and encourage participation in these practices. Through the campaign, Hyundai Transys plans to expand a safety-conscious culture across the entire organization and practice occupational health and safety management more actively.



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 musculoskeletal and other diseases. The musculoskeletal prevention exercise program is operated through three different programs: on-demand consultation, regular exercise, and intensive management. First, the on-demand consultation program educates employees on self-exercise methods through posture and spine measurements. Second, the regular exercise program designs and guides exercises for employees with mild conditions. Third and last, the intensive management program provides focused care for those with severe conditions. In 2024, a total of 6 sessions with 442 participants were held, and after the implementation of the musculoskeletal prevention program, the number of employees complaining of pain decreased to less than half at the Jigok Powertrain Plant and one-third at the Seongyeon Powertrain Plant. Furthermore, in accordance with health examination laws of countries where we operate, we conduct general and special health check-ups. Based on the results, we take measures to ensure our employees' health.



System to Handle Safety and Health Grievances

Hyundai Transys has established the Occupational Safety and Health Committee, which operates quarterly, to actively address grievances arising from the implementation of safety and health management. In 2023, the committee resolved 58 out of 62 grievances, with 4 are currently in progress. Notable improvements include the installation of a heat treatment lift cylinder chain block at Plant 4 and the installation of fire evacuation equipment at the Hwaseong Drivetrain R&D Center.

Regularly, through the Transys Safety and Health Environment System (T-SHE), we identify potential risks quarterly and improve them through safety reviews by team leaders, supervisors, and staff. In 2023, 348 potential risk factors were identified and 228 of them have been improved. Furthermore, because of monthly joint inspections with internal partner companies and consultative bodies, 212 problems, including the replacement of outdated equipment at the risk of falling in the cafeteria of Plant 1, were addressed to actively handle and improve safety and health-related grievances, thereby practicing occupational health and safety management.

Employee Engagement in Safety and Health Management

We regularly operate the Occupational Safety and Health Committee and the Labor-Management Occupational Safety and Health Working Council so that employees may engage in safety and health-related communications, thereby protecting employees' rights. Additionally, through the continuous operation of T-SHE, we gather employees' opinions on potential safety and health risks.

Classification	Occupational Safety and Health Committee	Labor-management safety and health working-level consultation
Period	Quarterly	Regularly (In case of safety and health labor-management problems)
Committee members representing users	Persons in charge (overseeing) of safety and health management, executives/team leaders managing safety, etc.	Safety team leaders and working-level officers
Committee members representing employees	President/vice president of labor unions, head of Labor Safety and Health Division, etc.	Labor safety and health director and members of the Occupational Safety and Health Committee
Key discussion topics	<ul style="list-style-type: none"> Held risk assessments in 2023 Introduced a regular safety training system Introduced an autonomous safety inspection program for hazardous machinery and equipment Prepared 2024 plan for safety and health management activities 	<ul style="list-style-type: none"> Restricted logistics vehicle operation during commuting hours Expanded individual psychological counseling and psychiatric treatment Replaced safety signs inside and outside plants

ROAD to Human : Human Rights

Human Rights Management

Hyundai Transys recognizes that respect for human rights is the most essential element in corporate management and is making efforts to fulfill our responsibility to respect human rights throughout our business activities.

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," "core conventions of the International Labour Organization (ILO)," and "Due Diligence Guidance for Responsible Business Conduct of the Organisation for Economic Co-operation and Development (OECD)," and establishes a human rights policy based on these standards. This policy applies to all members of Hyundai Transys, comprising our Korean and international production and sales subsidiaries. We also urge external stakeholders such as the supply chain to respect and comply with the policy.

Basic Principles of Hyundai Transys' Human Rights Policy

Article 1. Prohibition of Discrimination

Article 2. Compliance with Working Conditions

Article 3. Humane Treatment

Article 4. Guarantee of Freedom of Association and Collective Bargaining

Article 5. Prohibition of Forced Labor and Child Labor

Article 6. Guarantee of Industrial Safety

Article 7. Protection of Human Rights of Local Residents

Article 8. Protection of Human Rights of Customers

Human Rights Management Governance

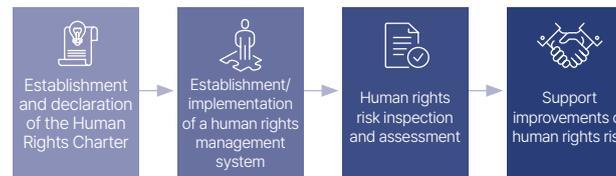
To ensure responsible human rights management, we have established and implement a governance system that involves a department dedicated to human rights affairs and key decision-makers. In particular, for major issues such as reviewing internal policies and regulations regarding to human rights policies,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

Human Rights Risk Management

Human Rights Risk Management System

Hyundai Transys has established internal systems based on our human rights policy, regularly evaluates and improves human rights risks, and shares the results with various stakeholders. This process is conducted according to the principles of good faith and the management system is reviewed to actively reflect social changes.

Human Rights Risk Management Process



Human Rights Risk Assessments

We conduct human rights risk assessments to identify and manage potential and actual risks on human rights issues that can affect our stakeholders. The results of the human rights risk assessments for the first half of 2024 showed an average score of 1.6 out of a maximum of 5 points, indicating a low-risk level. Additionally, the positive response rate of "very excellent" and "excellent" was confirmed to be 91%. Moving forward, we plan to continue strengthening our respect for human rights and diversity through regular human rights risk assessments.

Human Rights Risk Assessment Items

Policy/system	Human rights management system	Human rights management policy
Non-discrimination	Non-discrimination in the application of personnel policy	Non-discrimination in employment
Wages and welfare benefits	Working hours and employee education	
Humane treatment	Institutional support for humane treatment	Prevention of bullying
Forced labor/child labor	Prohibition of forced labor and child labor	
Guarantee of industrial safety	Compliance with business site safety	Protection of vulnerable employees
Protection of human rights of local residents / customers	Protection of local residents' human rights / property rights Protection of customer rights / human rights	Protection of personal information

Human Rights Management Activities

Education on Human Rights Management

Hyundai Transys regularly provides education for all employees such as preventing workplace bullying and sexual harassment prevention, as well as improving awareness of people with disabilities. Through human rights management training, we urge improvement of employee understanding and awareness regarding human rights. Through the training, we communicate the internal direction and implementation plans for human rights management, prohibit discriminatory acts among our employees, and encourage the active reporting of identified human rights violations and risks. Human rights training is provided in the stages of fostering a shared understanding of human rights management, internalizing the management system, and identifying and improving risks. Through this process, we aim to spread the culture of respect for human rights and diversity, raise employee awareness, and prevent human rights risks.

Human Rights Training Process

01. Understanding and building consensus on human rights management	02. Internalizing the human rights management system by sector/target	03. Evaluating the awareness/practicing levels of human rights management
Providing basic training on human rights management for all employees	Providing advanced training and establishing practical measures <ul style="list-style-type: none"> Leaders' leadership in human rights, improving their sensitivity to human rights Global business performers: identifying human rights issues by region and setting practical measures to prohibit racial/cultural discrimination Customer service providers and working-level officers: internalization of human rights policies and regulations, and implementation of practical measures 	Continuous monitoring of human rights management implementation levels, identifying risks, and improving them

Guaranteeing the Rights of Pregnant Employees

Hyundai Transys prohibits any 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, and 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.

ROAD to Human : Human Rights

Human Rights Management

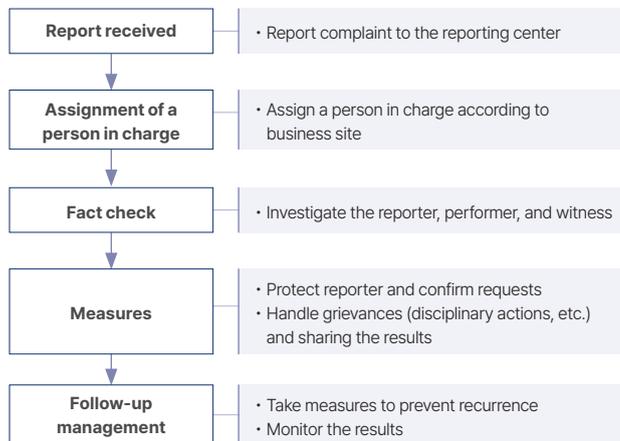
Human Rights Grievance Handling

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). Upon receiving a report, the relevant division discusses specific remediation measures by considering the characteristics of each case.

For reported cases of human rights violations, we seek the best possible remedies by referencing court precedents, regulations of the relevant administrative agency, and past internal processing practices, with the support of the legal division. If the case is likely to impact the victim's freedom and rights, or pose a reputational risk to the company, the remedial options are discussed in meetings involving top decision-makers.

All employees of Hyundai Transys maintain the confidentiality of the whistleblower's personal information and the details of the report and take necessary measures to ensure that the whistleblower does not suffer any disadvantages. Through this, we aim to promote a culture of respect for human rights and diversity and to prevent human rights risks.

Process for Handling Grievances



Diversity, Equity, Inclusion (DEI)

Diversity and Inclusion Policy

Hyundai Transys has established and operates a DEI policy to foster an organizational culture that respects diversity and moreover contributes to the transition to a more inclusive society. This policy apply to all members, including the headquarters, as well as Korean and international production and sales subsidiaries. Through these ESG management practices, we aim to enhance our global competitiveness.

Basic Principles of the Diversity and Inclusion Policy

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

Practicing Social Responsibility Based on Diversity within the Organization

Through providing specialized training for interviewers, we are strengthening efforts for non-discriminatory employment by enhancing their comprehension of the Equal Employment Opportunity of Korea and interview mistakes and prohibited questions. Furthermore, we give preference for the hiring of national merit recipients and people with disabilities. To expand employment opportunities for people with disabilities, we conducted professional consulting in 2023 to identify current issues and needs, as well as developed jobs and expanded opportunities for the recruitment of people with disabilities. Additionally, we are actively fulfilling our corporate social responsibility by carrying out campaigns to increase the sense of diversity and mutual understanding within the organization.

Human Rights Management Activities

Vitalizing Employee Resource Groups (ERGs)

We conduct 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, may share their culture and communicate with each other, as well as understand different cultures. In 2023, we organized in-house events to commemorate International Women's Day, which were led by the women ERG. The events enabled us to promote mutual communication and a sense of belonging among female employees. We will continue to further promote various activities to reinforce diversity and inclusion in the company by vitalizing exchanges among employees from diverse backgrounds.



Monterrey Plant's International Women's Day event



Beijing Plant's International Women's Day event

ROAD to Coexistence

ESG Management system of supply chain

Hyundai Transys is committed to enhancing corporate sustainability by fostering shared growth with stakeholders closely related to our business activities. We aim to strengthen a sustainable supply chain system by managing ESG risk factors within the supply chain to thereby reduce the negative impact that our products and services may have on the environment and create positive value.

Status of Supply Chain

Hyundai Transys manages our key partner companies to respond to the rapidly changing technology developments and market trends. As of 2024, we are transacting with 770 Korean and international parts suppliers. Among these, 32 have been selected as key business partners based on the transaction volume, core technology, and irreplaceability. We are also working on improvements that are of priority and cooperating with these key partner companies for our ESG management.

Supplier Code of Conduct

The demands of stakeholders for managing supply chain risks of companies are increasing with the upcoming effect from the European Union Corporate Sustainability Due Diligence Directive that regulates supply chain due diligence and other global regulations. Hyundai Transys enacted the Supplier Code of Conduct in 2020 to clearly define responsibilities and roles in terms of environment, labor/human rights, ethics, safety/health, and management systems and support the enhancement of corporate competitiveness by raising ESG awareness and compliance among our partner companies. The code promotes shared growth with our partner companies and is publicly accessible to all stakeholders through our website.

Practicing Social Responsibility Through the Voluntary Participation of Partner Companies

Hyundai Transys demands our partner companies to practice social responsibility through voluntary participation by adhering to the Code of Conduct. This initiative applies to both Korean and international parts suppliers, and we are striving to build a sustainable supply chain through shared growth and cooperation.

ESG Strategies for the Supply Chain

Securing a sustainable supply chain and enhancing future procurement competitiveness through responsible material sourcing and the establishment of an ESG management system for business partners

Responsible material sourcing	Securing the ESG capabilities of the supply chain	Establishing a culture of shared growth
<ul style="list-style-type: none"> 1 Eco-friendly procurement policy <ul style="list-style-type: none"> Establishing a green procurement policy Expanding the application of green procurement 2 Conflict minerals policy <ul style="list-style-type: none"> Managing conflict minerals of partner companies Declaring compliance with responsible minerals procurement 	<ul style="list-style-type: none"> 1 Providing ESG education for partner companies <ul style="list-style-type: none"> Supplier Code of Conduct Operating ESG training programs for business partners 2 ESG assessment system for partner companies <ul style="list-style-type: none"> Expanding ESG assessments of business partners globally Executing ethics/safety assessments when registering a company as a new partner 	<ul style="list-style-type: none"> 1 Expanding shared growth policies <ul style="list-style-type: none"> Implementing the Shared Growth Program (PARTNer) Strengthening communication channels with business partners 2 Supporting enhanced business partner competitiveness <ul style="list-style-type: none"> Providing opportunities for overseas market expansion and sales growth Implementing occupational safety and technical support projects

Key elements of the Supplier Code of Conduct

Area	Detailed regulations
Ethics	Transparent business management and anti-corruption, prevention of conflict of interest, prevention of unfair trade, prevention of counterfeit parts, compliance with laws and regulations on export, information protection, and responsible sourcing of materials
Environment	Establishment of an environmental management system, energy consumption and GHG emissions management, water resources management, air pollutant management, waste management, and chemical substance management
Labor/human rights	Non-discrimination, wages and welfare benefits provision, working hours management, humane treatment, guarantee freedom of association, prohibition of child labor, and prohibition of forced labor
Safety/health	Establishment of a safety and health management system; safety management of machines, equipment, and tools; emergency preparedness; accident management; safety inspection; and health management
Management system	Company statement disclosure, appoint a supervisor, risk assessment, education and communication, information management, operation of a grievance handling system, management of business partners, and compliance with the Supplier Code of Conduct

ROAD to Coexistence

ESG Assessment of the Supply Chain

Selecting and Expanding the Target for ESG Assessments

Hyundai Transys conducts supply chain ESG assessments for our parts suppliers that have production sites in Korea and meet a certain transaction volume. Before the assessments, we hold briefing sessions for our partner companies in order to provide basic education on ESG and share an overview of the assessment process for more effective assessments. Starting with a pilot assessment in 2021, we expanded the scope of the assessments in 2022, and by 2023, we completed assessments for 182 companies. While the evaluation criteria and systems are well-established in Korea, leading to improved ESG management levels, there is a lack of assessments and management for our global partner companies. Hyundai Transys plans to expand the scope of the assessments and enhance the management system for our overseas partner companies, starting with a pilot evaluation for our European partners in 2024, to manage ESG risks across the entire value chain.

Year	Target of assessment (number of companies)	Completed assessments (number of companies)	Implementation rate (%)
2021	15	15	100
2022	91	91	100
2023	182	182	100

Process for Assessing Business Partners' ESG Management

Hyundai Transys conducts ESG assessments of our partner companies through an online system, focusing on four areas: ethics, environment, labor/human rights, and safety/health. Partner companies conduct self-assessments, and a document assessment is conducted to verify consistency based on the submitted responses and supplier's self-Assessment. On-site due diligence and training are carried out for high-risk partner companies. With subsequent monitoring of improvement measures, we enhance the ESG capabilities of these partner companies.



ESG Assessment Index

Starting with basic company information, the questions are divided into human rights (general/ethics, human rights/labor, safety/health) and environmental areas. The proportion of human rights and environment questions is approximately 50% each, and each question is categorized as follows:

⓪ Policy	Questions about the presence of relevant policies and detailed requirements within the policies
⓪ Action	Questions about the implementation and management status of specific tasks
⓪ Reporting	Questions about public disclosure of quantitative/qualitative data and acquisition of external certifications

Managing High-risk Partner Companies

We conduct on-site due diligence and basic education for high-risk partner companies, enhancing ESG management awareness through training and visits. We also analyze problems, share best practices, and monitor improvements by establishing and checking short- and midterm tasks and performance. Since 2023, cumulative management of the results, incorporating the ESG assessment results into the bidding process, was implemented, and partners considered high-risk for two consecutive years receive bidding restrictions. Additionally, we have introduced an online system and expanded the assessment scope to 182 companies. This systematic management of the assessment data aims to enhance their reliability and accuracy.

ESG Improvement Support for Suppliers

Improvement Measures and Support for High-risk Partner Companies

Since 2022, Hyundai Transys has provided customized training for the management team and persons in charge of our partner companies to strengthen their mid- to long-term ESG management capacity. In 2023, we conducted ESG management strategy training for executives of 101 partner companies and basic ESG practical training for the persons in charge of 171 partner companies. We plan to continue providing tailored ESG training to raise awareness of the importance of ESG management among our partners. Furthermore, through the ESG management consulting support project that was implemented in collaboration with the Korea Chamber of Commerce and Industry, we implemented practical programs such as specialized training, state diagnosis, and one-day consulting to build the ESG capacity of small- and medium-sized partners.

ROAD to Coexistence

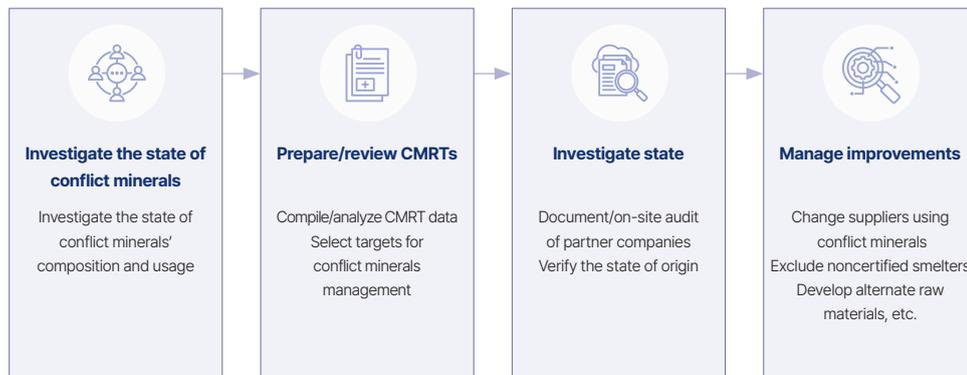
Support for the ESG Capabilities of Partner Companies

System for Managing Conflict Minerals

The international community is actively addressing social problems such as human rights abuse and child labor exploitation that frequently occurs in conflict regions of Africa, including the Democratic Republic of the Congo. To eradicate these problems, minerals mined from these regions are designated as conflict minerals. To prevent the funds from these minerals from flowing to rebel groups, companies are sanctioned from using conflict minerals. Many companies worldwide are working to ensure that conflict minerals are not used in their supply chains for product manufacturing. Hyundai Transys is also actively participating in the prohibition of conflict minerals used by complying with international regulations and relevant regional regulations, thereby providing products and services transparently. Furthermore, we are committed to regulating conflict minerals and voluntarily responding to ensure that our entire supply chain is free from conflicts. We will equally continue to practice ESG management through responsible mineral procurement.

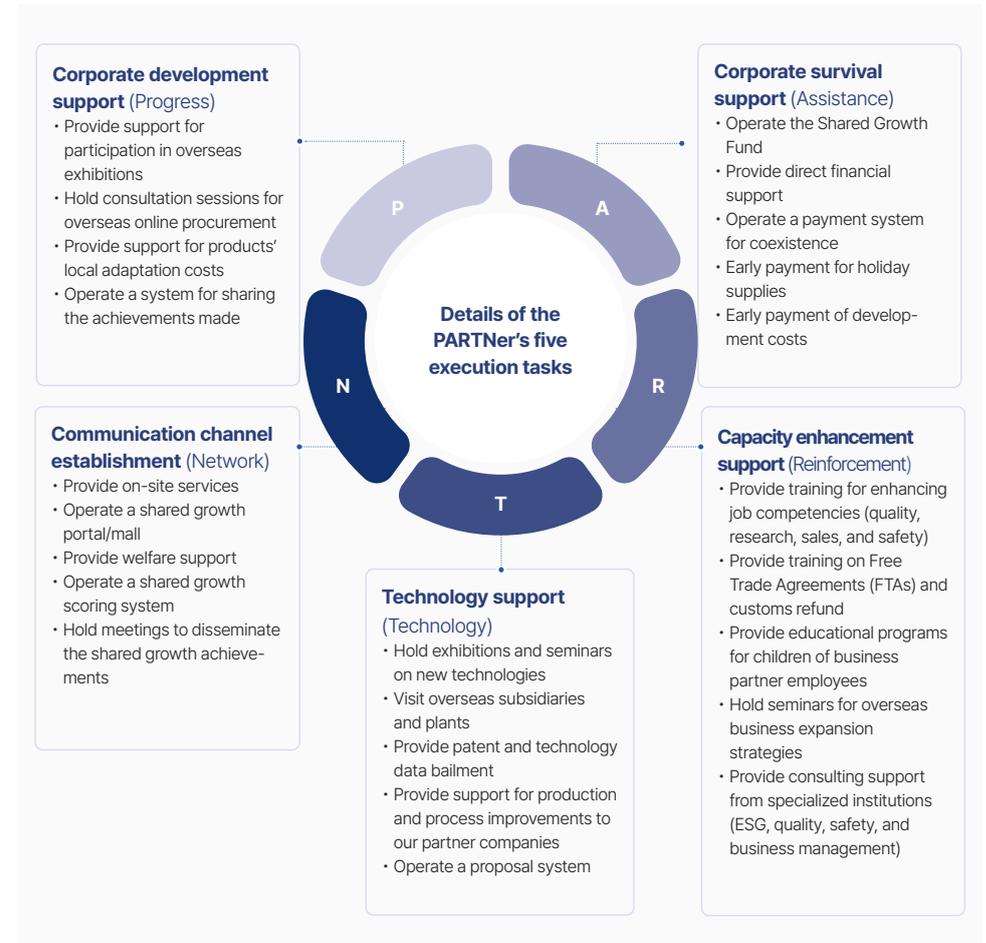
Operating Process for Managing Conflict Minerals

Hyundai Transys has established and operates a conflict minerals management process to prevent the use of unethically mined conflict minerals and practice sustainable management. Our partner companies are required to submit the Conflict Minerals Reporting Template (CMRT) annually, which includes information on the origin and smelters of conflict minerals. In 2023, 151 partner companies, including those in mobility parts and drivetrain parts, all submitted their CMRTs. Partner companies must submit the requested conflict minerals data within the specified deadline and take immediate action if any risks are identified within the supply chain. We strictly manage our partner companies to ensure responsible management by requiring a pledge to prevent the recurrence of human rights and environmental problems and by restricting bidding opportunities if violations accumulate.



Sustainable Shared Growth

Hyundai Transys has established a shared goal of becoming a "global leader in the automotive parts industry" and pursues shared growth with our business partners based on the recognition that they are collaborative partners. To this end, alongside direct management and financial support, we carry out various activities for capacity building, 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 and further explore a sustainable future.



ROAD to Coexistence

Sustainable Shared Growth

Key Tasks for Shared Growth

Hyundai Transys strives to establish a mutually fair subcontracting order based on fair trade agreements and relevant regulations for shared growth and co-prosperity with our partner companies. We implement fair selection and registration of partners, sign desirable contracts for cooperation, actively issue and preserve written documents, and establish and operate an internal deliberation committee. These efforts are part of Hyundai Transys' continuous commitment to ensuring corporate transparency based on fair trade.

 <p>Establish a fair-trade order</p> <p>We diligently comply with subcontracting-related laws (Fair Transactions in Subcontracting Act of Korea).</p>	 <p>Forge fair subcontracting transactions</p> <p>We have introduced and faithfully implement the "top four subcontracting practices" enacted and amended by the Fair-Trade Commission of Korea.</p>	 <p>Share growth with partner companies</p> <p>To support our partner companies, we have established and operate the "Shared Growth Activity Program (PARTner)."</p>
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Corporate Development Support

Hyundai Transys operates an integrated overseas market expansion support program to enhance the corporate competitiveness of our partner companies and enable their sustainable business management. This program includes consultation sessions on overseas online procurement, as well as support for participation in international exhibitions, overseas market exploration teams, and products' local adaptation costs. This step-by-step integrated support program helps partner companies generate and expand new sales. Additionally, Hyundai Transys actively supports the development of our partner companies by operating an achievement-sharing system to achieve common goals with them.

Corporate Survival Support

We support partner companies' business management stability and liquidity through various initiatives, including managing the KRW 40 billion Shared Growth Fund, operating the KRW 12 billion direct funding, and facilitating cash payments for deliveries from partners with revenue under KRW 100 billion. We also support timely and advance payments, offering early payment for deliveries made during holidays and for development costs. The Shared Growth Payment System was introduced to support secondary partners' liquidity and promote shared growth with primary partners.

Capacity Enhancement Support

Hyundai Transys operates capacity-building programs to improve the skills and development of the employees at our partner companies. These programs include job-related training such as industrial meister, leadership, and work connectivity, as well as training on recently emphasized areas like the Serious Accidents Punishment Act of Korea and ESG. Additionally, Hyundai Transys offers educational programs for the children of partner company employees, covering topics such as automobiles, coding, and robotics, thereby providing opportunities for them to acquire knowledge and information. In addition to supporting the employees, we also operate programs to support the business management of our business partners. We provide ESG management consulting, safety and health consulting, and industry-specific technical guidance consulting to support the overall management of our partners. We also run seminars for overseas business expansion strategies to assist partners considering global expansion, thereby contributing to their management through our shared growth support programs.

Technology Support

Hyundai Transys supports partner companies in building a process improvement system to improve their production and processes. This includes providing financial and technical support for reducing process time, implementing deep learning vision systems, and building cutting fluid purification systems. Additionally, we support fire/safety inspections and provide training for activities preventing occupational safety-related accidents to our partner companies, as well as funding for safety improvements. Furthermore, we run a technical data bailment support system to protect the core technologies of our partner companies and operate a patent licensing system that opens our patents for free, thereby fostering shared growth based on trust with our partners.

Selected as the Best Company for Shared Growth

Hyundai Transys is the "Best Honorable Company"¹⁾ awardee for nine consecutive years in the Shared Growth Index Evaluation by the Korea Commission for Corporate Partnership. In 2023, we received the Presidential Commendation for our contributions to cooperation, which was recognized by the Korean government. Building on this momentum, we will continue promoting shared growth through ongoing activities.

1) The company was elected for the highest grade for three consecutive years

Communicating with Partner Companies

Hyundai Transys operates an on-site visiting service wherein we visit over 250 partner companies annually to listen to their concerns and suggestions, draw up improvement plans, and provide feedback. Through this initiative, we strengthen our relationships with our partner companies and implement a shared growth model that facilitates communication on various issues. Additionally, we hold an annual "Partners Day" with representatives from partner companies to discuss shared growth strategies. During the 2023 Partners Day, attended by representatives from 98 partner companies, we shared Hyundai Transys' future strategies and key tasks and awarded this year's outstanding partner companies. Moving forward, Hyundai Transys will continue to seek shared growth and sustainable co-prosperity with our partner companies through various channels.



2023 Partners Day

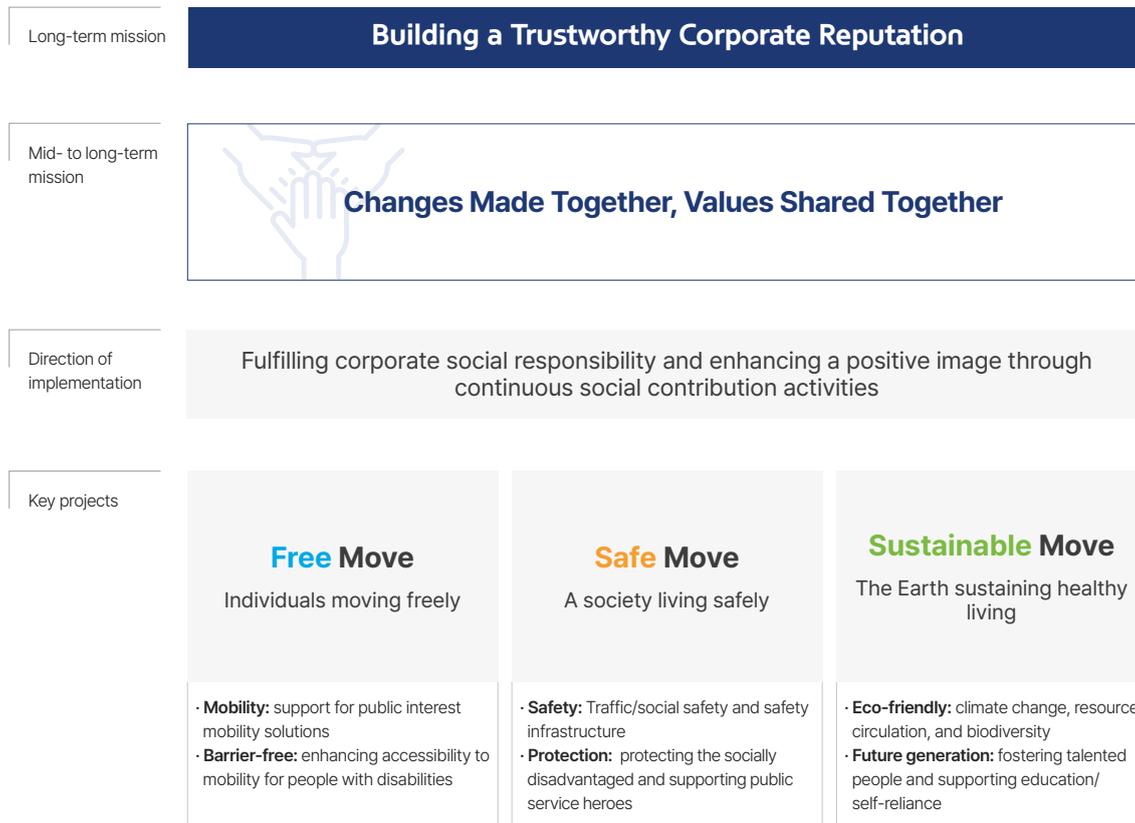
ROAD to Coexistence

Engaging with the Local Community

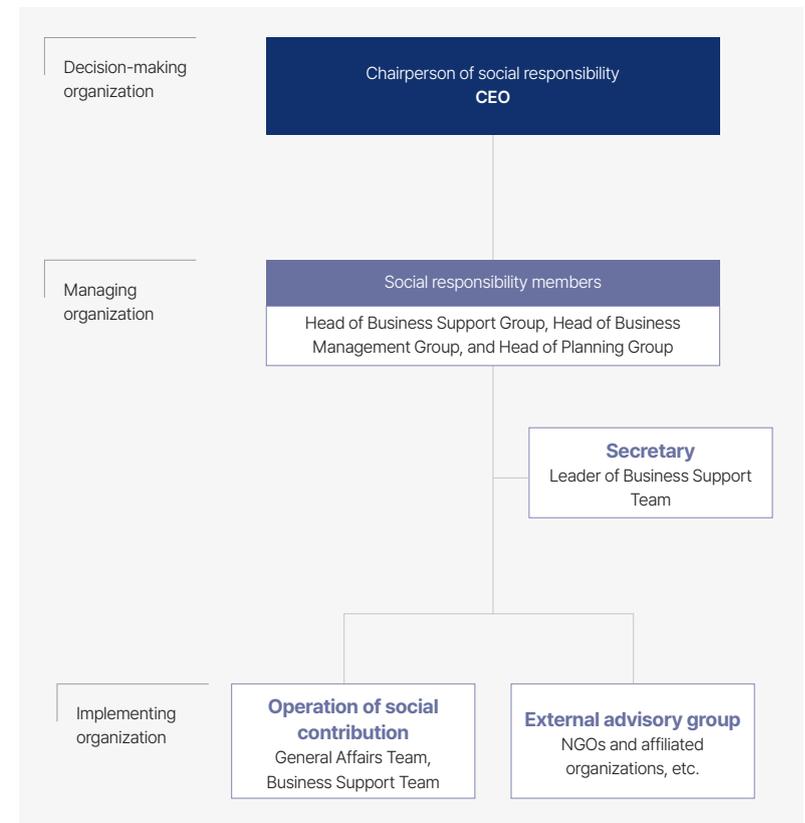
Social Contribution Activities

Hyundai Transys has established the vision “Changes Made Together, Values Shared Together,” and we have selected and promoted key project areas to implement this vision in alignment with the Hyundai Motor Group's social contribution policies. Hyundai Transys prioritizes Safe Move and Sustainable Move as our core values and engages in various activities to uphold these principles.

Social Contribution Implementation System



Governance Structure for Social Contribution



ROAD to Coexistence

Engaging with the Local Community

Social Contribution Activities

Safe Move

Hope 1365

The value of mobility is important in terms of ensuring travel convenience and accessibility. Thus, Hyundai Transys is offering Silver Cars (elderly walking cars) to help ease the inconvenience faced by senior citizens in the neighboring community of our Seosan business site. Through collaboration with the Seosan City Volunteer Center in Korea, we took advantage of the skills and talents of our specialized volunteer team to purchase and assemble Silver Car components. A total of 80 such cars were provided in 2023.



Sustainable Move

Creating "Carbon Neutral Volunteer Forests"

Hyundai Transys, in collaboration with employees in Korea, the Chungcheongnam-do Volunteer Center, and the Taeon-gun Volunteer Center, planted 7,852 trees in Taeon-gun County and Asan City, creating the 7th and 8th carbon neutrality volunteer forests.



Employee Participation in Fundraising Campaigns

Hyundai Transys holds the "Giving Tree Campaign" fundraising event annually to purchase and deliver Christmas gifts to children from low-income families across Korea. In 2023, the company provided KRW 8 million in sponsorship funds, and employees personally purchased Christmas gifts, which were delivered to 86 children at a local welfare center. Additionally, through a "matching grant" system, wherein the company matches the voluntary salary donations made by the employees, three vehicles were donated to support the mobility rights of vulnerable groups.



Contributing to the Global Community

Hyundai Transys carries out customized social contribution activities not only in Korea but also in eight countries globally. Notably, our subsidiaries in China and India are engaged in tree planting activities to create sustainable ecosystems, while our subsidiaries in Mexico and Brazil are supporting child welfare facilities and medical assistance to impoverished communities. Hyundai Transys will continue our global social contribution activities to build a sustainable society.



Zero Waste Beauty

Hyundai Transys held a zero-waste campaign in collaboration with the social enterprise Beautiful Store, at the Dongtan Seat R&D Center for about a month starting in July 2023. A total of 941 donated items were sold with the Beautiful Store, and the proceeds were donated to marginalized communities in the local area, reducing 244kg of carbon emissions.



Upcycling Project Using Scrap Leather of Seats

Hyundai Transys engages in upcycling activities, transforming waste car seat scraps and leftover leather generated during the development and testing of automobile seats into bags, accessories, and other items. In 2024, we plan to vitalize the seat waste leather upcycling project by developing versatile and practical products such as passport wallets and mouse pads in collaboration with the social enterprise "000gan."



ESG Performance

- 61 Environmental Management
- 68 Talent Management
- 73 Quality Management
- 77 Customer Satisfaction Management
- 79 Governance
- 81 Compliance and Ethics Management
- 84 Risk Management
- 86 Information Security

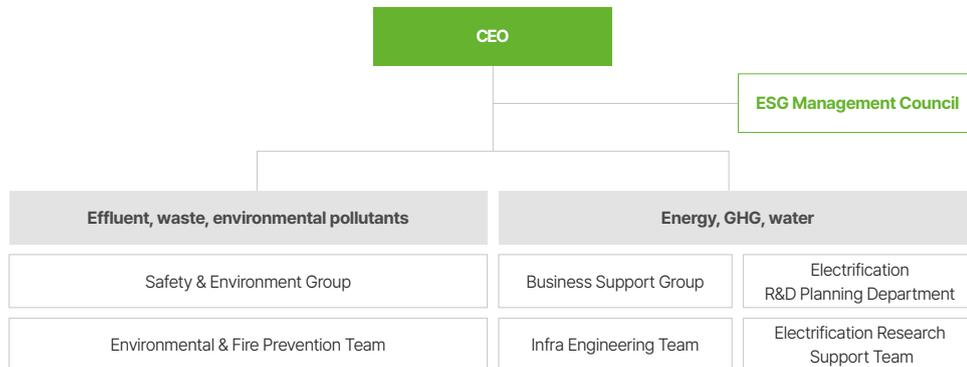
Environmental Management

Integrated Environmental Management

Hyundai Transys recognizes the importance of not only responding to climate change but also managing and mitigating the environmental impacts that may arise from our business activities. We oversee and supervise these efforts from an integrated environmental management perspective. Our dedicated environmental management team establishes and manages core environmental management tasks, and we review major achievements and adopt risk response measures through the highest decision-making committee and the ESG Management Council.

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 Direction



Environmental Management System Certification

To implement and manage systematic environmental management at the global level, we have obtained and adhere to ISO 14001, an environmental management system certification, for our Korean and global business sites.

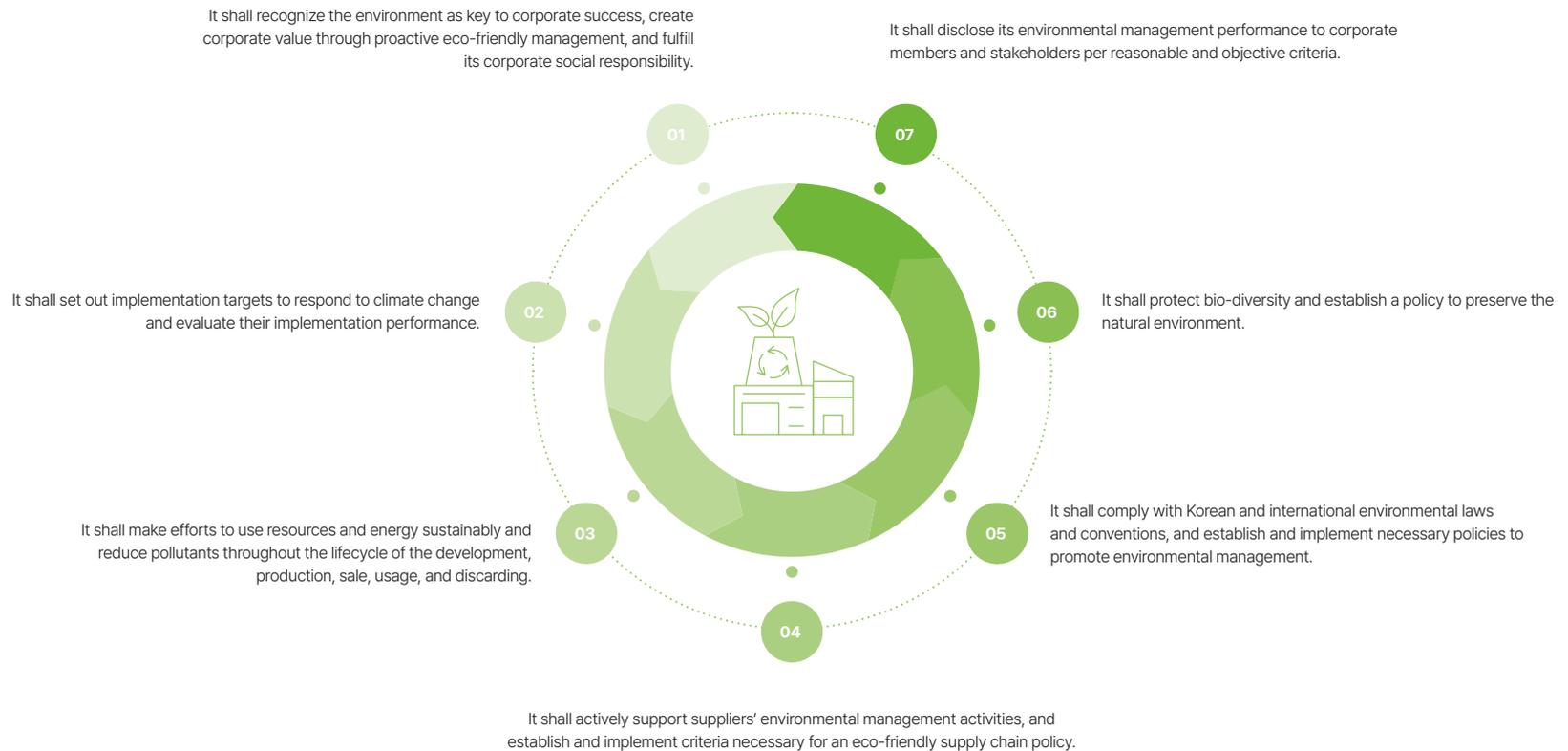
<p>Korean Business Sites</p> <p>100% acquisition</p> <p>(All 4 business sites have been certified)</p> 	<p>Overseas Business Sites</p> <p>94% acquisition</p> <p>(16 out of 17 target business sites obtained certification, with Indonesia scheduled for certification in 2025)</p> 
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Environmental Management

Environmental Management Policy

Hyundai Transys publishes its environmental policy on its website, making it easily accessible to our key stakeholders, such as employees and business partners. Based on ISO 14001 (environmental management systems) certification, both our Korean and global business sites adhere to the same policy and guidelines. The company aims for an integrated environmental management linked to climate change, promoting the “seven key environmental management tasks” that encompass all environmental issues, including air, water resources, soil, waste, hazardous chemical substances, and biodiversity.

Principles for Environmental Management



Environmental Management

Environmental Impact Management

Hyundai Transys recognizes the environmental and safety impacts that can be caused by air pollutants, soil contaminants, and hazardous chemical substances emitted during our business activities. We manage these pollutants company-wide to preserve the well-being of our employees, business partner employees, and local communities. We comply with the environmental laws and regulations of the countries where each of our business sites is located. In cases where specific provisions are neither addressed nor exist, we uniformly apply the ISO 14001 standards to both our Korean and global business sites.

Air Pollutant Management

Hyundai Transys actively reduces emissions of substances such as dust, volatile organic compounds, and heavy metals generated through our business activities by utilizing air pollutant prevention facilities, such as air filtering facilities and adsorption facilities within our business sites.

Air Environment Management Facilities and Strategies

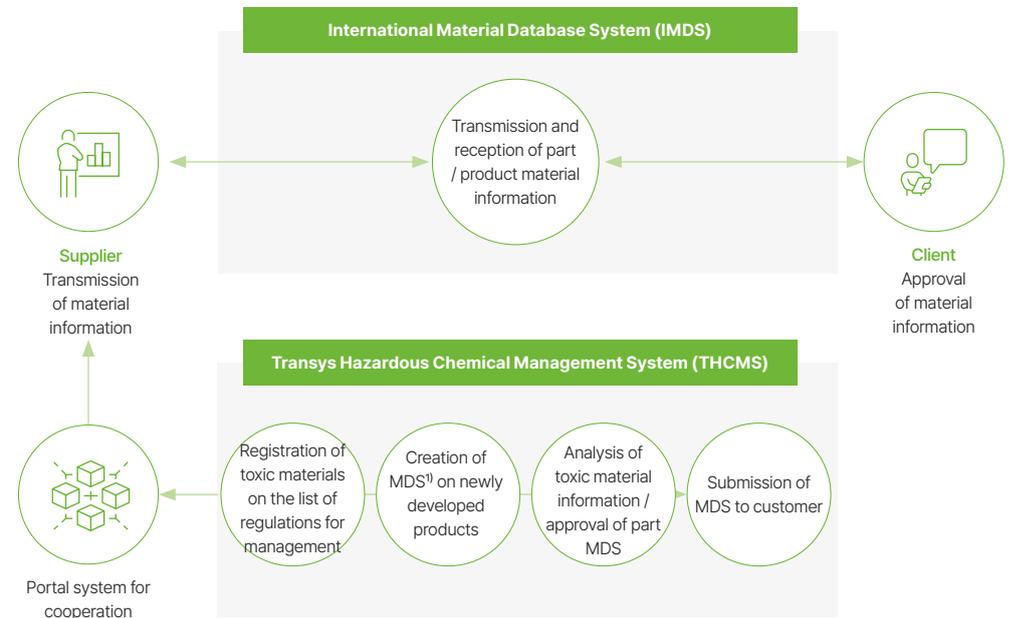
To manage air pollution, we regularly monitor air pollutants and their prevention facilities. We immediately address any issues identified through daily inspections and semi-annual regular inspections. Particularly, when replacing outdated equipment, we apply stricter standards than the existing specifications to ensure compliance with even future tightened air emission standards, thereby actively managing the atmosphere.

Emitting facilities	Emitted substances	Prevention facilities
Shot blast, shot peening machine	Metal particulate matter (dust, chromium compounds, etc.)	Air filtering facility (cartridge filter)
Boilers, hot and cold water dispensers	Nitrogen oxides	Facilities with combustion control (low NOx burners)
Degreasing facility	Total hydrocarbons (THC)	Adsorption facility (air conditioning tower)

Products' Hazardous Substance Management Process

Hyundai Transys prioritizes the reduction of hazardous substance emissions and the prevention of chemical accidents as its foremost goals. In particular, we implement a systematic management approach through the Transys Hazardous Chemical Management System (THCMS), which incorporates legal/regulatory requirements and client company demands for reducing hazardous substance emissions. This system registers material information from the product development stage to final approval, ensuring systemic management.

Hazardous Chemical Management Process



* If the use of harmful substances in violation of regulations is detected, we immediately apply the development of alternative substances through the establishment of a consultative body.

1) A list of components that describe the actual materials included (MDS input unit)

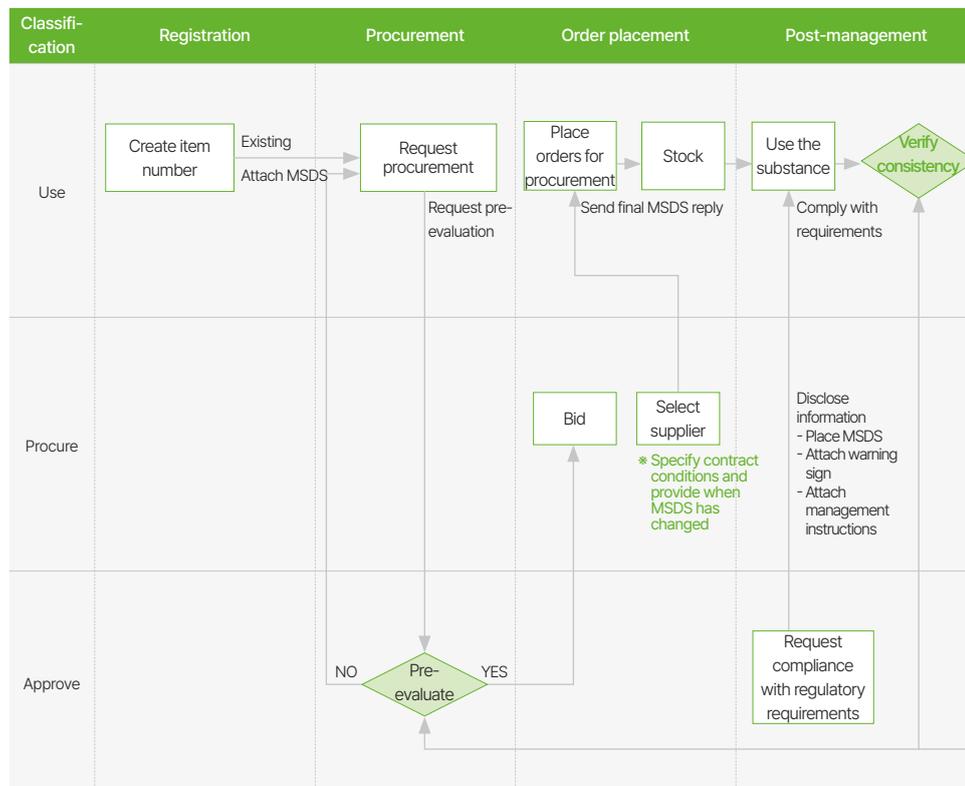
Environmental Management

Environmental Impact Management

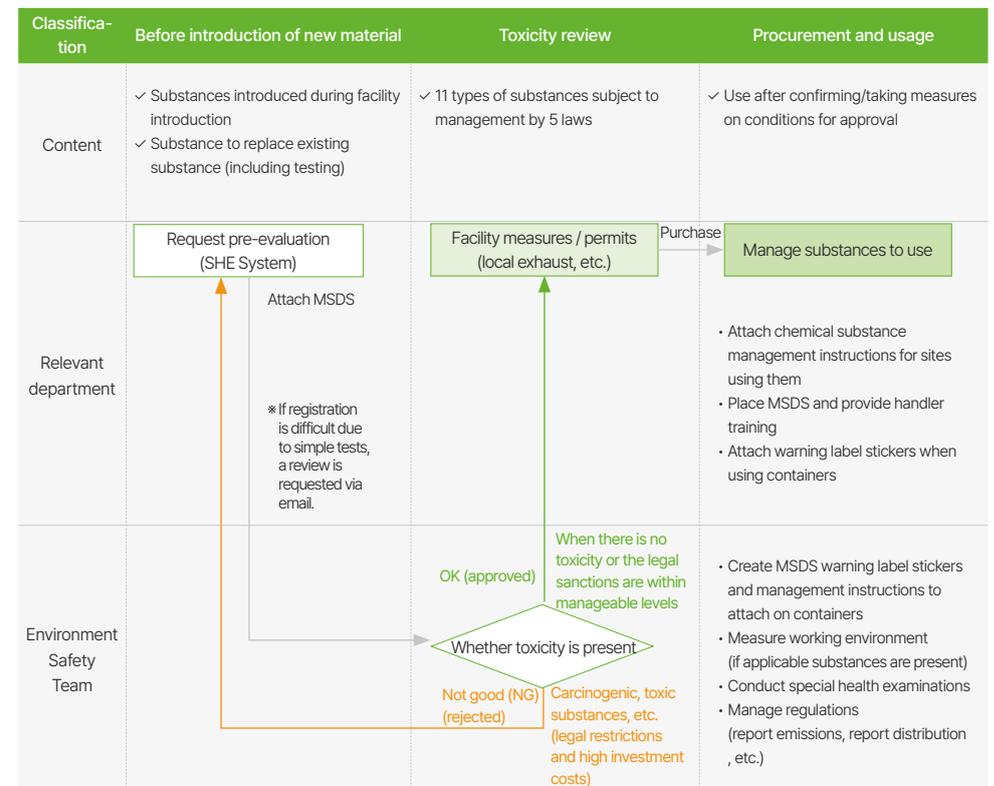
Business Site Chemical Substance Management System

Hyundai Transys monitors regulations related to environment, safety, and health through the T-SHE system when purchasing Korean chemical products for the first time to check for the presence of substances violating laws, and guides products that violate laws to be handled through substance substitution or compliance with regulatory management standards. Approved chemical products are assigned a management number and managed through regular updates of the Material Safety Data Sheet (MSDS) to check for any changes in the components of the products or suppliers. Furthermore, an annual survey of chemical substance handling by each department is conducted to thoroughly manage any unclassified or unreflected chemical products in the system. In the future, the system will be improved to send alerts in case of changes in the status of stocked chemical products, and a function will be added to automatically change the MSDS update date (approved → unapproved) to allow for re-evaluation of chemical products which have passed a certain period.

Chemical Substance Management Process



New Chemical Substance Evaluation Procedure



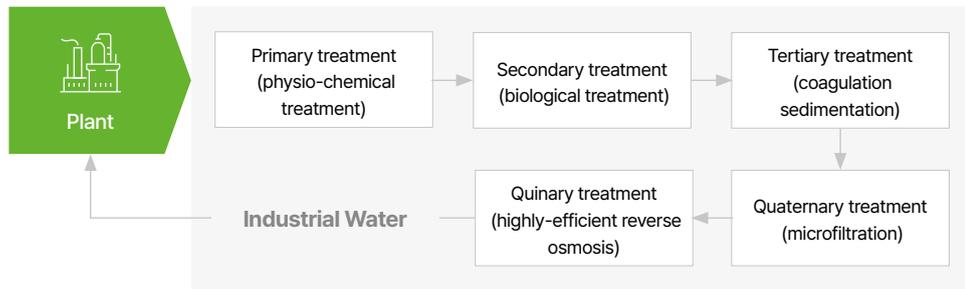
Environmental Management

Water and Marine Resource Management

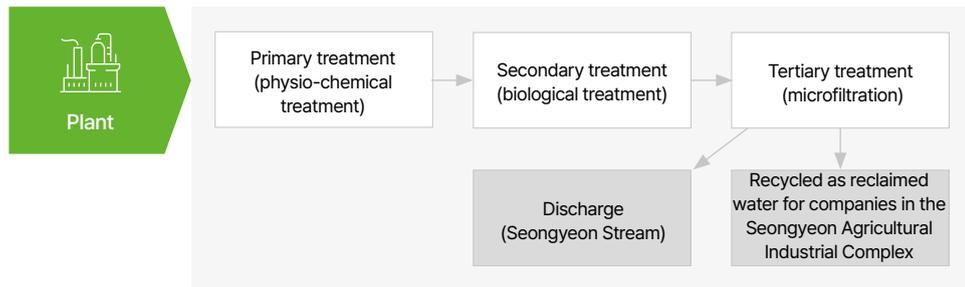
Water Usage Management

Hyundai Transys manages water resources at all its Korean and international workplaces according to internal standards that are stricter than local water management laws and regulations. The Korean business sites monitor water usage monthly and recognize the necessity of sustainable water resource management. At the Jigok Powertrain Plant, effluent generated from the business site is treated through an in-house treatment facility and reused as industrial water, ensuring no effluent is discharged externally. Additionally, the Seongyeon Powertrain Plant treats effluent through its own treatment facility, discharging it into the Seongyeon Stream, with some of the treated water being used as reclaimed water by companies in the Seongyeon Agricultural Industrial Complex.

Jigok Powertrain Plant Effluent Treatment System Diagram

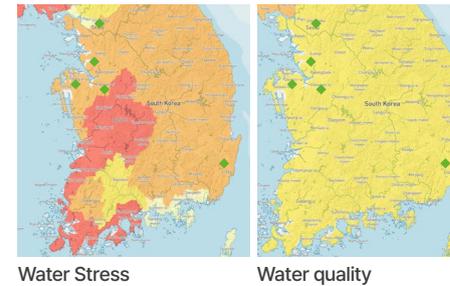


Seongyeon Powertrain Plant Effluent Treatment System Diagram



Water Resource Risk Management

Hyundai Transys identifies water resource risks at its business sites through the World Resources Institute (WRI) Water Risk Atlas and aims to strengthen management plans based on the findings. Currently, the water resource risk for Korean business sites is identified as medium-high overall, while water quality is confirmed to be low. Some overseas business sites are located in water-stressed areas, and water intake and usage are managed for each site. Relevant quantitative data can be found in the water resource management section of ESG Data.



State of Overseas Subsidiary Water Resource Risk Monitoring

Hyundai Transys monitors water resource risks in regions where its overseas business sites are located. Although the water resource risks in these regions are relatively high, the impact on business is not significant due to the nature of our operations, and the risk for major production entities is comparatively low. Our company will continue to monitor the business impacts resulting from changes in water resources.

Overall Water Risk



Source: WRI

Business site	Water Risk	Business site	Water Risk
<ul style="list-style-type: none"> • Mexico Monterrey Plant (Powertrain) • Mexico Monterrey Plant (Seat) 	High risk	• China Beijing Seat Plant	Extremely high risk
• China Rizhao Powertrain Plant	Extremely high risk	• India AP Plant	Extremely high risk
• China Cangzhou Seat Plant	Extremely high risk	• India Chennai Seat Plant	Extremely high risk
• China Beijing Powertrain Plant	Extremely high risk		

Environmental Management

Resource Circulation

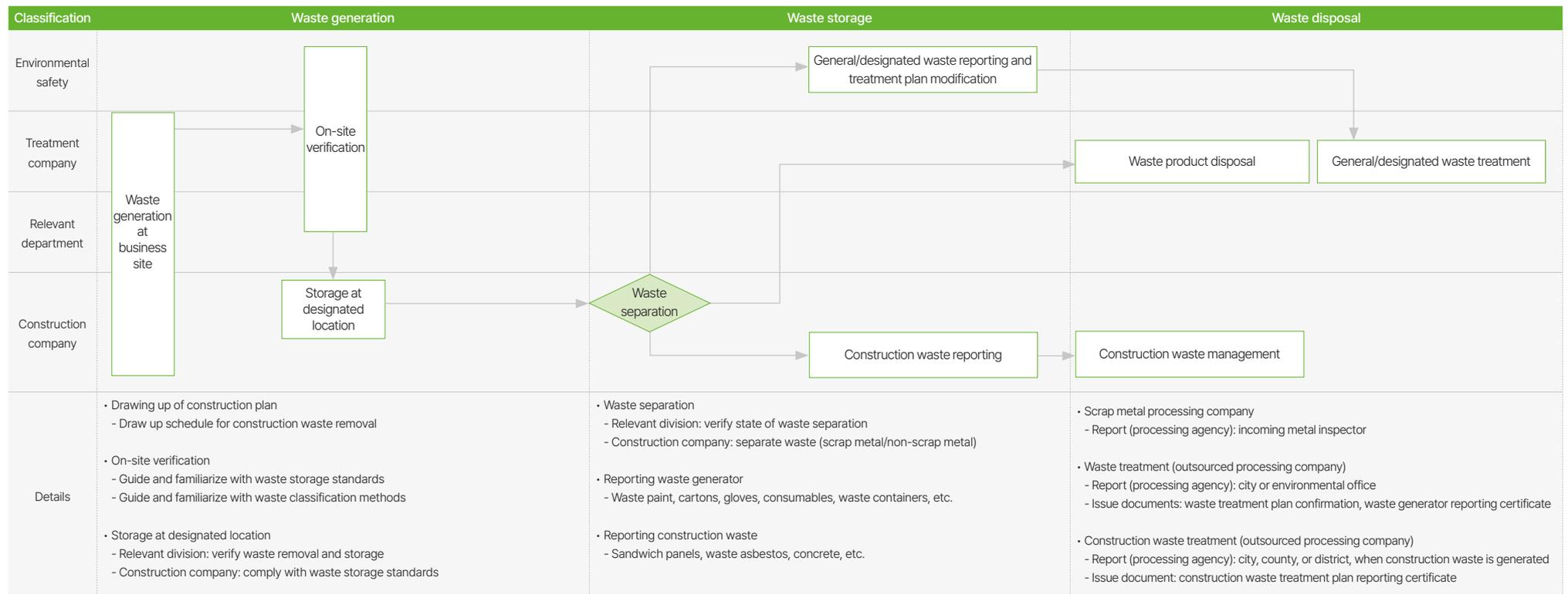
Resource Circulation Management Strategy

Hyundai Transys has established waste management and disposal procedures for waste generated during the operation of its environmental management system and the system related to services at its business sites to ensure compliance with environmental regulations and stakeholder requirements in each country.

Waste Management

Hyundai Transys manages all waste generated at our business sites by type, amount by characteristic, and treatment amount in accordance with our "environmental policy" and "waste management guidelines." For recycling, we contract with licensed companies to handle the process. For Korean business sites, we manage the monthly amount of generated and treated waste through the Korean Ministry of Environment's "Allbaro System" for waste management.

Waste Treatment Process

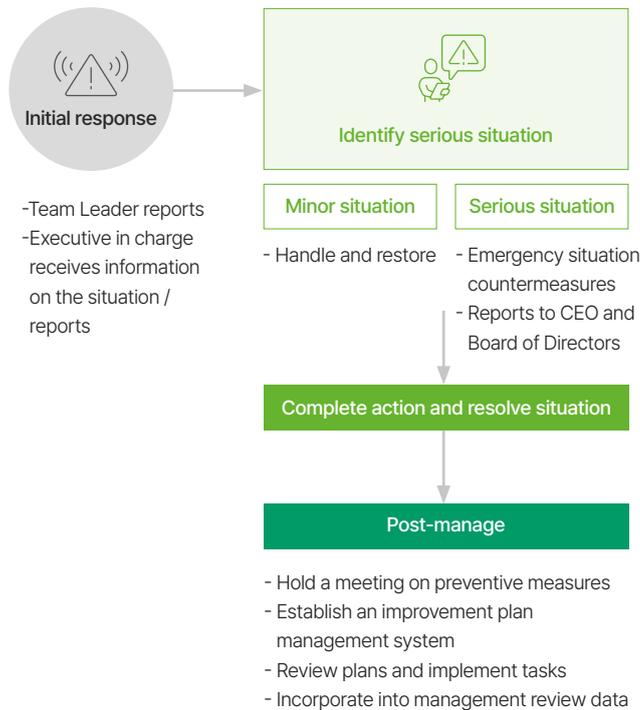


Environmental Management

Environmental Risk Response System

Hyundai Transys promptly addresses incidents related to environmental pollutants, hazardous chemical substances, and waste through its environmental safety emergency response process. After an incident is resolved, the investigation results of the causes and recurrence prevention measures are reported to the Board of Directors, and the company operates a post-management system.

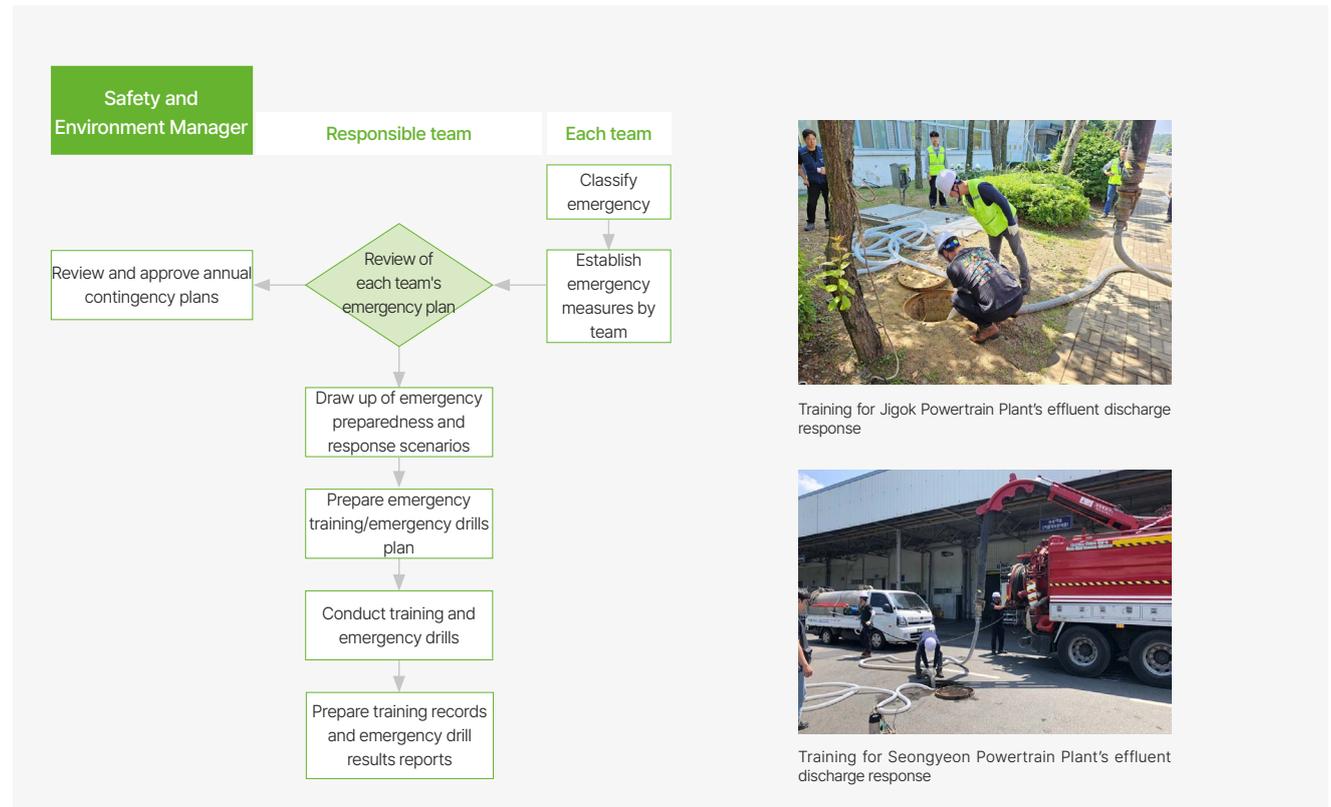
Environmental Safety Emergency Response Process



Emergency Response Drill

Hyundai Transys' Jigok Powertrain Plant and Seongyeon Powertrain Plant conducted emergency response drills in the first and second half of 2023 based on their effluent spill response plans. These drills were carried out in three stages: Stage 1 involved confirming the spill and activating emergency contacts while minimizing inflow into storm water pipelines; Stage 2 included checking manholes and installing and operating recovery pumps; and Stage 3 involved operating cleaning vehicles and washing storm water pipelines. Through such emergency response drills, Hyundai Transys shared action guidelines for different types of accidents with the employees and is making every effort to prevent environmental accidents, including the Environmental & Fire Prevention Team.

Emergency Prevention and Training System



Training for Jigok Powertrain Plant's effluent discharge response



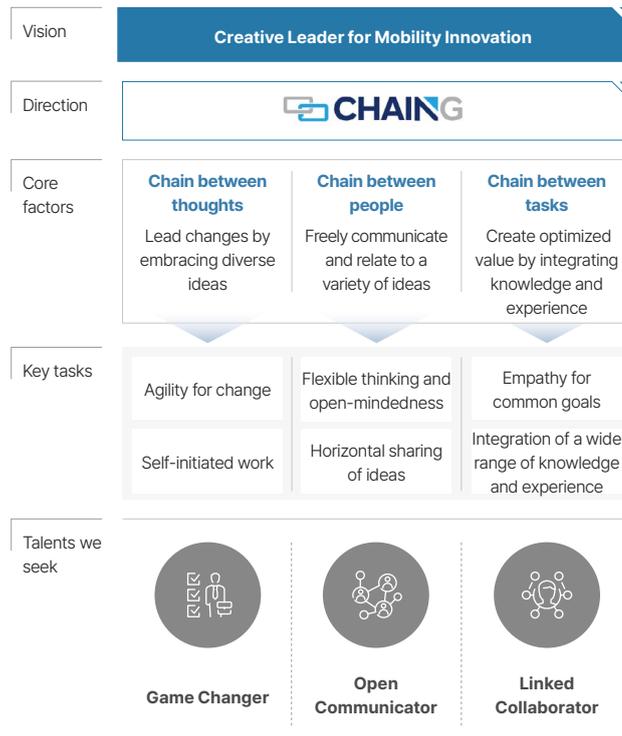
Training for Seongyeon Powertrain Plant's effluent discharge response

Talent Management

Talent Development 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 a fair and transparent recruitment process.

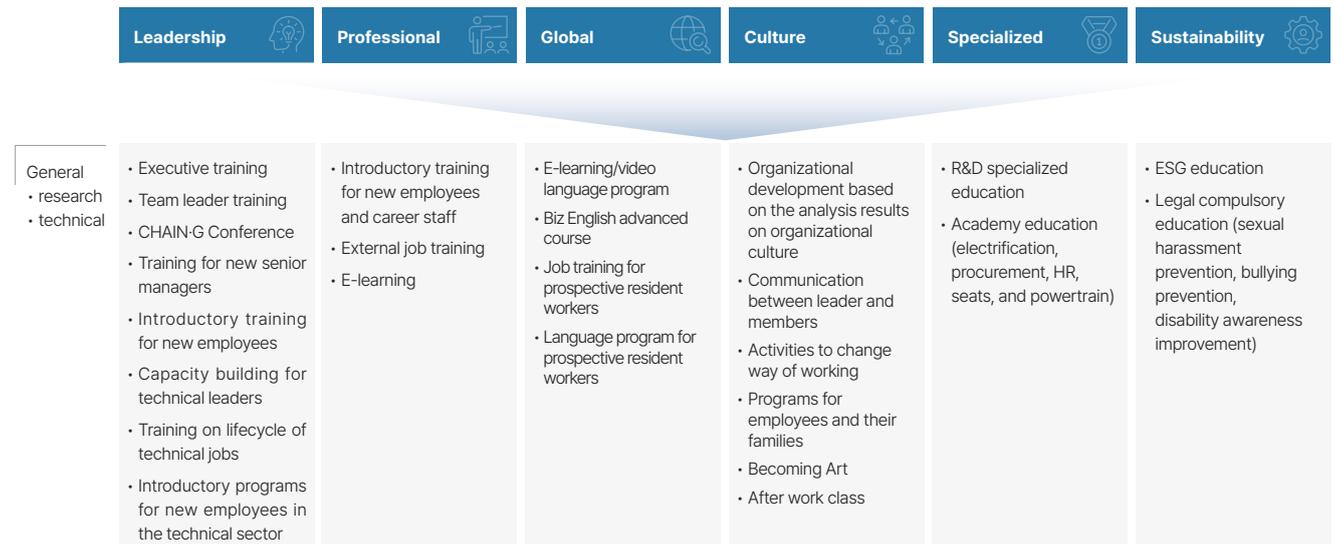
Talent Development Strategy



Talent Cultivation Training Program

Hyundai Transys operates a systematic training curriculum based on a company-wide training system to cultivate talented individuals with excellent capabilities. Through training programs tailored to different ranks, job positions, and fields, we aim to foster professionals with global competencies and enhance their leadership. Additionally, we run organizational culture programs to support the holistic growth of our employees, enabling them to develop not only job-related skills but also comprehensive personal growth.

Hyundai Transys' Training System



Talent Management

Talent Development System

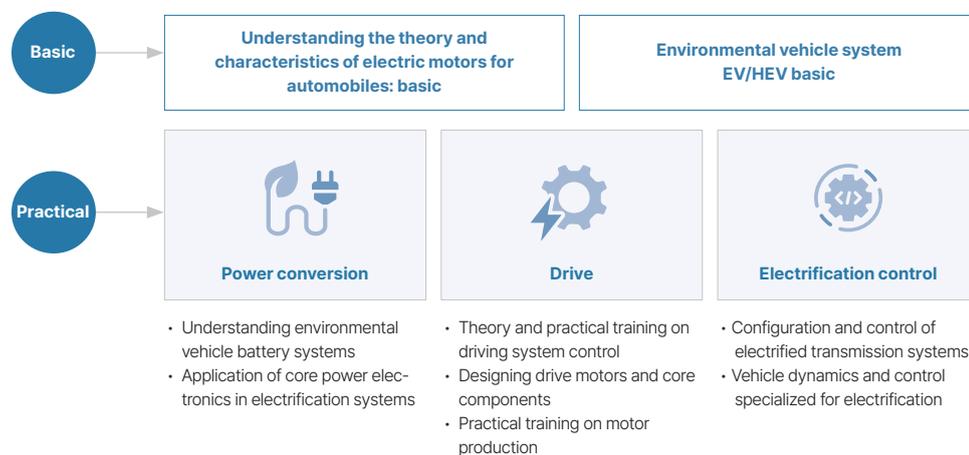
Drive x Launch 2023

Since the COVID-19 pandemic, Hyundai Transys has implemented an onboarding completion program for employees in their first to second year of joining each Group company. Through this program, the employees get to reflect after their first year at the company, fostering an understanding of their value within the organization and the importance of autonomy and responsibility. By helping the smallest unit of the company, "the individual," to settle in the organization, the program aids in enhancing company loyalty, camaraderie, and a sense of belonging. Moving forward, we plan to differentiate the program's location and content to establish it as a unique program of Hyundai Transys.

Electrification Academy

To build capacity related to electrification, whose importance is increasingly being emphasized in the transition to future mobility, Hyundai Transys operates an Electrification Academy. The academy provides training for new employees at the research centers and candidates planned for job transitions, covering fundamental knowledge in key areas such as power conversion, drive, and electrification control, and for them to secure practical capabilities. The academy operated from July to December 2023 for 5 months, and a total of 324 individuals completed the training.

Electrification Academy System



Seat Corporate University

Hyundai Transys operates a Seat Corporate University, targeting researchers and senior researchers to nurture core R&D talents and strengthen new business technological capabilities. We invite internal instructors and external experts trained through this program to conduct training sessions. In 2023, a total of 1,258 individuals participated in the training. Moving forward, we plan to continuously nurture competitive talents by enhancing the Corporate University program.

Seat Corporate University Training Program

Training	Design for Excellence (DFX) Training	Basic training on the development process required by Hyundai Motor Group
	Internal job training External job training	Program for individual expert development aimed at responding to future technologies
	Humanities seminar	Humanities education
	Business partners	Collaborative training for Hyundai Motor Group companies and Hyundai Transys partners
Project consulting		Consulting for development projects

Efforts to Discover Local Talents

Hyundai Transys has established and operates a process to recruit diverse and competitive talents from the local community. Additionally, through tailored consulting, we provide effective information needed for recruitment and interviews. Through these efforts, Hyundai Transys contributes to the local community's economic development by creating jobs and practices ESG management by fulfilling its responsibilities to local residents and the community.

CHAIN-G Team Work

We conducted workshops for 130 teams across the company to explore ways to improve the working methods and enhance efficiency using Microsoft Teams. The training on how to use Microsoft Teams was conducted in a game format, creating a participatory program that allowed employees to naturally immerse themselves in the learning process. The program was designed to teach employees how to achieve more with less effort using the Teams Tool. We aimed to establish ground rules for using Teams, develop usage scenarios based on business standards, and identify and resolve bottlenecks that hinder the effective use of Teams.

In-house Expert Training Program for TADA Data Analysis

Through the TADA program, we identify tasks requiring data analysis across all business areas and cultivate in-house experts capable of conducting data analyses. In 2023, we ran a 8-week training program twice, with a total of 24 participants completing the course. Furthermore, we plan to establish a long-term road map for developing in-house data analysis experts and to strengthen the curriculum.

Talent Management

Talent Development System

Employee Benefits

Systematic Performance Evaluation-Based Compensation System

Hyundai Transys carries out performance evaluations for all employees, including executives. For leader positions, additional multi-faceted evaluations are conducted so that feedback from a wider range of subjects may be reflected. We have established a fair evaluation system focused on employee performance. And we have enhanced understanding and acceptance among employees of the evaluation results by explaining the rationale for evaluation and ways to build their capacity through feedback meetings. This fair performance evaluation system ensures that individual efforts are appropriately rewarded, thereby motivating the employees. We comply with minimum wage regulations to determine wage levels and ensure there is no gender-based wage disparity. Through these measures, Hyundai Transys promotes gender equality and enhances talent development.

Performance Evaluation Process



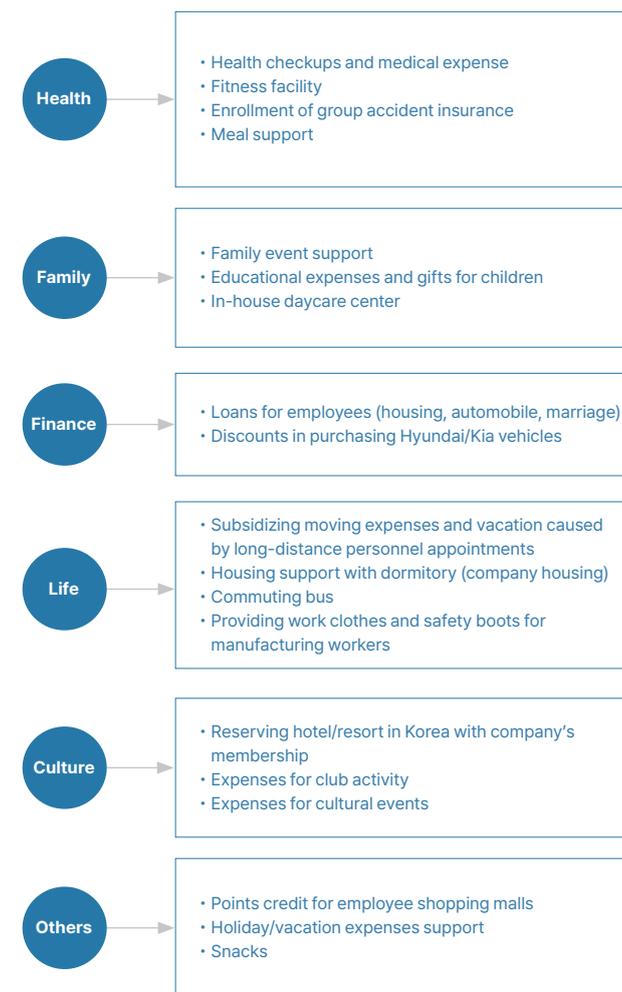
Work-Life Balance

Hyundai Transys operates various welfare programs to help employees balance work and family life. During pregnancy and childcare periods, we provide maternity leave, childcare leave, and in-house daycare centers. Additionally, we offer financial and housing support for stable living, as well as support for health and cultural activities. Based on these family-friendly policies, Hyundai Transys ensures that the employees spend ample time with their families, achieve a balanced work-life, and enhance their life satisfaction, thereby enabling them to focus on their work. We thus practice ESG management.

Flexible Work Systems

Hyundai Transys operates a selective flexible working hours system, allowing the employees to adjust their working hours to achieve a better work-life balance. This initiative aims to enhance the working efficiency of our employees and improve their quality of life.

Employee Welfare Programs



Talent Management

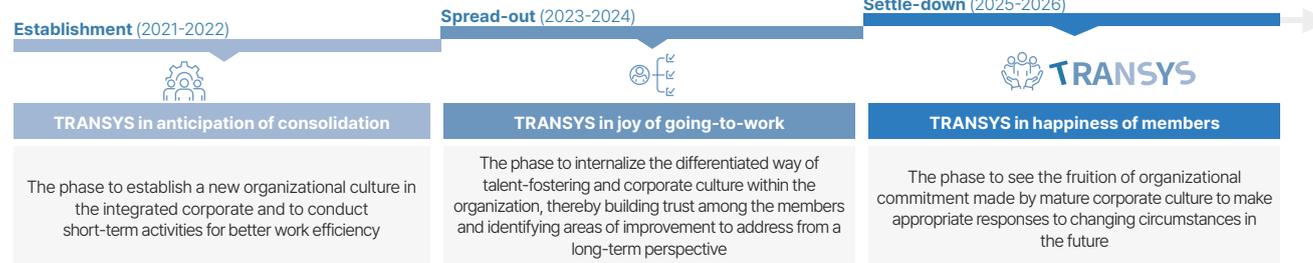
Talent Development System

Organizational Culture Innovation

Medium to Long-Term Road Map for the Organizational Culture

Hyundai Transys has established a five-year medium to long-term road map related to its organizational culture as follows. The road map includes the establishment phase (2021), aimed at defining a new organizational culture and strengthening work efficiency; the spreading out phase (2023), focused on building trust among the members based on a differentiated way of talent-fostering and internalization of organizational culture, as well as identifying and solving continuous improvement tasks; and the settling down phase (2025), where the organizational culture translates into performance and enables employees to adapt to future environments. Based on this, Hyundai Transys aims to form a principle-centered organizational culture and enhance a value-centered organizational culture to practice ESG management.

Mid- to Long-Term Road Map for Organizational Culture

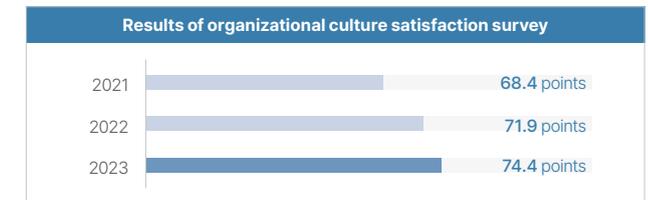


Activities to Vitalize the Organizational Culture

Hyundai Transys operates various programs to foster a mutually positive organizational culture. Based on these organizational culture activation activities, we will continue our efforts to become an enterprise where members trust and respect each other, as well as work creatively and efficiently.

Organizational Culture Satisfaction Survey

Hyundai Transys conducts an annual organizational culture satisfaction survey targeting the employees. This survey aims to identify and address areas in need of improvements based on the diverse opinions of members, thereby fostering a better organizational culture and enhancing the overall employee satisfaction with it. Starting in 2023, the survey has been revised to strengthen the diagnostic questions and structure. Hyundai Transys is committed to actively promoting and improving its organizational culture through a medium to long-term road map for organizational communication



Thanks To

We operate a praise platform where colleagues can post compliments and words of encouragement, and mutually interact through "comments" and "likes."



"Promise Me" Web Drama

We aim to improve and promote the organizational culture by presenting episodes related to the culture that may occur in the office in the form of a Web drama.



T-name

We have introduced T-name (English name) without ranks and positions to promote active and rapid two-way communication and horizontal communication among the employees.



Talent Management

Talent Development System

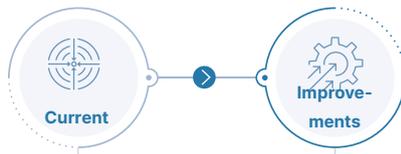
Giving Vitality to Labor-Management Communication

Hyundai Transys actively ensures the freedom of association and collective bargaining, safeguarding the fundamental labor rights of workers, including the right to organize, the right to labor-management bargaining, and the right to collective action, and strives to build a win-win labor-management relationship based on mutual understanding and trust. To this end, we operate various communication channels between labor and management, share management performance, discuss employee grievances and working conditions, and foster harmony. In particular, we notify 70 days in advance in the event of significant managerial changes¹⁾ and conduct prior consultations with the labor union on key issues, thereby working to strengthen trust between labor and management across all aspects of management.

¹⁾ Company division, merger, transfer, sale, etc.

In 2023, we improved the regular labor-management consultation process to efficiently and effectively gather and reflect opinions. By categorizing the proposed agenda items by topic and forming relevant subcommittees to facilitate daily consultations for immediate implementation, we are able to respond more swiftly to routine issues that can be resolved at the operational and field levels. Hyundai Transys recognizes that communication and harmony between labor and management are the foundation of the enterprise's stable and sustainable development. We plan to strengthen activities to enhance mutual trust by diversifying and vitalizing labor-management communication channels.

Improvements in Regular Labor-Management Consultation Process



- Address workplace grievances through regular labor-management consultative bodies
- Escalating grievances raised quarterly lead to a longer formal labor-management consultation period.

- Categorizing proposed issued by theme and forming corresponding working groups for discussion
- Taking immediate measures upon agreements after working group discussions
- Establishing a system for addressing field grievances through regular working group discussion

Various Events for Enhancing Communication

Communication Improvement Training

Hyundai Transys conducted the "Communicating Together and Growing Together" communication training to foster positive relationships and strengthen bonds among the employees through effective communication. In 2023, the training was conducted 16 times for a total of 598 employees at the Seongyeon Powertrain Plant. The training program included outdoor activities such as rowing and running, which facilitated natural communication and collaboration between the employees.



Communication training for employees: rowing program

Communication for Technical Leaders

We hold an annual technical leader communication event to establish on-site management standards by sharing the company's operational status and to listen to the grievances and suggestions of on-site managers. We held a group hike at Seosan Palbongsan Mountain in 2023, as well as a technical leaders' meeting and a briefing to share the company's vision for 2024. Hyundai Transys plans to continue organizing various communication events to promote active communication among the technical leaders and strengthen collaboration.

Support for Overseas Training of Exemplary Employees

Hyundai Transys selects exemplary employees working in the Jigok and Seongyeon Powertrain Plants to participate in an overseas training program that includes visits to overseas business sites and cultural exchange activities. Each year, 40 employees are chosen over the course of seven sessions, and in 2023, a total of 275 employees participated.



Overseas business site visiting program



Seongyeon Powertrain Plant's technical leaders event

Quality Management

Quality Management

Under the mission of “Securing Quality for New Project Development and Achieving Quality Control Cost Targets,” Hyundai Transys has established and is implementing strategies to ensure globally advanced quality assurance, achieve zero defect mass production quality, and reduce quality control cost while building capacity. In 2023, we strengthened preliminary quality activities at new plants to successfully launch mass production based on quality assurance and established a global project verification system. Additionally, we enhanced proactive preventive quality activities to innovate the quality of suppliers’ components, built independent quality systems at overseas plants, and secured competitiveness through company-wide quality control cost innovation and improvements. Furthermore, we are making efforts to prevent quality defects using big data and artificial intelligence (AI). Through these initiatives, Hyundai Transys aims to achieve top-tier global quality.

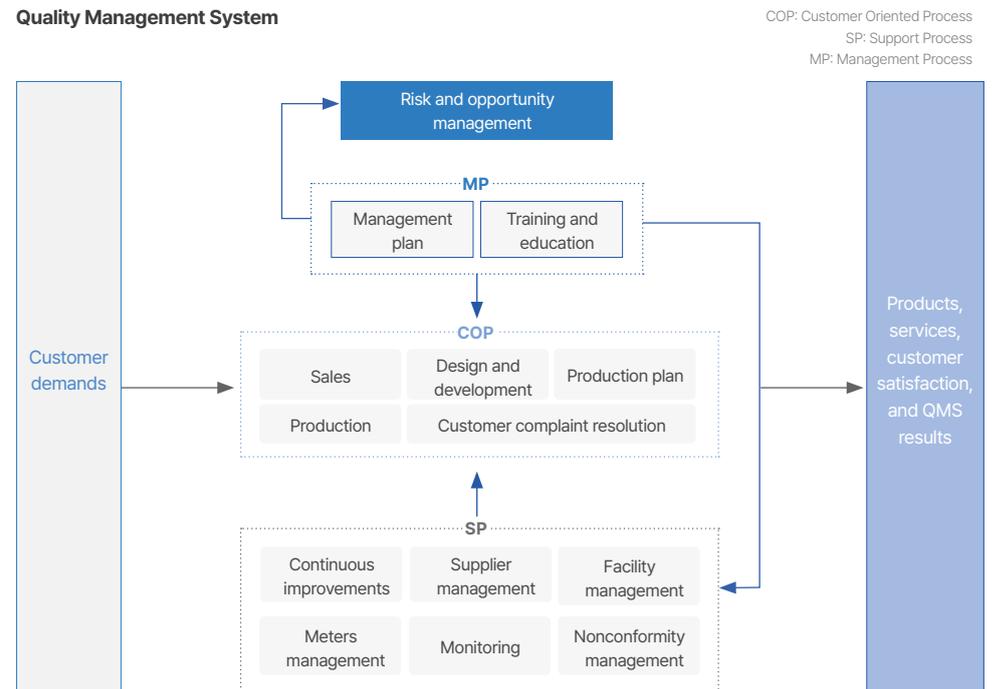
Quality Mission and Promotion Strategy

Mission	Securing Quality for New Project Development and Achieving Quality Control Cost Targets		
Strategic direction	Securing world-leading quality	Achieving zero-defect quality	Reducing quality control cost and building capacity
2022	<ul style="list-style-type: none"> Stabilizing early on new plant quality Strengthening preemptive quality control activities to ensure robustness of other Original Equipment (OE) Upgrading the quality capability of assembling business partners 	<ul style="list-style-type: none"> Engaging in company-wide activities for quality control cost reduction Promoting the efficiency of recycling plant operation Carrying out proactive initiatives to prevent mass production quality defects 	<ul style="list-style-type: none"> Securing electrification quality competitiveness Enhancing the quality control organization's medium- to long-term efficiency Deploying a big data-based quality control system
2023	<ul style="list-style-type: none"> Successful front loading of new manufacturing facilities Stabilizing early quality for other OE Setting up an autonomous quality response system for overseas subsidiaries 	<ul style="list-style-type: none"> Carrying out innovative company-wide initiatives for quality-related cost reduction Conducting activities for optimizing quality improvement in mass production Carrying out initiatives to enhance the quality capabilities of partner companies 	<ul style="list-style-type: none"> Securing competitiveness in electrification quality Elevating to a Quality to 5-star rating Fostering an open organizational culture
2024	<ul style="list-style-type: none"> Enhancing pre-quality activities at new plants Successful mass production launching by securing quality Establishing a global project validation system 	<ul style="list-style-type: none"> Enhancing proactive quality defect preventing activities Innovating business partners’ component quality DNA Establishing an independent quality control system at overseas plants 	<ul style="list-style-type: none"> Collaborating company-wide for innovative quality control cost improvements Securing quality competitiveness in electrification/control “Work Smart, Live Smiling”

Quality Management Governance

Hyundai Transys operates a quality management system to build a stable production base and ensure customer safety. By applying the requirements of the quality management system across all areas of design, development, production, and service activities based on IATF 16949 (automotive quality management system) and ISO14001/45001, we aim to secure the highest level of global quality competitiveness.

Quality Management System



Quality Management

Quality Management

Managing the Quality Management System

Hyundai Transys has established and manages a quality management system to build a stable production base and ensure customer safety by upgrading its global quality management system. To this end, we have pursued certification for the new standard, IATF16949, and continuously implement customer satisfaction strategies by applying a global quality control system.

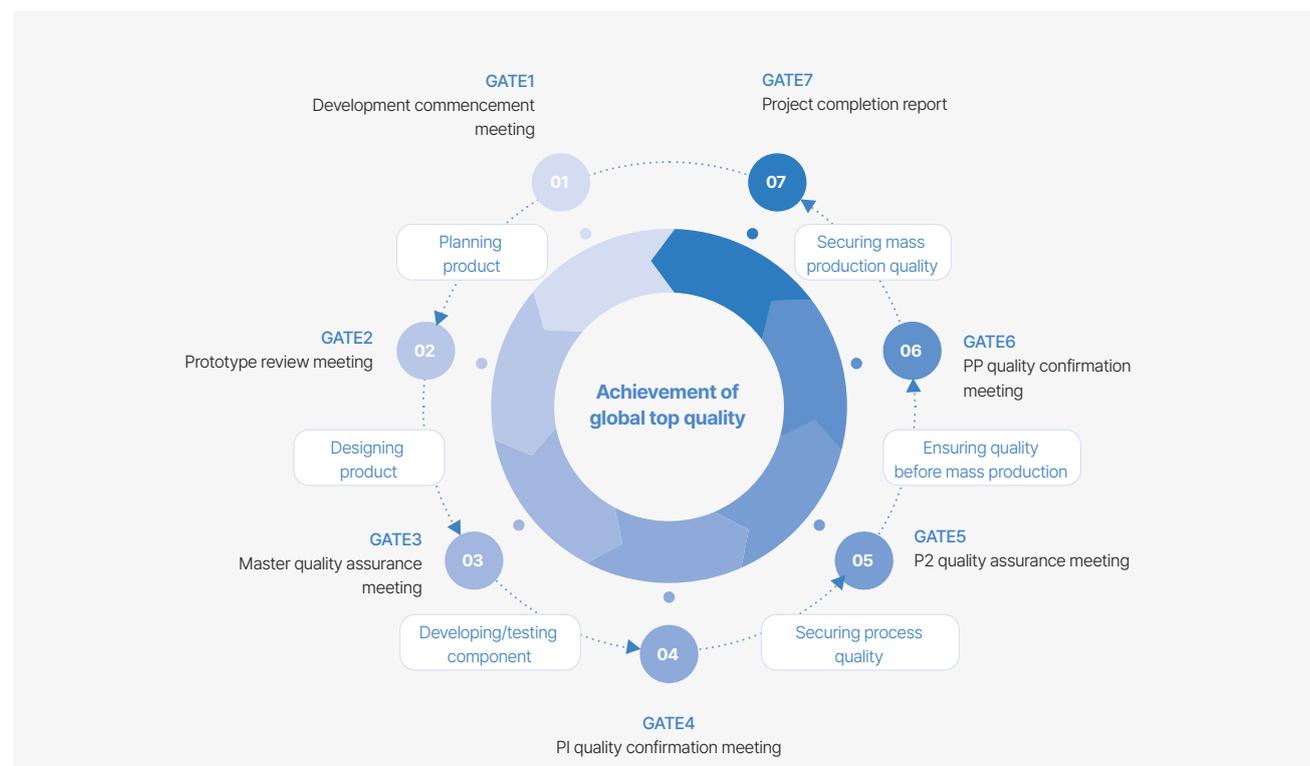
Certification

Classification	No	Business site	Certifying body	Expiration date
Powertrain	1	Seongyeon Powertrain Plant	BSI	June, 2025
	2	Jigok Powertrain Plant	BSI	June, 2025
	3	Beijing Powertrain Plant	BSI	August, 2025
	4	Rizhao Powertrain Plant	SGS	February, 2026
	5	Georgia Powertrain Plant	BSI	July, 2027
	6	Monterrey Powertrain Plant	SGS	July, 2025
	7	India AP Plant	TUV	February, 2025
Seat	1	Mseat Asan Plant	BSI	February, 2026
	2	Mseat Munsan Plant	BSI	February, 2026
	3	Mseat Munsan Plant	BSI	February, 2026
	4	Beijing Seat Plant	TUV	June, 2027
	5	India Chennai Seat Plant	DNV	November, 2024
	6	India AP Plant	TUV	February, 2025
	7	Czech Plant	SGS	May, 2027
	8	Slovakia Seat Plant	SGS	December, 2026
	9	Georgia Seat Plant	UTAC	December, 2024
	10	Illinois Branch	UTAC	March, 2027
	11	Monterrey Seat Plant	DQS	March, 2025
	12	Brazil Seat Plant	ABS	November, 2024

Establishment of a Process to Minimize Quality Risks

To precisely analyze and address the diverse demands of 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 development phase. We 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 implement measures to prevent the recurrence of major quality issues through enhancements to the database computer system for quality issues of past vehicles. Through these processes, we strive to minimize risk and maintain a high level of quality.

Quality Risk Minimization Process



Quality Management

Quality Management

Employee Training for Quality Management Upgrading

Hyundai Transys invites external expert instructors to conduct training aimed at upgrading the quality management system. The training covers not only the basics such as understanding the quality management system and global quality management systems, but also provides an opportunity to recognize that advanced quality management can offer equitable social value to various stakeholders and create transparent and healthy governance. In this regard, the training for quality management upgrading is crucial for ESG management. Hyundai Transys plans to further upgrade its quality management by investigating the demand for Core Tools such as MSA¹⁾ and SPC²⁾ and provide additional training on these tools.

Training for Quality Management System Upgrading

Training	Schedule	Number of participants	Satisfaction (out of 5 points)	Key content (purpose/results of training, etc.)
VDA6.3 ³⁾ Basic understanding (standard consulting)	June 7-8 (1st session) June 12-13 (2nd session)	73 people	4.5 points	• Training on the Association of the German Automotive Industry- Verband Der Automobilindustrie (VDA) requirements and global quality management systems
VDA6.3 Upgrades in 2023 (Korean Foundation for Quality)	July 10	17 people	4.9 points	• Mandatory training for qualification maintenance/renewal due to the revision of VDA 6.3 version
VDA6.3 Training for auditor qualification renewal (Korean Foundation for Quality)	July 11 (1st session) July 17 (2nd session)	14 people	4.9 points	• Supplementary training for VDA 6.3 auditor qualification maintenance/renewal
Understanding CQI course	July 17 (2nd session)	20 people	4.2 points	• Enhancing understanding of warranty management and techniques for analyzing causes of nonconformity, and reestablishing the process
IATF 16949 Internal auditor (Korean Standards Association [KSA])	July 25-27	52 people	4.6 points	• Understanding IATF 16949 requirements and systematizing internal/second-party audits

VDA6.3 Basic understanding



VDA6.3 Evaluator qualification renewal course



CQI-14 Understanding course



IATF 16949 Internal auditor



1) MSA: Measurement Systems Analysis

2) SPC: Statistical Process Control

3) VDA 6.3: process audit standard established by VDA of Germany

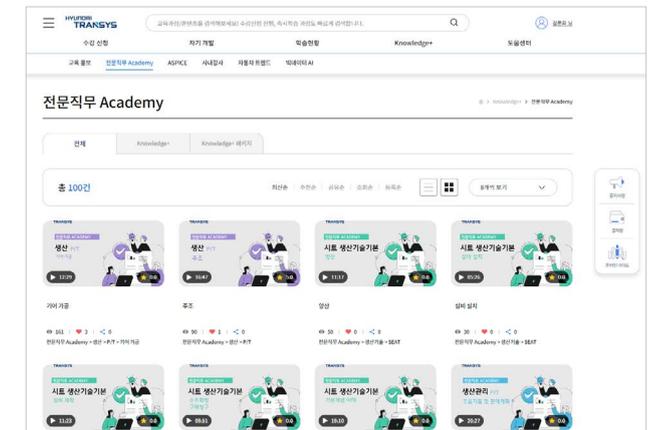
Activities to Enhance Quality Management

Employee Capacity Building

Hyundai Transys operates specialized training programs in quality-specific fields to build the capacity of its employees. We have established training road maps related to casting and mold, and data analyses, and run the programs to ensure that basic knowledge in each area may be applied in practice. Additionally, we organize and conduct over 100 training curricula annually, covering topics such as an overview of powertrain and seat products, key engineering techniques, and basic understanding of tasks in each division. These training programs serve as a crucial foundation for building the job capacity of our employees and further for securing their expertise.

Training	Training content
Casting and molding	Korean Diecasting Academic Conference Korea Diecasting Society's foundry academy
Data analyses	Training on the computed tomography (CT) video data program Training on the data analysis program

Professional Job Academy



Quality Management

Quality Management

Activities for Smart Quality Management and Manufacturing Innovation

Gear Optimization

Hyundai Transys has established a big data-based gear optimization and plant End of Line (EOL) noise linkage system to improve customer sensory quality and noise issues. By digitizing gear image data and developing a quality verification algorithm, we have preemptively prevented potential noise generation and achieved optimization of gear manufacturing technology through enhanced data consistency.

Transmission Case Defect Predicting System

Utilizing X-ray big data and AI Deep Learning, Hyundai Transys improved the detection of internal defects (shrinkage/bubbles) that occur during transmission case casting. We have established a system to quantify the internal quality of aluminum materials (leakage / bubbles / mold pins) and predict the risk level of nonconformity. This system automates nonconformity detection and prediction, allowing us to identify lot-based defects and secure and enhance material quality preemptively.

Securing Quality Competitiveness in Electrification

Hyundai Transys is enhancing design quality by refining the electrification quality assurance manual for the independently developed next-generation hybrid drive transmission (TMED-II). To secure component quality, we have enacted and supplied quality standards for partners by analyzing the gaps between customer requirements and global standards for new components such as motors and harnesses. We continuously strengthen our quality capabilities through focused management of partners by risk category, aiming to secure global top-tier product competitiveness for mass production by 2025.

Quality Management for Partner Companies

Self-Audit System

Hyundai Transys has developed an integrated inspection manual covering process management, basic quality, inspection management, and cleanliness to encourage autonomous quality management among business partners. This manual enables first-tier partners to lead inspections and improvements of second- and third-tier suppliers. Our company conducts joint inspections to provide guidance for identified weak areas. We also disseminate and implement best practices from excellent management items to enhance partners' quality capabilities.

Business Partners' Quality Cross Functional Team (CFT) Inspection

Hyundai Transys has established a quality CFT for key business partners to conduct regular joint quality assessments and improvement activities. In 2023, we focused on compliance with basic quality standards and preventive inspection of major past quality problems. In 2024, we plan to conduct specialized quarterly process inspections by business themes selected and support our partners' quality enhancement of key processes.

Company-Wide Innovation Activities to Reduce Quality Control Costs

Hyundai Transys is continuously promoting company-wide quality improvement task force team (TFT) activities to reduce quality failure costs through customer quality satisfaction. Focusing on quality division (warranty/management), we have selected six divisions and seven improvement themes, including R&D center, production, procurement, and seats. The activities include internal process quality improvements and quality defect preventive activities, intensive management of the worst partner companies, and efforts to reduce chronic field quality issues and after-sales service costs. We monitor the progress and effectiveness of these improvements monthly to ensure substantial quality improvements. As a result of the TFT activities, we have reduced the quality control cost by approximately 32% relative to revenue over the past 3 years and significantly decreased unexpected campaign costs. We will continue to strive for quality control cost reduction through the review of medium to long-term operational measures.

Selected as an Excellent Company for Quality Competitiveness

As a result of Hyundai Transys' efforts to enhance product competitiveness and innovate quality to achieve customer satisfaction, the company was selected as an excellent company for its quality competitiveness in the machinery sector at the 49th National Quality Management Convention in 2023. The Company with Excellent Quality Competitiveness is a system that supports continuous quality management activities by selecting companies that have achieved outstanding management performance in quality improvement, productivity improvement, and customer satisfaction through continuous improvements in their quality system and technological competency.

Hyundai Transys has been selected as a Company with Excellent Quality Competitiveness for a total of three times, including in 2019 and 2020, up to this year. Through this award, the company plans to take the lead in securing quality assurance for clean mobility for a sustainable future by expanding its electrification powertrain lineup along with the development of electrification, autonomous driving, and connectivity technologies. In 2024, we also plan to take up the challenge of receiving the top-tier Korea National Quality Innovation Award.



Workshop to achieve the target quality control cost



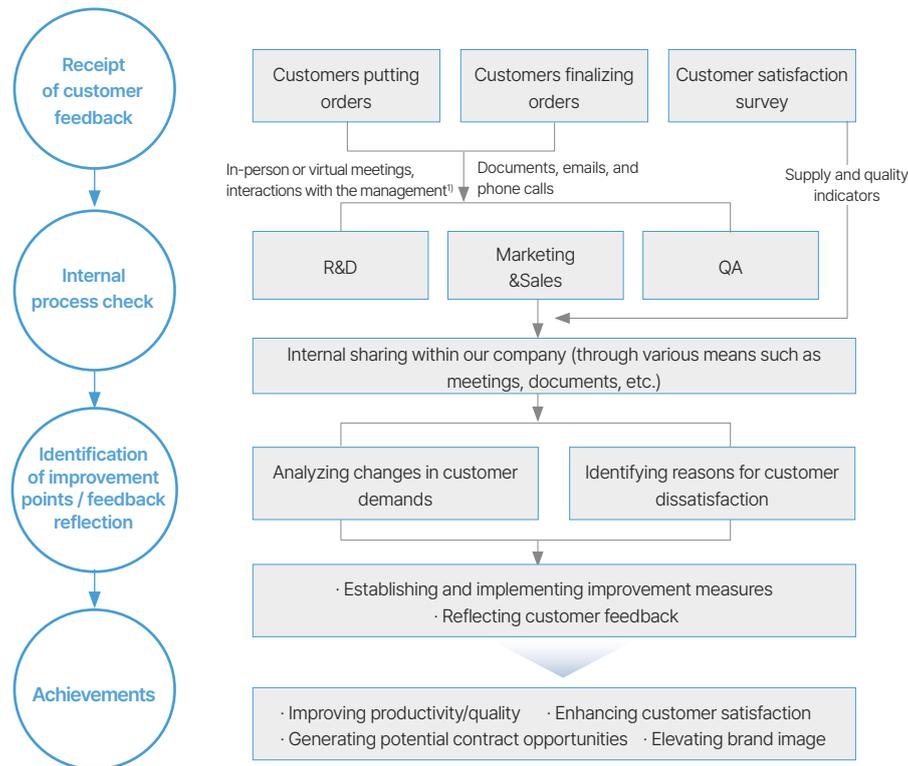
Awarded as a Company with Excellent Quality Competitiveness

Customer Satisfaction Management

VoC Management

Strategies for Customer Satisfaction

Hyundai Transys actively manages its VoC to listen to and address customer inconveniences. Beyond fundamental communication channels like documents, phone calls, and emails, we maintain effective communication with both Korean and international clients through in-person/video conference meetings and interactions with management. This allows us to gather feedback on ways to improve inconveniences regarding our products and services. Additionally, 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.

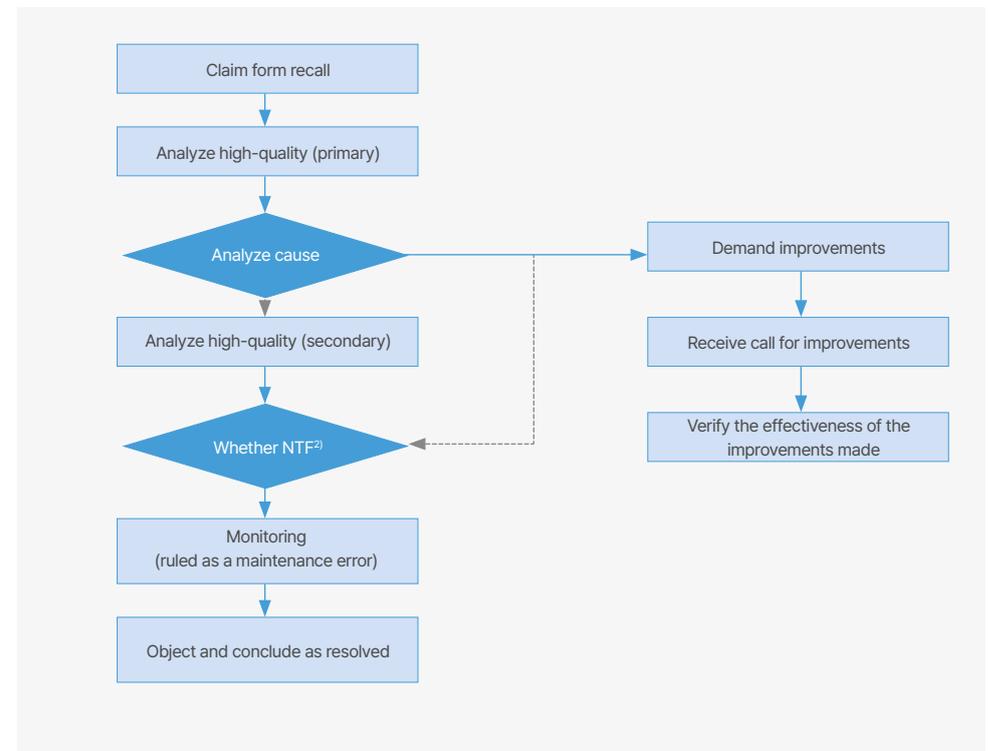


1) We hold regular monthly meetings with executives of major clients to discuss topics, including order progress, development, production status, significant issues, response strategies, and mid- to long-term collaboration plans.

Customer Satisfaction Management

Claim Analyses and Improvement Process

Hyundai Transys utilizes its global quality infrastructure to conduct precise analyses of problems in order to swiftly resolve customer complaints. Based on the results of root cause analyses, we prepare improvement measures and preventive actions to avoid their recurrence. We also verify the effectiveness of these improvements to maintain and strengthen the trust relationship with our customers.



2) No Trouble Found (NTF): unable to reproduce the same phenomenon and cause unknown

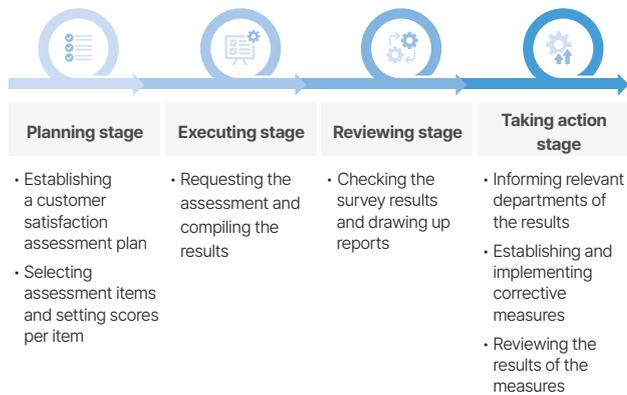
Customer Satisfaction Management

Customer Satisfaction Management

Process for Evaluating Customer Satisfaction

Hyundai Transys' customer satisfaction evaluation process proceeds through the stages of planning, executing, reviewing, and taking action. 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.

Process for Evaluating Customer Satisfaction

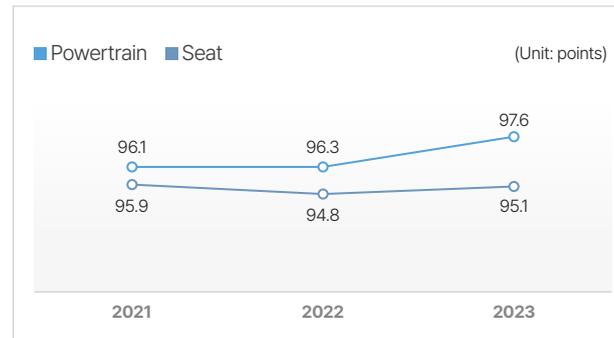


Customer Satisfaction Evaluation Items

Evaluated items	Unit	Scoring
Payment rate	%	20
Customer line stop count	Times	20
Finished vehicles' warehousing defects	PPM	20
Field defects	PPM	20
Special situations	Case	20

Customer Satisfaction Evaluation Results

In 2022, Hyundai Transys experienced a slight decline in customer satisfaction scores due to initial quality issues with new other OE customer projects. However, in 2023, the scores improved compared to 2022, thanks to quality improvements for Hyundai/Kia and other automakers. Notably, the level of customer satisfaction with our powertrains has steadily improved over the past three years.



Customer Satisfaction Evaluation Results

Classification	Unit	2021	2022	2023
Number of evaluated customers	Persons	24	26	23
Evaluation score	Points	96.0	95.6	96.4
• Powertrain	Points	96.1	96.3	97.6
• Seat	Points	95.9	94.8	95.1

Activities to Communicate with Customers

Activities to Enhance Contact Points with Customers

Hyundai Transys regularly hosts "SETEX" in order to provide a comprehensive overview of our automotive seat technology. This event facilitates proactive communication with our key stakeholders, including Hyundai Motor Company, Kia, and other Hyundai Motor Group affiliates. In 2024, we showcased various new seat technologies that reflected the latest trends in mobility, such as autonomous and EVs, and eco-friendly seats that used sustainable materials.



SETEX

Proactively Addressing Customer Dissatisfaction

Hyundai Transys actively addresses customer complaints and strives to improve them to realize full customer satisfaction. Additionally, we continuously work to prevent the occurrence of similar complaints in advance. To this end, we preemptively discover and address key issues to thereby reduce quality control costs and enhance customer trust. Our efforts were recognized by Hyundai/Kia and they selected us for the best improvement section for reducing the 12M¹⁾ claim costs. Moving forward, Hyundai Transys will continue to enhance quality and customer satisfaction through proactive communication with our customers.

1) 12M: Number of claims per million units occurring within 12 months after delivery to customer

Governance

Management of the Board of Directors

Board Composition

The Board of Directors of Hyundai Transys 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 the directors and management. The board consists of three internal directors (including the CEO) and two external directors (including one female external director). To ensure professional decision-making, the CEO concurrently serves as the chairperson of the board. The tenure of the directors is three years according to the Articles of Association, is three years. The 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 board on an agenda item.

Composition of the Board of Directors

Classification		Internal director			External director	
		Su Dong (Steve) Yeo	Sang Heun (Simon) Lee	Sang Weon (Semmy) Hong	Hyoun Jin Kim	Myung Suk (Sean) Choi
Competency indicator	Leadership	●	●	●	●	●
	5 out of 5 (100%)					
	Accounting/finance/management	●	●	●		●
	4 out of 5 people (80%)					
	Industry/technology	●	●	●	●	
	4 out of 5 people (80%)					
	Law/policy	●	●			●
	3 out of 5 people (60%)					
	Global capability	●	●	●	●	●
5 out of 5 (100%)						
Diversity indicator	ESG	●	●	●	●	●
	5 out of 5 (100%)					
	Year of appointment	2019	2020	2022	2020	2022
Year of birth	1961	1964	1966	1975	1962	
Gender	Male	Male	Male	Female	Male	

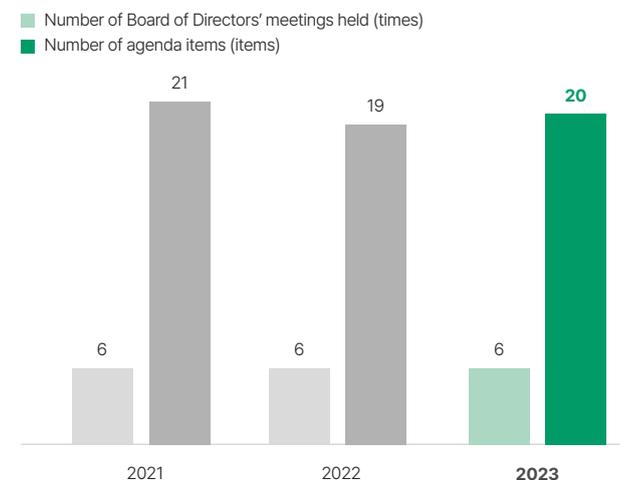
Board Expertise and Independence

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 of Korea. The directors are appointed during the general shareholders’ meeting following recommendations from the board and shareholders. The independence of the 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, the directors impartially monitor and advise on the company’s business management and, when necessary, can keep in check the management team.

Performance Evaluation and Compensation

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

State of the Board of Directors’ Meetings and Number of Agenda Items



Governance

Management of the Board of Directors

The Operation and Activities of the Board of Directors

Hyundai Transys holds regular board meetings on a quarterly basis and conduct ad-hoc meetings when necessary. The chairperson calls for the meetings and detailed information on the agenda items are shared in advance to facilitate thorough review by the board. In 2023, we held a total of 6 meetings and discussed a total of 20 items.

Financial performance in 2023

Date of event	Content	
January 27, 2023	Approved	① Approval of the 24th financial statements and business report
	Approved	② Approval of the 2023 business plan and investment plan
	Approved	③ Approval of transactions between the directors and the company
	Approved	④ Approval of financial transactions pursuant to the agreement with an affiliated financial institution for Q2 2023
	Approved	⑤ Approval of the 2023 safety and health management plan
	Approved	⑥ Approval of the 2023 ESG plan
	Approved	⑦ Approval of the appointment of the Fair Trade Compliance Manager
	Approved	⑧ Approval of the appointment of compliance support personnel
	Approved	⑨ Approval for the relocation of the German branch
February 27, 2023	Approved	① Convening a regular general meeting of shareholders and approval of agenda items
	Approved	② Approval of the establishment of a subsidiary
	Approved	③ Approval of investment in next-generation hybrid driving system
March 29, 2023	Approved	④ Approval of directors' engagement in competitive business
May 2, 2023	Approved	① Approval of financial transactions pursuant to the agreement with an affiliated financial institution for Q3 2023
July 28, 2023	Approved	① Approval of financial transactions pursuant to the agreement with an affiliated financial institution for Q4 2023
	Approved	② Approval of investment in U.S. Holding Company
	Approved	③ Approval of investment in the Monterrey subsidiary
October 31, 2023	Approved	① Approval of the corporate bonds aggregate limit for 2024
	Approved	② Approval of financial transactions pursuant to the agreement with an affiliated financial institution for Q1 2024
	Approved	③ Approval of investment in TRANIX

Audit Independence

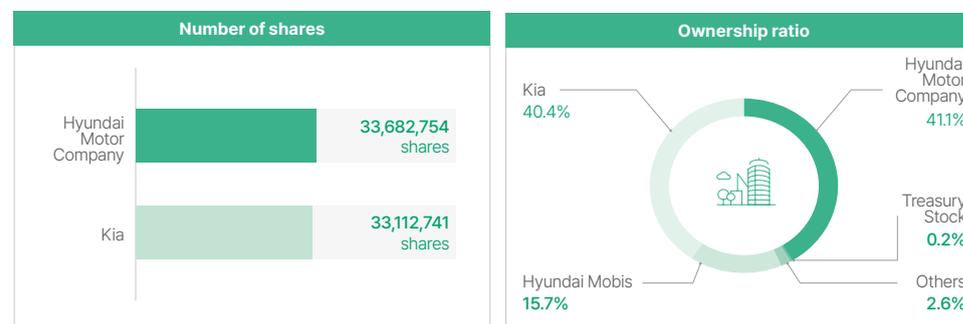
Hyundai Transys has introduced and operates an audit system to establish transparent corporate governance and minimize agency problems. The auditors must maintain an objective and independent function, free from the influence of the management team or shareholders, and be composed of individuals with relevant knowledge and experiences. To this end, Hyundai Transys appoints auditors through the general shareholders' meeting. Shareholders holding stocks exceeding 3 percent 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 or conduct investigations into our business operations and financial status.

External Directors and Audit Support

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

Protecting Shareholders' Rights and Shareholders Composition

Hyundai Transys' major shareholders include Hyundai Motor Company and Kia and we are dedicated to safeguarding shareholders' rights. When convening a general shareholders' meeting, 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.



Enhancing Communication with Shareholders and Stakeholders

Hyundai Transys holds a general shareholders' meeting annually and maintains communication with the shareholders at all times through the customer support feature of the Hyundai Transys Website. Additionally, the company regularly holds corporate briefings for stakeholders, including corporate bond investors. In April 2024, Hyundai Transys organized a tour of the Seosan plant, a visit to the Dongtan seat's SETEX, and a medium to long-term management briefing for investors.

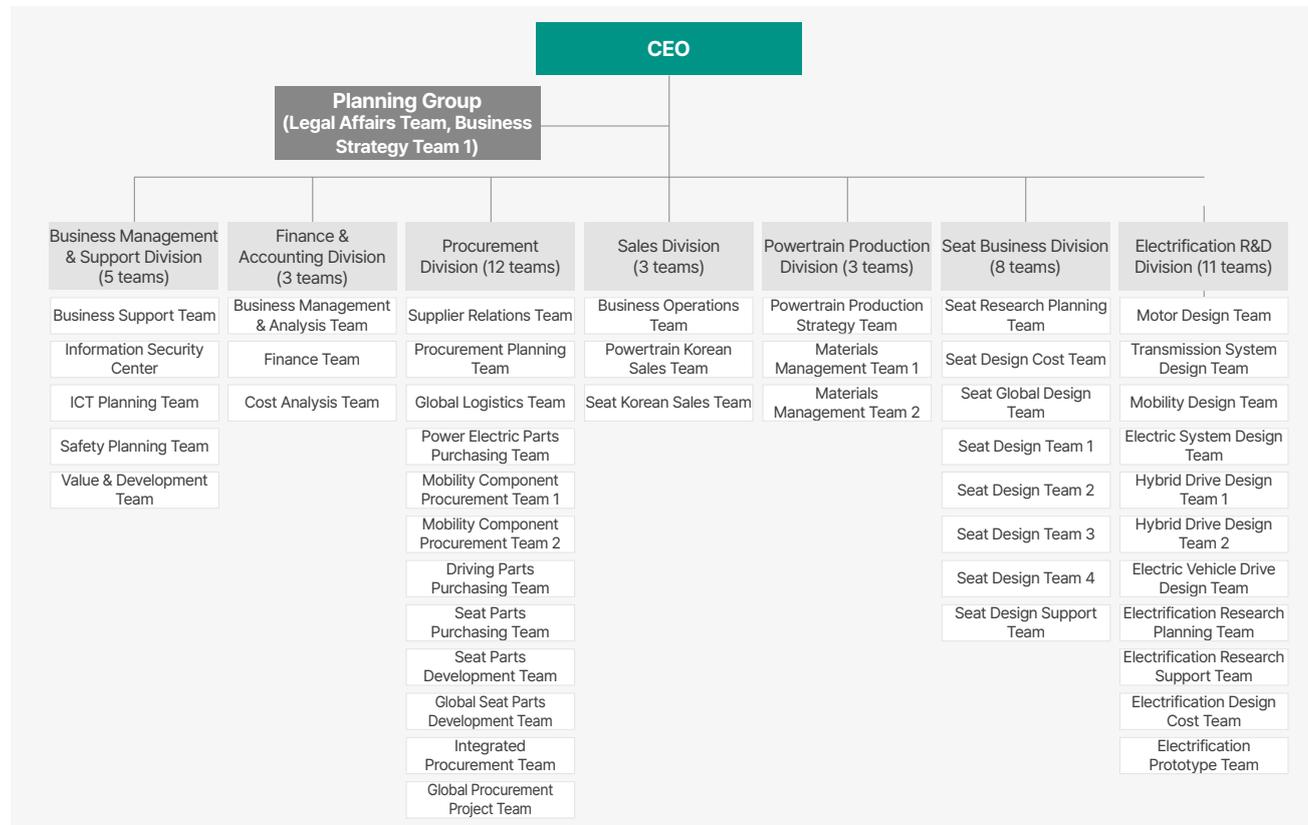
Compliance and Ethics Management

Compliance Management

Compliance Mangement System and Organization

Compliance management is a system designed to identify and manage Korean and international legal obligations and risks related to business activities such as fair trade, quality, environmental safety, information security, and anti-corruption. Hyundai Transys is well aware of the importance of the importance of the compliance management system in enhancing future business competitiveness, and has implemented step-by-step plans to build and operate the ethical compliance management system effectively. We maintain our compliance and ethical management organization with the Compliance Officers and Compliance Support Officers who are appointed by the board of directors. Officers designated by the Board of Directors. We also designate 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 board of directors.

Organizational Chart of Compliance Management / Fair Trade Self-Regulatory Council



Compliance Prevention System

Compliance is essential for an enterprise to adhere to laws, regulations, and internal policies in all its operations, and to ensure that the employees are self aware of legal risks. In this regard, compliance is a crucial element in improving corporate governance and enhancing transparency. Hyundai Transys annually holds the Compliance WEEK to promote the compliance and business ethics among the employees and publishes a quarterly newsletter covering compliance trends and practical legal information. Additionally, by obtaining international standard certifications related to compliance management, such as the Anti-bribery Management Systems (ISO 37001) and the Compliance Management Systems (ISO 37301) established by the International Organization for Standardization (ISO), Hyundai Transys is committed to practicing compliance management.



Compliance Newsletter



Compliance WEEK



ISO 37301 Certification

Compliance and Ethics Management

Operation of a Compliance Program

Compliance Program (CP)

Since 2019, Hyundai Transys has implemented the Fair Trade Self-Compliance Program to uphold the value of win-win management. In 2023, the program was strengthened with a focus on five key areas: enhancing employees' awareness of compliance, establishing an internal control system, inspecting subcontract transactions, preventing collusion, and disclosing fair trade information and agreements. Additionally, a "Fair Trade Self-Regulatory Council" involving the relevant divisions was launched to monitor the implementation of these measures. Thanks to these efforts, Hyundai Transys aims to grow into a sustainable global enterprise based on compliance management.

Fair Trade Self Compliance Program: 8 Key Components

1. Establishment and implementation of CP standards and procedures
2. Willingness and support for self-compliance of the CEO
3. Appointment of a self-compliance manager responsible for the operation of CP
4. Production and distribution of a self-compliance manual
5. Continuous and systematic self-compliance training
6. Establishment of an internal supervision system
7. Sanctions against employees for violating fair trade laws
8. Effectiveness evaluation and improvement measures

Channel for Reporting Compliance Violations

Hyundai Transys operates channels for anonymous reporting and whistleblowing through our company's official website, internal intranet, and other channels. Reports can cover a wide range of issues, including anti-corruption, workplace bullying, workplace sexual harassment, as well as violations of the company's Ethics Policy and Code of Conduct and fair trade. Any stakeholder, including internal employees and business partners, can participate through the channels. Hyundai Transys has established procedures to protect the whistleblowers and strictly ensure their anonymity. Reports are received and processed exclusively by a dedicated department, and upon completion, the whistleblower is notified of the outcome.

Cyber Complaint Center

Hyundai Transys actively supports internal and external ethical breach tip-offs and consultations through the operation of the Cyber Complaint Center (aka Cyber Sinnungo System). This system is managed in accordance with the principles of protecting the identity of informants and prohibiting any form of retaliation. All internal and external stakeholders associated with Hyundai Transys can use the system to submit suggestions, criticisms, reports of corrupt practices, as well as opinions and complaints about unreasonable systems related to our company. When a report is received through the system, the relevant department verifies the facts and investigates to take appropriate measures.

Cyber Sinnungo System's Types of Report

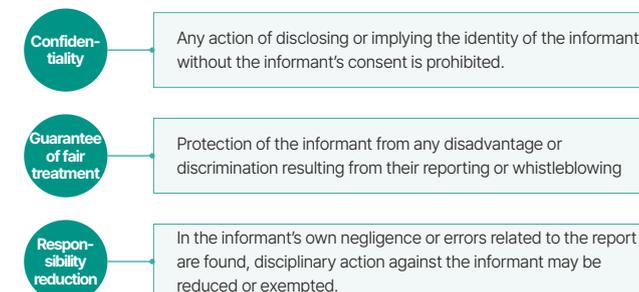
- Unfair transactions based on academic or regional affiliations
- Other actions that violate the Ethics Policy and Code of Conduct
- Improper request or provision of money, valuables, or entertainment
- Suggestions for improving fair trade-related system or law violations
- Misuse and abuse of authority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

Report Processing Procedure for Cyber Sinnungo System



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

Policy for Protecting Informant



Compliance and Ethics Management

Ethical Management

Ethical Management Policy

Hyundai Transys requires all stakeholders involved in transactions with our company, including our Korean and global production and sales corporate bodies, subsidiaries, second-tier subsidiaries, and joint ventures, to respect our Ethics Policy and Code of Conduct.

Training on Ethics

To build consensus on compliance and ethical management among our employees, we have developed the Ethics Policy and Code of Conduct and published them on our internal bulletin board and official Website. We perform regular compliance self-assessments to evaluate the effectiveness of compliance and ethical management. Additionally, we annually obtain a pledge on ethics and compliance management from employees to confirm their commitment to compliance. Moreover, we conduct annual anti-corruption education to ensure that the employees practice compliance and ethical management while performing their duties.

Preface of the Ethics Charter

We have revamped the company to become the only group specializing in automotives in Korea, as well as live up to the expectations and interests of the entire nation. We have been entrusted by the people with the responsibility to lead the 21st-century national economic growth by enhancing the competitiveness of the automotive industry, a key industry of Korea, to a global level.

To this end, we have established and proclaim the "Hyundai Transys Ethics Policy and Code of Conduct" to redefine our ethical standards and for them serve as the basis for our actions and value judgments.

Fair Trade Self Compliance Program: 8 Key Components

We, the employees of Hyundai Transys, deeply recognize that ethics are the source of corporate competitiveness. We pledge to actively participate in embodying the spirit of the Ethics Policy and Code of Conduct so that Hyundai Transys can become an enterprise trusted by the public. To this end, we make the following commitments:

- First, we are responsible for the Korean automotive industry.
 - We shall contribute to national economic development through continuous job creation and dutiful tax payments.
- Second, we shall take the lead in fostering a sound corporate culture that adheres to principles and fundamentals.
 - We shall strictly comply with all environmental regulations, lead efforts in environmental protection, and contribute to society through cultural and welfare initiatives.
- Third, we shall protect customer information with utmost care.
 - In performing assigned duties, we shall strictly adhere to all relevant regulations and corporate management policies, thereby leading the way in fostering a sound corporate culture grounded in principles and fundamentals.
- Fourth, we shall firmly reject any unreasonable job demands and solicitations made by leveraging copyrights among the internal employees.
 - We shall value and protect customer information, always speak the truth to our customers, and fulfill all promises made to them.
- Fifth, we shall protect trade secrets learned in the course of our work.
 - We shall not accept any form of benefit from stakeholders that could compromise fairness in relation to our duties, and we shall firmly reject any unreasonable job demands and solicitations made by leveraging authority among the internal employees.
- Sixth, we shall strive to contribute to the development of the nation, society, and the company through continuous self-improvements.
 - We shall protect trade secrets learned through the course of our work and avoid any actions or relationships that lead to a conflict of interests of the company and individuals

Instances of violations and penalties related to unfair trade practices **Zero case**

Instances of violations and penalties related to anti-competition, corruption, and bribery **Zero case**

Corruption Risk Assessment

Hyundai Transys operates the Anti-bribery Management System (ISO 37001) to assess corruption risks. Corruption risks are evaluated by multiplying the likelihood of occurrence with the consequence of the outcome, represented on a heat map ranging from the lowest 1x1 to the highest 5x5. Such corruption risks can in the end harm not only the company's financial health but also its reputation. Therefore, assessing corruption risks by considering both their likelihood and consequence is a crucial element in establishing a transparent governance structure. In 2023, Hyundai Transys evaluated the effectiveness of corruption risks across our various business activities, including supplier selection and registration, price determination, maintenance and repairs, and customer sales. The company actively works to prevent corruption risks such as selecting specific suppliers without undergoing competitive bidding, price fixing through collusion, or improper solicitations. Additionally, Hyundai Transys has established mitigation measures and plans to address these risks proactively.



Anti-corruption management system

Likelihood of occurrence

L5	M5	H10	H15	H20	H25
L4	4	M8	H12	H16	H20
L3	3	6	M9	H12	H15
L2	2	4	6	M8	H10
L1	1	2	3	4	M5
	C1	C2	C3	C4	C5

Impact of consequence

Corruption risk assessment heat map

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.

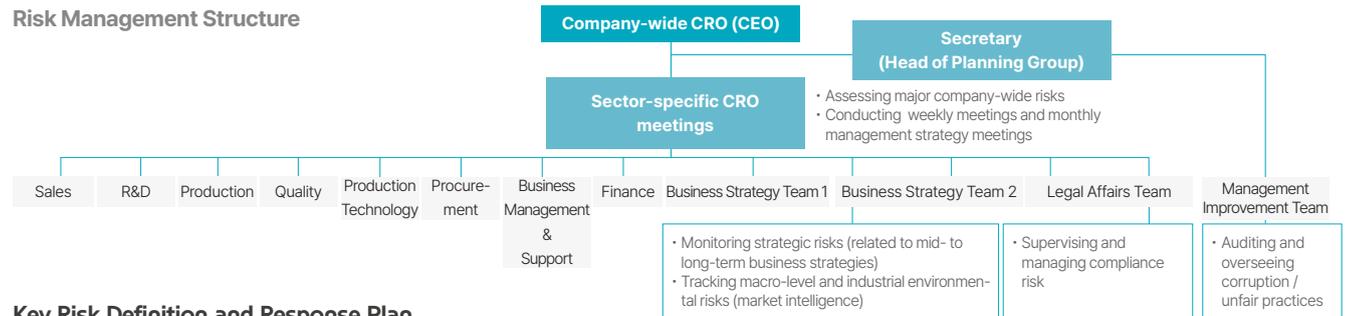
Risk Management Process



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 effectively identify potential risks in relevant areas and manage them for prompt response.

Risk Management Structure



Key Risk Definition and Response Plan

Hyundai Transys categorizes risks into the uncontrollable and controllable risks, further dividing them into four types: environmental risk, strategic risk, operational risk, and financial risk. To manage them efficiently and effectively, we identify and address the key risks according to the specific types within each group.

Key Risk Definition and Response

Type		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
Controllable risk	Strategic risk	Risks that may affect the achievement of mid- to long-term business strategies depending on internal choices	Strengthening ESG policies / regulations	Developing and implementing strategies to achieve RE100 / carbon neutrality and strengthening support for building ESG capacity in the supply chain
		Operational risk	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
	Risks that could impact the achievement of short-term business objectives depending on internal processes and decision-making		Severe disaster risks resulting from safety-related accidents Risk of weakening competitiveness of electric products	Developing measures to prevent safety and severe disasters, promoting activities to enhance safety awareness and improvement Developing eco-friendly / electric products and ensuring capabilities in software development
	Financial risk	Potential risks arising from fluctuations in financial markets, credit ratings, and liquidity	Risk of insufficient development capability arising from transition to new software / business Severe disaster risk arising from safety-related accidents	Reevaluating mid- to long-term organizational operations and devising plans to secure new business and key talents Developing strategies for preventing safety-related and severe accidents, and driving initiatives to enhance safety awareness and practices
			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

Risk Management

Risk Management System

Financial Risk

Financial risks involve analyzing risks related to the company's profitability and stability, focusing on financial statements, accounting fraud, and taxation. Hyundai Transys addresses profitability risks, liquidity risks, and foreign exchange rate fluctuation risks by setting 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 the profitability risks and identifies opportunity factors that affect the achievement of our annual business plans.

Liquidity Risk

We regularly check the liquidity, borrowing, and contract limits to prevent disruptions due to financial liquidity in Korean and global business sales, finance, and investment. To enhance the application of liquidity, we have introduced and operate 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 dutifully fulfills its tax reporting and payment obligations in accordance with the relevant laws and regulations, and rigorously evaluates and manages various tax risks that may occur during our 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. To this end, we have established and implement internal guidelines for tax reporting and payment based on our understanding and review of Korean and foreign tax laws. We also manage tax risks related to important business changes such as new businesses and transaction structure changes systematically. We also build a cooperative trust relationship with tax authorities, cooperate with tax experts continuously, and take the lead in practicing sustainable management by understanding tax-related systems and global trends affecting the financial performance of the company.

Fulfilling Overseas Tax Obligations

Hyundai Transys complies with Korean 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 avoid employing tax structures lacking genuine commercial value. We equally do not engage in offshore tax evasion using tax havens. 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 Base Erosion and Profit Shifting (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.

Information Security

Information Security Policy

Information Security Policy

Hyundai Transys has established and enforces 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 Management System

Hyundai Transys has established and operates an information security management system in accordance with relevant laws and internal regulations concerning data protection. We have built the management system taking into account the distinctive characteristics of each Korean and global business site. We enhance the effectiveness of our information protection system by regularly conducting assessments, making improvements, and managing the implementation of the system in the areas of management, physical security, and technical security tailored to each specific business site. Moreover, we operate the Security Council to enhance the level of company-wide security management, share issues among related departments, and improve our capacity to keep information secure. Given that the stability issue of information assets, including corporate information and communication networks, is being emphasized, Hyundai Transys aims to proactively respond to potential disruptions that can occur at any time based on this information protection implementation system.

Information Security Council and Management System

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 technologies, and defense technologies. Additionally, we have established a specialized security organization and appointed a CISO to ensure systematic operations.



Information Security Certification

Hyundai Transys has obtained the ISO 27001 certification, an international standard for information security management systems, and the Trusted Information Security Assessment Exchange (TISAX) certification overseen by the German VDA, for our major Korean 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 security 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
	Korean R&D Centers <ul style="list-style-type: none"> Powertrain R&D Center (Hwaseong) Headquarters / Seat R&D Center (Dongtan)

	TISAX
	Four primary Korean and International business locations <ul style="list-style-type: none"> Hwaseong Drivetrain R&D Center Europe Technical Center Georgia Powertrain Plants 1 and 2

Information Security

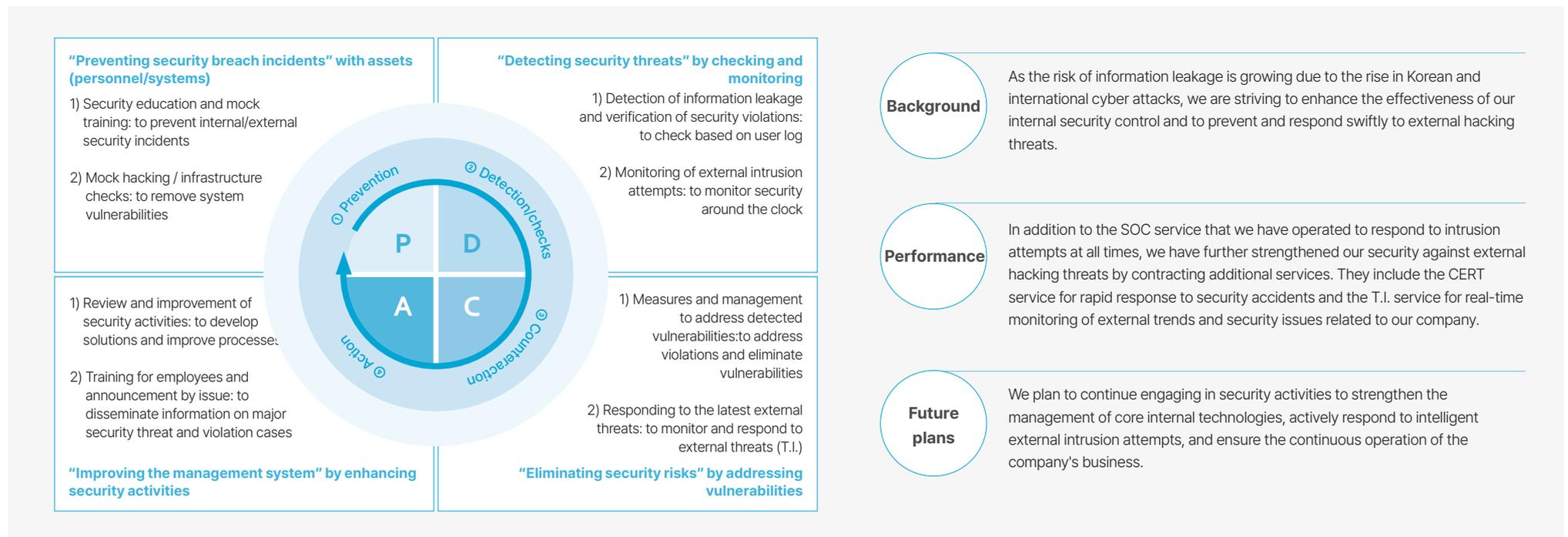
Information Security System

Security Management System

We have established a risk-based information security management system, thereby solidifying the foundation of our security principles by setting up security violation handling standards and increasing the severity of penalties when breached. Additionally, we have supplemented our external industry security consultative body and response processes to build and operate a system that allows us to swiftly respond to and address external security issues.

Operation of a Security Management System (Security Lifecycle)

As the risk of information leakage is growing due to the rise in Korean and international cyber attacks, Hyundai Transys has established and operates a Plan-Do-Check-Act (P-D-C-A)-based information security management system known as the Security Lifecycle to strengthen the effectiveness of internal security control and to prevent and respond swiftly to external hacking threats. In addition to the Security Operations Center (SOC) service to respond to intrusion attempts at all times, we have also contracted additional services, such as the Computer Emergency Response Team (CERT) service for rapid response to infringement incidents and the Threat Intelligence (T.I.) service for real-time monitoring of external trends and security issues related to our company. By actively responding to sophisticated external information breach attempts, we plan to continuously strengthen our security-related activities to ensure the sustainability of our business.



Information Security

Information Security Risk Management

Addressing Security / IT Infringement Incidents

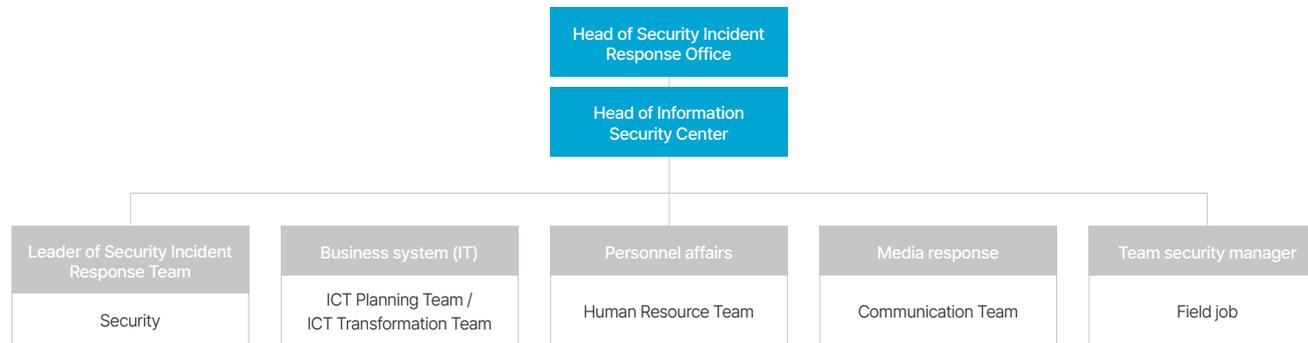
Hyundai Transys defines the types and scope of incidents to respond to security and IT breaches and implements proactive preventive activities and systems to detect and block anomalies early on. We have prepared a graded response and recovery plan considering the impact on work and damage scenarios of each incident, and we conduct regular mock training to build our response capacity. Additionally, to respond to external intrusion attempts in real-time, we operate a 24/7 group security monitoring service to defend against unauthorized external network traffic attacks. We protect internal information assets from malware and other threats using security solutions such as Endpoint Detection and Response (EDR) and Secure Access Service Edge (SASE). Furthermore, through external T.I. services, we monitor security trends to prevent information leakage incidents. For extensive and high-risk security vulnerabilities identified in open source and commercial software through these trends, we take immediate actions such as updating to the latest version of the software or removing unnecessary services.

Process for Responding to Information Protection Breaches

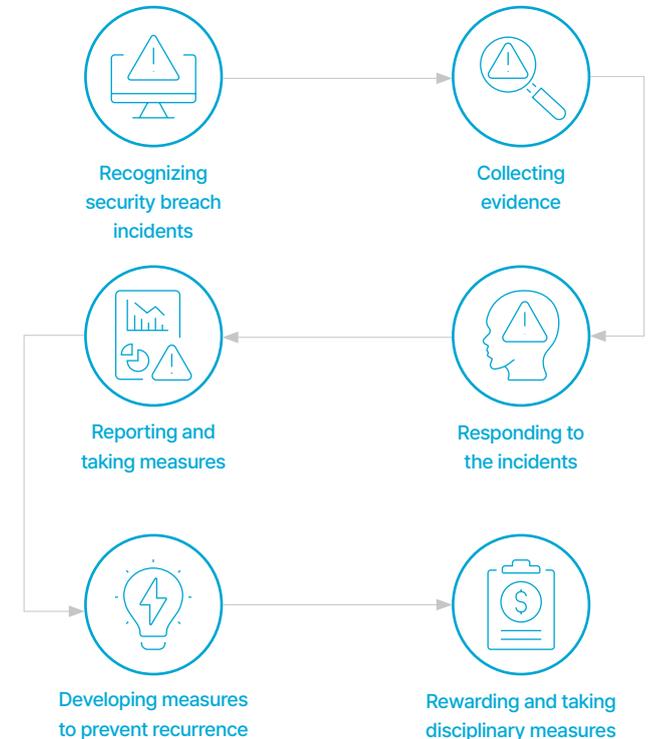
In the event of IT and security incidents, we are dedicated to ensuring the continuous stability of business operations. This commitment involves establishing operational procedures for incident response, reporting, and improvement, with the aim of minimizing the impact of incidents and preventing their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

* Security Reporting Center: Security@hyundai-transys.com

Organization Structure for Security Incident Response



Security Breach Incident Handling Procedure



Information Security

Information Protection

Protecting Personal Information

Hyundai Transys appoints a Chief Privacy Officer (CPO) and has launched the Information Protection Department responsible for overseeing the supervision and control of any misuse and 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 the 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. Through these processes, Hyundai Transys actively promotes the protection of personal information and the remediation of infringements for various stakeholders, including the employees, customers, and business partners, thereby enhancing our capabilities to respond to information leakages.

Personal Information Management System

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

- Appointing a 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 Korean and international laws and regulations related to personal information (Personal Information Protection Act of Korea, Act on Promotion of Information and Communications Network Utilization and Information Protection of Korea, EU General Data Protection Regulation [GDPR], Cybersecurity Law of the People's Republic of China, etc.)

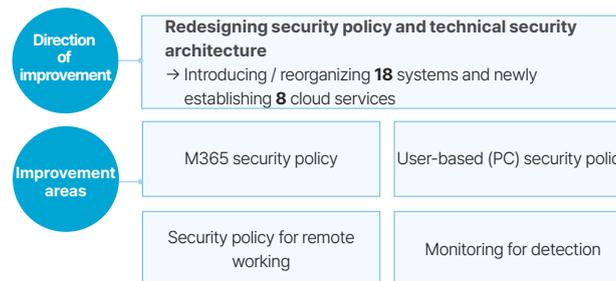
Violation State of Personal Information Protection Regulations

From 2019 to 2023, there was no incident of personal information leakages at Hyundai Transys. Moving forward, Hyundai Transys will continue to implement sustainable ESG management by achieving zero personal information leakages.

Classification	Unit	2019	2020	2021	2022	2023
Number of violations of personal information protection regulations/standards	Case	0	0	0	0	0
Number of violations of personal information protection regulations/standards	Case	0	0	0	0	0
Number of customer data leakage, theft, and loss incidents	Case	0	0	0	0	0

Building a Smart Security Environment

Hyundai Transys has established a next-generation security architecture based on collaboration and sharing, and is applying a security policy and environmental improvements for efficient work performance. Our next-generation security architecture maintains a security level that can flexibly respond to various external environment changes, including the increasing prevalence of remote and telecommuting work.



Conducting Regular Security Assessments

Hyundai Transys carries out routine and ad-hoc security assessments under the supervision of the CISO based on information protection regulations. These checks include 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 lifecycle (collection-destruction), verifying firewall rule compliance, network scanning, and checking the security level of the production network. All matters concerning security assessments and audits are determined with an emphasis on independence and fairness. In the case of violations, 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
- ⊙ Performing system mock hacking
- ⊙ Network scanning
- ⊙ Conducting safety checks for operational systems and infrastructure facilities
- ⊙ Verifying firewall rule compliance
- ⊙ Conducting adequacy assessment for the operation of personal information lifecycle (collection-destruction)
- ⊙ Checking the security level of the production network

Information Security

Reinforcing Information Security Response

Physical Security Management at our Business Sites

Hyundai Transys has established a security system to protect our assets, including human lives, information, and facilities from intentional threats. We continuously improve this system through regular monitoring of vulnerabilities. Additionally, we utilize control measures that include structural elements like buildings and security-related facilities, electronic elements such as security systems, and human elements like security personnel.

Core Technology Protection

Illicitly leaking and misusing core technologies can have significant adverse effects on not only the company but also national competitiveness. As a company possessing core technologies related to future vehicle parts manufacturing, Hyundai Transys has established a management system for core technologies considering the characteristics of each element, such as technology, assets, and personnel. The company equally complies with relevant laws, including the Act on Prevention of Divulgence and Protection of Industrial Technology of Korea. Employees handling core technologies get regular specialized training on the protection of the technologies, and we diagnose the adequacy of the core technology protection system annually. Additionally, we operate a closely-knit consultative body with the relevant departments and strive to protect core technologies through the acquisition of expertise.

Investment Performance Related to Information Security

Hyundai Transys annually establishes and implements investment plans to strengthen our information security. The investment budget for information security is expanded each year within the overall IT budget, and in 2023, approximately KRW 2.48 billion was invested to rigorously enforce our information protection policy.

Fostering a Culture of Information Protection

Raising Security Awareness among Employees

Hyundai Transys engages in diverse initiatives to enhance employee security awareness and prevent associated incidents. These activities include signing security pledges, conducting regular training sessions, and implementing campaigns. To promote voluntary compliance with security protocols, we designate a Data Protection Day monthly during which we conduct regular inspections of the physical business environment and assess various security measures. In addition, we distribute educational materials on information protection, which encompasses internal information security regulations and guidelines for everyday conduct. This practice serves to underscore the importance of adhering to security protocols within each department. Furthermore, we conduct regular simulated malicious email training for our Korean and international employees to build our capacity to prevent and respond to potential issues, such as ransomware damage, unauthorized leakage of critical information, and fraudulent transactions arising from malicious code infections. We encourage our employees to participate actively and enthusiastically in information security by rewarding exemplary security personnel and launching security campaigns.



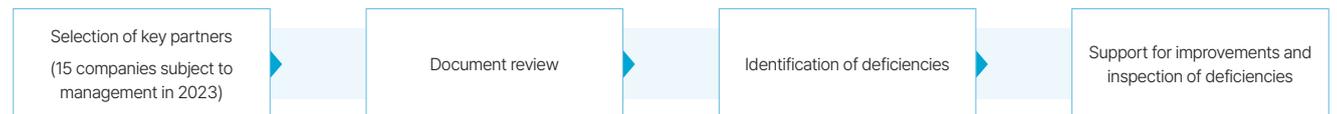
2023 security campaign

Course title	No. of eligible employees (persons)	No. of participants (persons)	Participation rate (%)
① Security training for promoted employees	103	103	100%
② Security training for new hires and experienced employees	84	84	100%
③ Security training for secretaries and engineers	2	2	100%
④ Security training for organization leaders	34	34	100%
⑤ Employees handling core technologies	125	125	100%
⑥ Security training for employees	2,033	2,029	99.8%
⑦ Security training for expatriates working at overseas corporate bodies and partner companies	193	193	100%
⑧ Security training for personnel handling personal information	80	80	100%
⑨ Security training for employees who violated security policy	64	34	54%
Total	2,718	2,684	98.4%

2023 key information security education achievements

Building the Information Security Capacity 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 reward companies with excellent security level evaluation results to encourage voluntary improvements to their security standards. Additionally, we provide security training and security regulation guidelines to build the information security capacity of our partners.



ESG DATA

92	Environmental Data
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Environmental Data

Environment

GHG Management¹⁾²⁾

Domestic : Domestic Business sites, Laboratory, etc.
 Domestic Subsidiary : Seat production site
 Overseas : Overseas production site, Business site, etc.

Category	Unit	2021				2022				2023				
		Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	
GHG total emissions(Scope 1+Scope 2)	tCO ₂ eq	187,231	3,807	127,982	319,020	194,091	4,599	135,350	334,040	194,923	4,927	142,692	342,542	
By Scope	Direct emissions(Scope 1)	tCO ₂ eq	20,908	436	4,799	26,143	21,817	387	3,946	26,150	20,581	62	5,128	25,771
	Indirect emissions(Scope 2)	tCO ₂ eq	166,323	3,371	123,183	292,877	172,274	4,212	131,404	307,890	174,342	4,865	137,564	316,771
By major energy source	LNG	tCO ₂ eq	19,134	2	3,419	22,555	19,811	16	2,677	22,504	18,511	0	2,720	21,231
	LPG	tCO ₂ eq	74	420	637	1,131	63	355	582	1,000	55	12	1,032	1,099
	Gasoline	tCO ₂ eq	1,264	3	188	1,455	1,564	3	296	1,863	1,655	4	606	2,265
	Diesel	tCO ₂ eq	416	11	555	982	379	13	391	783	360	37	769	1,166
	Kerosene	tCO ₂ eq	0	0	0	0	0	0	0	0	0	8	0	8
	Carbon Dioxide	tCO ₂ eq	19	0	0	19	0	0	0	0	0	0	0	0
	Electricity	tCO ₂ eq	166,240	3,371	122,251	291,862	172,176	4,212	131,194	307,582	174,249	4,865	137,421	316,535
Steam	tCO ₂ eq	82	0	932	1,014	99	0	211	310	93	0	143	236	
Value chain total emissions(Scope 3) ³⁾	tCO ₂ eq								7,824,758				9,453,844	
Category 1(Purchased goods and services)	tCO ₂ eq								1,309,249				1,442,904	
Category 2(Capital goods)	tCO ₂ eq								6,152				43	
Category 3(Fuel- and energy-related activities)	tCO ₂ eq								301,504				309,775	
Category 5(Waste)	tCO ₂ eq								4,325				8,246	
Category 6(Business travel)	tCO ₂ eq								8,363				7,552	
Category 7(Employee commuting)	tCO ₂ eq								34,912				27,332	
Category 9(Transportation and distribution)	tCO ₂ eq								32,333				40,069	
Category 11(Use of sold products)	tCO ₂ eq								6,127,734				7,617,748	
Category 12(End of life treatment of sold products)	tCO ₂ eq								187				175	
Scope 1&2 emissions intensity ⁴⁾	tCO ₂ eq /KRW million								0.039				0.029	
Scope 1	tCO ₂ eq /KRW million								0.003				0.002	
Scope 2	tCO ₂ eq /KRW million								0.036				0.027	
Scope 3 emissions intensity ⁴⁾	tCO ₂ eq /KRW million								0.763				0.808	

1) Hyundai Transys independently calculates greenhouse gas emissions for overseas business sites and Hyundai Mseat, and does not provide external verification due to limitations in data collection.

2) Certain reported figures have been revised due to the recalculation of data for overseas business sites and Hyundai Mseat in 2021 and 2022.

3) Scope 3 data is based on all business sites.

4) Greenhouse gas emissions intensity (tCO₂eq/KRW million) = Total greenhouse gas emissions/Total sales

Environmental Data

Environment

Energy Management¹⁾²⁾

Category		Unit	2021	2022	2023
Energy consumption		TJ	5,992	6,298	6,451
Direct energy	Total	TJ	497	498	490
	LNG	TJ	442	442	421
	LPG	TJ	19	17	18
	Gasoline	TJ	22	28	34
	Diesel	TJ	14	11	16
	Kerosene	TJ	0	0	0
	Indirect energy	Total	TJ	5,495	5,800
Electricity		TJ	5,466	5,791	5,955
Steam		TJ	28	8	6
Renewable energy consumption	Renewable energy generation	TJ	3	20	116
	Ratio of energy consumption to renewable energy generation	%	100	97	90
	Ratio of energy consumption to total electricity consumption	%	0.05	0.33	1.72
Energy savings	Energy consumption reduction activities	Case	8	8	7
	Cost savings through reduction activities	KRW million	1,359	675	634
Carbon intensity	Total energy	tCO ₂ eq/TJ	53.2	53.0	53.1
	Direct energy	tCO ₂ eq/TJ	52.6	52.5	52.6
	Indirect energy	tCO ₂ eq/TJ	53.3	53.1	53.1
Energy consumption intensity ³⁾	Total energy	TJ/KRW 100 million	0.074	0.061	0.055
	Direct energy	TJ/KRW 100 million	0.006	0.005	0.004
	Indirect energy	TJ/KRW 100 million	0.067	0.057	0.051

1) Hyundai Transys independently calculates greenhouse gas emissions for overseas business sites and Hyundai Mseat, and does not provide external verification due to limitations in data collection.

2) Based on all business sites.

3) Energy consumption intensity (TJ/KRW 100 million) = Total energy consumptions/Total sales

Environmental Data

Environment

Water Resources Management¹⁾

Category	Unit	2021				2022				2023			
		Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total
Water consumption	ton	445,598	16,683	394,069	856,350	460,561	15,683	476,432	952,676	520,353	14,411	461,694	996,458
Waterworks	ton	268,857	7,074	352,748	628,679	293,340	6,662	399,888	699,890	326,889	6,588	389,306	722,783
Surface water (river, lake)	ton	0		37,823	37,823	0		71,402	71,402	0		65,560	65,560
Groundwater	ton	176,741	9,609	3,499	189,849	167,221		5,142	181,384	193,464	7,823	6,828	208,115
Seawater	ton	0		0	0	0		0	0	0		0	0
Discharge	ton	94,726	16,226	205,668	316,620	92,288	14,546	281,359	388,193	188,265	13,565	58,022	259,852
Total wastewater discharge	ton	361,089		82,803	443,892	388,882		107,291	496,176	351,169		106,739	457,908
Internal processing	ton	358,987		29,058	388,045	387,277		21,848	409,125	350,188		33,198	383,386
Processing through third-party agencies	ton	2,102		53,745	55,847	1,605		85,443	87,048	981		73,541	74,522
Amount of wastewater reuse	ton	358,987		25,038	384,025	387,277		18,072	405,349	350,188		31,274	381,462

1) Certain reported figures have been revised due to the recalculation of data for overseas business sites and Hyundai Mseat in 2021 and 2022.

Pollutant Management¹⁾

Category	Unit	2021				2022				2023			
		Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total
Water pollutant emissions	Kg	1,540		3,156	4,696	2,303		2,939	5,242	2,795		3,546	6,341
BOD	Kg	106.3		912	1,018	155.2		677	832	185.9		732	918
COD	Kg	776.2		1,567	2,343	1,096.5		1,501	2,598	1,503.2		2,115	3,618
T-N	Kg	0.1		45	45	0		43	43	0		44	44
T-P	Kg	134.9		3	138	395.1		3	398	201.6		2	204
TOC	Kg	431.2		318	749	609.2		328	937	835.1		352	1,187
SS	Kg	91.6		311	403	46.7		387	434	69.6		301	371
Water pollutant intensity ²⁾	Kg/KRW million				0.0006				0.0005				0.0005
Air pollutant emissions	Kg	21,039		530	21,569	23,956		2,178	26,134	22,193		457	22,650
TSP (Total Suspended Particles)	Kg	5,643		240	5,883	6,154		633	6,787	6,031		202	6,233
NOx	Kg	15,264		37	15,301	17,619		1,375	18,994	16,054		17	16,071
SOx	Kg	131		254	385	183		171	354	109		237	346
Air pollutant intensity ³⁾	Kg/KRW million				0.003				0.003				0.002

2) Certain reported figures have been revised due to recalculation of data from overseas business sites and Hyundai Mseat for 2021 and 2022, and water/air pollutant emissions from subsidiaries are not being managed (to be managed in the future).

3) Based on all business sites.

Environmental Data

Environment

Waste Management¹⁾

Category	Unit	2021				2022				2023			
		Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total
Total volume of waste generated	ton	4,795	121	5,533	10,449	5,330	110	5,527	10,967	5,394	234	6,024	11,652
Total general waste	ton	2,038	101	2,954	5,093	2,100	10	3,402	5,512	2,138	217	3,761	6,116
Recycled	ton	1,865	101	2,228	4,195	1,937	10	2,375	4,322	2,077	185	2,847	5,109
Incineration	ton	110	0	111	221	120	0	107	227	14	33	92	139
Landfill	ton	62	0	615	677	43	0	920	963	48	0	822	870
Total designated waste	ton	2,757	21	2,579	5,357	3,230	101	2,125	5,456	3,256	16	2,264	5,536
Recycled	ton	928	21	2,301	3,250	1,325	101	1,842	3,268	1,599	16	1,427	3,042
Incineration	ton	1,829	0	253	2,082	1,905	0	107	2,012	1,653	0	780	2,432
Landfill	ton	0	0	25	25	0	0	176	176	3	0	58	61
Waste intensity²⁾	ton/KRW million	0.0013				0.0011				0.0010			
General waste	ton/KRW million	0.0006				0.0005				0.0005			
Designated waste	ton/KRW million	0.0007				0.0005				0.0005			

1) Certain reported figures have been revised due to the recalculation of data for overseas business sites and Hyundai Mseat in 2021.

2) Based on all business sites.

Performance of Eco-Friendly Products³⁾

Category	Unit	2021	2022	2023	
Revenue from products and services designed for fuel efficiency and reducing emissions⁴⁾	KRW 100 million	6,328	10,824	12,455	
Recyclable products	Sales of recyclable products	KRW 100 million	56,333	66,908	73,315
	Revenue ratio of recyclable products to total revenue	%	69	65	63
purchase performance of eco-friendly raw material	Purchase volume of renewable raw materials	ton	53,409	61,556	60,734
	Purchase volume of non-renewable raw materials	ton	631	505	274

3) Based on all business sites.

4) Certain reported figures have been revised due to the recalculation of data for overseas business sites and Hyundai Mseat in 2022.

Environmental Data

Environment

Management of Other Environmental Indicators

Category	Unit	2021				2022				2023					
		Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total		
Environmental investment	Total investment	KRW million	399	0	76,187	76,586	1,324	0	18,131	19,455	2,413	0	29,465	31,878	
	Investment costs for compliance	KRW million	208		75,940	76,148	190		17,891	18,081	312		28,963	29,275	
	Voluntary investment costs	KRW million	191		247	438	1,134		240	1,374	2,101		502	2,603	
Environmental laws	Total no. of violations	Time	0		0	0	0		0	0	0		1	1	
	Penalties	KRW million	0		0	0	0		0	0	0		30	30	
	Amount of damages	KRW million	0		0	0	0		0	0	0		0	0	
	Stakeholder Complaints	No. of complaints	Time	0		0	0	0		0	0	0		0	0
		Percentage of actions taken	%	0		0	0	0		0	0	0		0	0
Monetary compensation		KRW million	0		0	0	0		0	0	0		0	0	
Environmental education	No. of employees who completed environmental education	Person	160	1	2,318	2,479	163	0	3,829	3,992	209	1	4,589	4,799	
	Total training hours	Hour	297	20	6,991	7,308	283	0	9,680	9,963	364	4	14,661	15,029	
	Training hours per capita	Hour/Person	2	20	3	25	2	0	3	5	2	4	3	9	

Environmental Management System Certification¹⁾

Category	Unit	2021				2022				2023			
		Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total
Environmental Management System(ISO 14001) Certification													
Businesses sites subject to certification	Site	4	2	17	23	4	3	17	24	4	3	17	24
Certification acquired business site	Site	4	2	16	22	4	3	16	23	4	3	16	23
Certification acquisition rate	%	100	100	95	96	100	100	95	96	100	100	95	96

1) Based on all business sites

Social Data

Social

Composition of employees¹⁾

Domestic : Domestic Business sites, Laboratory, etc.

Domestic Subsidiary : Seat production site

Overseas : Overseas production site, Business site, etc.

Category	Unit	2021				2022				2023					
		Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total		
Total employees	Person	3,978	403	5,426	9,807	4,084	489	6,121	10,694	4,113	592	6,716	11,421		
Gender	Male	Person	3,863	394	4,312	8,569	3,938	478	4,732	9,148	3,940	579	5,004	9,523	
	Female	Person	115	9	1,114	1,238	146	11	1,389	1,546	173	13	1,712	1,898	
Employment type	Executives	Male	Person	41	2	0	43	39	2	0	41	40	2	0	42
		Female	Person	0	0	0	0	0	0	0	0	0	0	0	0
	Regular worker	Male	Person	3,633	368	3,591	7,592	3,686	372	3,731	7,789	3,719	406	4,091	8,216
		Female	Person	112	4	1,086	1,202	140	9	1,360	1,509	164	10	1,678	1,852
	Non-regular worker	Male	Person	189	24	721	934	213	104	1,001	1,318	181	171	913	1,265
			Person	3	5	28	36	6	2	29	37	9	3	34	46
Position	Top management²⁾	Person	41	2		43	39	3		42	40	3		43	
	Senior management³⁾	Person	1,042	61		1,103	1,143	45		1,188	1,236	53		1,289	
	Junior management⁴⁾	Person	2,895	32		2,927	2,902	40		2,942	2,837	47		2,884	
Age	Under 30	Person	402	103	2,221	2,726	492	100	2,632	3,224	488	152	2,821	3,461	
	30-50	Person	3,058	213	2,780	6,051	3,086	257	3,030	6,373	3,113	313	3,350	6,776	
	Above 50	Person	518	86	425	1,029	506	132	459	1,097	512	127	545	1,184	
Profit-making departments	Male	Person	3,696	394	3,806	7,896	3,683	478	4,269	8,430	3,682	579	4,564	8,825	
	Female	Person	90	9	961	1,060	107	11	1,155	1,273	124	13	1,489	1,626	

1) Certain reported figures have been revised due to the recalculation of data for overseas business sites and Hyundai Mseat in 2021 and 2022.

2) Top management : Heads and above with executives included

3) Senior management : Senior manager and above

4) Junior management : Manager and non-managerial position

Social Data

Social

New Hires¹⁾

Category		Unit	2021				2022				2023			
			Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total
Total new hire employee		Person	175	15	2,002	2,192	322	15	2,682	3,019	173	51	3,094	3,318
Gender	Male	Person	158	12	1,496	1,666	280	12	1,993	2,285	143	50	2,188	2,381
	Female	Person	17	3	506	526	42	3	689	734	30	1	906	937
Position	Top management²⁾	Person	0			0	3			3	3			3
	Senior management³⁾	Person	19			19	38			38	23			23
	Junior management⁴⁾	Person	156			156	281			281	147			147
Age	Under 30	Person	104		1,317	1,421	207		1,797	2,004	98		1,941	2,039
	30-50	Person	71		573	644	107		711	818	69		930	999
	Above 50	Person	0		112	112	8		174	182	6		223	229

1) Certain reported figures have been revised due to the recalculation of data for overseas business sites and Hyundai Mseat in 2021 and 2022.

2) Top management : Heads and above with executives included

3) Senior management : Senior manager and above

4) Junior management : Manager and non-managerial position

Social Data

Social

Employee Turnover¹⁾

Category	Unit	2021				2022				2023				
		Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	
Total turnover employee	Person	146	6	1,855	2,007	204	19	2,240	2,463	103	9	2,265	2,377	
	%	4	1	34	20	5	4	37	23	3	2	34	21	
	Male	143	6	1,445	1,594	190	18	1,714	1,922	97	9	1,731	1,837	
	Female	3		462	465	14	1	541	556	6		570	576	
Total voluntary turnover employee ²⁾	Person	78	2	696	776	162	13	829	1,004	59	9	788	856	
	%	2	0	13	8	4	3	14	9	1	2	12	7	
	Gender	Male	75			75	148			148	53			53
		Female	3			3	14			14	6			6
	Position	Top management ²⁾	0			0	0			0	0			0
		Senior management ³⁾	16			16	32			32	18			18
		Junior management ⁴⁾	62			62	130			130	41			41
	Age	Under 30	20			20	47			47	17			17
		30-50	55			55	113			113	39			39
		Above 50	3			3	2			2	3			3
Voluntary turnover rate	%	2	0	13	8	4	3	14	9	1	2	12	7	
Average years of services	Year	6.7	6.5			5	10.5			6.1	7.4			

1) Certain reported figures have been revised due to the recalculation of data for overseas business sites and Hyundai Mseat in 2021 and 2022.

2) Data for regular employees

3) Top management : Heads and above with executives included

4) Senior management : Senior manager and above

5) Junior management : Manager and non-managerial position

Social Data

Social

Diversity&Inclusion¹⁾

Category	Unit	2021				2022				2023				
		Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	
Female employee	Person	115	9	1,114	1,238	146	11	1,389	1,546	173	13	1,712	1,898	
	%	3	2	21	13	4	2	23	14	4	2	25	17	
Female workforce by position	Top management ²⁾													
	Senior management ³⁾	22			22	28			28	36			36	
	Junior management ⁴⁾	93	9		102	118	11		129	137	13		150	
	Female employees working in STEM-related(Science, Technology, Engineering, Math) jobs	Person	48			48	62			62	72			72
Diversity of minority groups	Total no. of minority group employees	Person	127	12		139	111	11		122	99	11		110
		%	3.2	3.0		1.4	2.7	2.2			2.4	1.9		
	Foreigner employees	Person	8	0		8	8	0		8	9	0		9
		%	0.2	0		0.1	0.2	0			0.2	0		
	Employees with disabilities	Person	43	9		52	40	8		48	45	8		53
		%	1.1	2.2		0.5	1.0	1.6			1.1	1.4		
	Employees with national merits	Person	76	3		79	63	3		66	45	3		48
		%	1.9	0.7		0.8	2	0.6			1.1	0.5		

1) Certain reported figures have been revised due to the recalculation of data for overseas business sites and Hyundai Mseat in 2021 and 2022.

2) Top management : Heads and above with executives included

3) Senior management : Senior manager and above

4) Junior management : Manager and non-managerial position

Social Data

Social

Childcare Leave¹⁾

Category	Unit	2021				2022				2023			
		Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total
Total employees eligible for childcare leave	Person	1,416			1,416	1,366			1,366	1,313			1,313
Childcare leave users	Total	26	6		32	31	7		38	34	9		43
	Male	18	6		24	28	6		34	30	9		39
	Female	8	0		8	3	1		4	4	0		4
Employees return to work after childcare leave	Total	24	6		30	24	7		31	35	8		43
	Male	19	6		25	18	6		24	32	8		40
	Female	5	0		5	6	1		7	3	0		3
Employees with over 12 months of service after childcare leave	Total	8	0		8	21	0		21	23	8		31
	Male	6	0		6	16	0		16	17	8		25
	Female	2	0		2	5	0		5	6	0		6

Human Resource Management¹⁾

Category	Unit	2021				2022				2023					
		Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total		
Human rights training	Total no. of participants	Person	3,740	411	2,196	6,347	3,923	519	2,143	6,585	3,890	592	2,404	6,886	
	Training hours per capita	Hour	3	2	5	10	2	2	9	13	3	2	17	22	
	Training completion rate	%	100	100	96	99	100	100	99	100	100	100	96	98	
No. of employees eligible for performance evaluation	No. of employees receiving performance evaluation ²⁾	Total	Person	3,635	342	3,395	7,372	3,576	355	3,562	7,493	3,595	346	4,046	7,987
		Male	Person	3,545	338	2,696	6,579	3,479	349	2,770	6,598	3,484	337	2,987	6,808
		Female	Person	90	4	699	793	97	6	792	895	111	9	1,059	1,179
	Performance evaluation rate	%	91	85	63	75.2	88	73	58	70.1	87	58	60	69.9	
Grievance handling	Grievance handling	No. of registrations	Case	4			4	16			16	9		9	
		No. of handled cases	Case	4			4	16			16	9		9	

1) Certain reported figures have been revised due to the recalculation of data for overseas business sites and Hyundai Mseat in 2021 and 2022.

2) A 100% evaluation was conducted for all employees, excluding those ineligible.

Social Data

Social

Remuneration

Category	Unit	2021				2022				2023				
		Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	
Total annual remuneration	Total	KRW million	315,527	30,795	111,774	458,096	382,941	37,248	162,956	583,145	423,808	48,745	220,001	692,554
	Male	KRW million	308,178	30,412	82,981	421,571	372,894	36,704	114,865	524,463	410,160	47,910	149,067	607,137
	Female	KRW million	7,349	383	28,793	36,525	10,047	544	48,091	58,682	13,648	835	70,934	85,417
Average remuneration per capita	Total	KRW million	82	76	21	222	98	76	27	251	107	82	33	287
	Male	KRW million	83	77	19	179	99	77	24	200	108	83	30	221
	Female	KRW million	64	43	26	133	71	49	35	155	82	64	41	187
Ratio of basic salary and remuneration of female to male	%				100				100				100	

Labor-Management Relations

Category		Unit	2021	2022	2023
Labor union	No. of Union members at Year-End	Person	1,819	1,761	1,730
	Percentage of employees covered by collective bargaining agreements	%	50	48	47
	Minimum notice period for operational changes	Day	70	70	70

Social Data

Social

Occupational Health and Safety Management Systems Certification¹⁾

Category	Unit	2021				2022				2023			
		Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total
Occupational Health and Safety Management Systems(ISO 45001) Certification													
Businesses sites subject to certification	Site	4	2	17	23	4	3	17	24	4	3	17	24
Certification acquired business site	Site	4	2	16	22	4	3	16	23	4	3	16	23
Certification acquisition rate	%	100	100	95	96	100	100	95	96	100	100	95	96

¹⁾ Based on all business sites

Social Data

Social

Safety Management¹⁾

Category	Unit	2021								2022								2023							
		Korean (non-consolidated)		Korean Subsidiary		Overseas business sites		Total		Korean (non-consolidated)		Korean Subsidiary		Overseas business sites		Total		Korean (non-consolidated)		Korean Subsidiary		Overseas business sites		Total	
		Our company	In-house partner companies	Our company	In-house partner companies	Our company	In-house partner companies	Our company	In-house partner companies	Our company	In-house partner companies	Our company	In-house partner companies	Our company	In-house partner companies	Our company	In-house partner companies	Our company	In-house partner companies	Our company	In-house partner companies	Our company	In-house partner companies	Our company	In-house partner companies
Emergency response trainings	Time	8	0	2	2			10	2	8	0	6	2			14	2	8	0	6	2			14	2
No. of accidents	Case	7	6	4	0	1		12	6	6	0	3	0	0		9	0	6	1	4	0	2		12	1
No. of deaths	Person	0	1	0	0	0		0	1	0	0	0	0	0		0	0	0	0	0	0	0		0	0
Accident rate	Case/Employee	60.16	31.19	5.38						86.91	0	4.65						80.73	19.68	3.5					
Lost Time Injury Frequency Rate (LTIFR)	Case/Million HR	0.854	1.618			0.084		0.399		0.73	0.000		0		0.288			0.776	1.238			0.152		0.382	
Safety and environmental Audit	Case	36	0	9	6	96	0	141	6	48	0	21	8	204	0	273	8	48	0	21	8	204	0	273	8

1) Certain reported figures have been revised due to the recalculation of data for overseas business sites and Hyundai Mseat in 2021 and 2022.

Social Data

Social

Workplace Health Management¹⁾

Category	Unit	2021								2022								2023								
		Korean (non-consolidated)		Korean Subsidiary		Overseas Business sites		Total		Korean (non-consolidated)		Korean Subsidiary		Overseas Business sites		Total		Korean (non-consolidated)		Korean Subsidiary		Overseas Business sites		Total		
		Our company	In-house partner companies	Our company	In-house partner companies	Our company	In-house partner companies	Our company	In-house partner companies	Our company	In-house partner companies	Our company	In-house partner companies	Our company	In-house partner companies	Our company	In-house partner companies	Our company	In-house partner companies	Our company	In-house partner companies	Our company	In-house partner companies	Our company	In-house partner companies	
Medical checkup rate	General medical checkup	Person	3,419		304	108	2,355	824	6,078	932	5,555		231	101	3,092	156	8,878	257	3,649		307	60	3,061	183	7,017	243
	Comprehensive medical checkup	Person	1,338		197	0	3,777	1,007	5,312	1,007	4,347		148	0	4,184	517	8,679	517	1,267		152	0	5,990	780	7,409	780
Health support activities	Use of in-house clinics	Time	20,234	3,477	1,552	0	4,065	619	25,653	4,096	19,346	2,911	1,883	0	4,629	571	25,858	3,482	23,162	2,981	2,280	0	5,887	860	31,329	3,841
	Vaccination	Time	1,594	38	319	0	2,098	95	4,011	133	2,505	40	503	0	863	115	3,871	155	2,455	65	446	0	413	34	3,314	99

Health and Safety of Products and Services²⁾

Category		Unit	2021	2022	2023
Ratio of products and service that assessed for safety and health impact		%		100	100
Products recalls	No. of products subject to mandatory recalls	Number		0	0
	No. of products voluntarily recalled	Number		165,147	90,680
	Expenses related to recalls in the fiscal year	KRW 100 million		25	27
	Ratio of expenses related to recalls to total annual revenue	%		0.03	0.02

1) Certain reported figures have been revised due to the recalculation of data for overseas business sites and Hyundai Mseat in 2021 and 2022.

2) Based on all business sites

Social Data

Social

Supply Chain Management

Category		Unit	2021	2022	2023	
Supply chain status	Subtotal	Site	758	792	770	
	Domestic	Site	356	382	405	
	Overseas	Site	402	410	365	
	Key partners(domestic)	Site	30	34	32	
	Total purchase cost	KRW 100 million	73,234	89,725	98,936	
ESG assessment of supply chain	Partners subject to assessment	Site	15	91	182	
	Partners that conducted written assessment	Site	15	91	182	
	Partners that conducted on-site assessment	Site	15	15	36	
	Partners with corrective measures	Site	0	15	36	
Shared Growth Agreement	1-tier suppliers	Site	155	230	240	
	2-tier suppliers	Site	81	70	142	
Support for shared growth	Financial support for technical development	KRW 100 million	272	365	872	
	Raising Shared Growth Fund	KRW 100 million	300	400	400	
	Support for training	Person	1,492	1,378	2,415	
	Consulting	Site	19	18	51	
	Support for recruitment	No. of supported companies	Site	28	8	13
		No. of supported individuals	Person	77	105	49
	Technological support	No. of supported companies	Site	94	98	123
		No. of supported cases	Case	763	849	936
	Activity support for innovation	Site	12	15	24	
	Technology escrow	Site	40	42	36	
	Market expansion support	Site	23	40	38	
	Quality inspection	Site	192	204	184	
	Safety inspection	Site	31	32	100	
	Environmental inspection	Site	0	13	0	
Dispatching consulting instructors	Site	5	5	4		
Grievance handling of partner companies	Grievance reported	Case	160	81	220	

Social Data

Social

Customer Satisfaction¹⁾

Category	Unit	2021	2022	2023
No. of customers in satisfaction survey	Number	24	26	23
Customer satisfaction score	Point	96	95.6	96.4

Quality Management¹⁾

Category	Unit	2021	2022	2023
Quality inspection	Inspection on the compliance of quality requirements	Case	46	26
	Improvement measures	Case	46	26
Quality workforce development	Training hours on quality management	Hour	152	27
	Quality management personnel	Person	284	116

1) Based on all business sites

Social Contribution

Category	Unit	2021				2022				2023				
		Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	
Social contribution activity Amount	Total	KRW million	289		151	425	450		113	563	562		276	838
	Corporate contribution	KRW million	274		149	412	449		112	561	531		224	755
	Contributions by employees	KRW million	15		2	17	1		1	2	31		52	83
No. of employees participating in donations	Person		161		73	234	532		384	916	374		1,222	1,596
Volunteer activities	Total no. of volunteer work	Hour	136		114	250	752		130	882	374		128	502
	Volunteer work hours per capita	Hour	0.7		3	4	1.4		3	4	1.0		2	3
Beneficiaries of CSR programs	Person		5,946		468	6,414	2,655		1,715	4,370	3,910		1,398	5,308
Ratio of business sites that conduct CSR programs	%		100		47	52	100		53	56	100		76	72

Social Data

Social

Corporate Culture Satisfaction Index

Category	Unit	2021	2022	2023
Corporate culture satisfaction level	Point	68.4	71.9	74.4
No. of participants	Person	2,364	2,219	2,427

Employee Capacity Building

Category	Unit	2021				2022				2023			
		Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total
No. of participants in training on job skills and capacity building	Person	3,986	37	5,546	9,569	4,092	45	6,368	10,505	4,122	49	8,592	12,763
Gender	Male	3,865	31	4,730	8,626	3,940	36	4,825	8,801	3,932	38	7,291	11,261
	Female	121	6	816	943	152	9	916	1,077	180	11	1,090	1,281
Position	Top management ¹⁾	48				48				49			
	Senior management ²⁾	1,036				1,135				1,229			
	Junior management ³⁾	2,902				2,909				2,844			
Training hours	Hour	141,735	1,130	48,157	191,022	94,423	1,025	65,133	160,581	126,572	1,442	69,415	197,429
Gender	Male	133,231	1,020	37,069	171,320	87,578	738	49,655	137,971	114,588	1,127	54,825	170,540
	Female	5,626	110	11,088	16,824	6,845	287	15,477	22,609	11,983	315	14,590	26,888
Position	Top management ¹⁾	1,348				1,067				733			
	Senior management ²⁾	66,039				45,312				53,227			
	Junior management ³⁾	72,475				50,525				72,612			
Average training hours	Hour	36	31	9	20	23	23	10	15	31	29	8	15
Gender	Male	34	33	8	20	22	21	10	16	29	30	8	15
	Female	46	18	14	18	45	32	17	21	67	29	13	21
Position	Top management ¹⁾	28				22				15			
	Senior management ²⁾	64				40				43			
	Junior management ³⁾	25				17				26			
Total training cost	KRW million	1,890	12	257	2,159	1,950	18	369	2,337	3,770	20	654	4,444

1) Top management : Heads and above with executives included

2) Senior management : Senior manager and above

3) Junior management : Manager and non-managerial position

Governance Data

Governance

Board Structures

Category		Unit	2021	2022	2023
BOD composition	Total	Person	4	5	5
	Internal director	Person	3	3	3
	External director	Person	1	2	2
Gender diversity	Male	Person	3	4	4
	Female	Person	1	1	1

Board Performance

Category	Unit	2021	2022	2023
No. of BOD meetings held	Time	6	6	6
No. of agenda items	Item	21	19	20
Attendance rate of internal director	%	100	75	94
Attendance rate of external director	%	100	100	100

Board Remuneration

Category		Unit	2021	2022	2023
Actual remuneration	Total	KRW million	2,123	5,348	2,987
	Internal director	KRW million	2,064	5,245	2,860
	External director	KRW million	59	103	127
Average remuneration per capita	Internal director	KRW million	688	1,311	953
	External director	KRW million	59	52	64
Average remuneration increase rate for internal directors	%	20.9	90.5	(27.3)	

Governance Data

Governance

Ethics and Compliance Check¹⁾

Domestic : Domestic Business sites, Laboratory, etc.

Domestic Subsidiary : Seat production site

Overseas : Overseas production site, Business site, etc.

Category	Unit	2021				2022				2023				
		Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	
Internal inspection	Regular inspections on fair trade	Case	2	0	0	2	3	0	0	3	2	0	0	2
	Special investigation on whistleblowing	Case	7	0	0	7	11	0	0	11	9	0	1	10
	Compliance self-inspection on corruption(by team)	Case	1	0	0	1	1	0	0	1	1	0	0	1
Evaluation of corruption risk	No. of business sites subject to evaluation	Case	5	0	0	5	5	0	0	5	5	0	0	5
	No. of business sites that conducted evaluation	Case	5	0	0	5	5	0	0	5	5	0	0	5
	Ratio of business sites that conducted evaluation	%	100	0	0	100	100	0	0	100	100	0	0	100
Confirmed corruption cases and countermeasures	Reports and tip-offs	Case	0	0	0	0	2	0	0	2	1	0	0	1
	No. of addressed cases	Case	0	0	0	0	2	0	0	1	1	0	0	1
Overall compliance training	Total no. of compliance training participants	Person	3,646	0	572	4,218	4,471	0	807	5,278	3,976	0	1,001	4,977
	Total no. of compliance training hours	Hour	3,646	0	825	4,471	4,471	0	1,194	5,665	3,976	0	1,092	5,068
	No. of compliance training hours per capita	Hour	1	0	1	1	1	0	1	1	1	0	1	1
Ethical Policy	No. of board members with whom the ethics policy is shared	Person	4			4	5			5	5			5
	No. of executives and employees with whom ethics policies have been shared	Person	3,978			3,978	4,084			4,084	4,113			4,113
Ethics violations and actions	No. of incidents of code of conduct/ ethics violations	Case	0		0	3	0		2	2	0		1	1
	No. of corruption cases	Case	0		0	0	0		0	0	0		0	0
	No. of instances where workers have been fired of disciplined for corruption	Case	0		0	0	0		0	0	0		0	0
Sinmungo operation	Grievances reported	Case	54	0	0	54	88	0	3	91	9	0	2	11
	No. of addressed cases	Case	54	0	0	54	88	0	3	91	9	0	2	11

1) Certain reported figures have been revised due to the recalculation of data for overseas business sites and Hyundai Mseat in 2021 and 2022.

Governance Data

Governance

Violation of Law and Regulations¹⁾

Category	Unit	2021				2022				2023				
		Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	
Violation	Unfair trade	No. of violations	Case	0	0	0	0	0	0	0	0	0	0	0
		Fines imposed	KRW million	0	0	0	0	0	0	0	0	0	0	0
	Corruption and bribery	No. of violations	Case	0	0	0	0	0	0	0	0	0	0	0
		Fines imposed	KRW million	0	0	0	0	0	0	0	0	0	0	0
	Violation of regulations regarding safety and health impact of products and services	No. of violations	Case	0	0	0	0	0	0	0	0	0	0	0
		Fines imposed	KRW million	0	0	0	0	0	0	0	0	0	0	0
	Non-compliance concerning product and service information and labeling	No. of violations	Case	0	0	0	0	0	0	0	0	0	0	0
		Fines imposed	KRW million	0	0	0	0	0	0	0	0	0	0	0
	Violation of regulations regarding marketing communication	No. of violations	Case	0	0	0	0	0	0	0	0	0	0	0
		Fines imposed	KRW million	0	0	0	0	0	0	0	0	0	0	0
	Breaches of customer privacy	No. of violations	Case	0	0	0	0	0	0	0	0	0	0	0
		Fines imposed	KRW million	0	0	0	0	0	0	0	0	0	0	0
	Non-compliance with environmental laws and regulations	No. of violations	Case	0	0	0	0	0	0	0	0	0	0	1
		Fines imposed	KRW million	0	0	0	0	0	0	0	0	0	0	30

1) Collection of data on fines exceeding KRW 10 million

Information Protection and Security

Category	Unit	2021				2022				2023			
		Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total	Korean (non-consolidated)	Korean Subsidiary	Overseas Business sites	Total
Complaints regarding infringement of customer privacy or personal information	No. of complaints received from external parties and verified within the company	Case	0		0	0	0		0	0	0		0
	No. of complaints from regulatory authorities	Case	0		0	0	0		0	0	0		0
Training on data security	No. of training sessions conducted	Number	6		0	6	8		0	8	9		0
	No. of participants	Person	2,448		0	2,448	2,908		0	2,908	2,684		0
	Training hours per capita	Hour	6		0	6	7		0	7	9		0
Investment in data security	Total IT budget	KRW million	17,020		3,852	20,872	18,830		5,565	22,682	22,390		8,276
	Total security budget	KRW million	2,730		848	3,578	3,740		1,435	4,588	2,480		1,702
	Ratio of security budget to total IT budget	%	16		22	17	20		26	20	11		21

Governance Data

Governance

Tax payment by country

	Category	Unit	2021	2022
Korea	No. of employees	Person	4,281	4,404
	Revenue	KRW million	6,867,124	8,055,968
	Profit(loss) before tax	KRW million	35,209	13,314
	Corporate tax(current year)	KRW million	(11,062)	(28,377)
	Paid tax	KRW million	(2,985)	162
China	No. of employees	Person	1,503	1,692
	Revenue	KRW million	1,327,708	1,319,447
	Profit(loss) before tax	KRW million	20,365	(17,195)
	Corporate tax(current year)	KRW million	77,431	23,725
	Paid tax	KRW million	54,160	6,959
India	No. of employees	Person	700	2,462
	Revenue	KRW million	453,970	684,539
	Profit(loss) before tax	KRW million	30,577	36,214
	Corporate tax(current year)	KRW million	6,529	13,287
	Paid tax	KRW million	7,123	8,634
Indonesia	No. of employees	Person	348	313
	Revenue	KRW million	6,641	82,698
	Profit(loss) before tax	KRW million	(3,705)	2,947
	Corporate tax(current year)	KRW million	8	(223)
	Paid tax	KRW million	0	0
Czech Republic	No. of employees	Person	489	542
	Revenue	KRW million	363,558	430,373
	Profit(loss) before tax	KRW million	13,942	20,010
	Corporate tax(current year)	KRW million	2,181	3,717
	Paid tax	KRW million	1,573	1,887

Governance Data

Governance

Tax payment by country

	Category	Unit	2021	2022
Slovakia	No. of employees	Person	309	366
	Revenue	KRW million	198,836	298,402
	Profit(loss) before tax	KRW million	7,730	8,821
	Corporate tax(current year)	KRW million	1,370	1,480
	Paid tax	KRW million	1,577	1,447
USA	No. of employees	Person	1,455	2,042
	Revenue	KRW million	1,124,411	1,781,797
	Profit(loss) before tax	KRW million	(1,226)	(4,429)
	Corporate tax(current year)	KRW million	(3,125)	(2,293)
	Paid tax	KRW million	(1,238)	2,391
Mexico	No. of employees	Person	956	974
	Revenue	KRW million	21,320	624,923
	Profit(loss) before tax	KRW million	(53)	7,876
	Corporate tax(current year)	KRW million	215	(3,079)
	Paid tax	KRW million	0	3,261
Brazil	No. of employees	Person	198	182
	Revenue	KRW million	91,843	134,000
	Profit(loss) before tax	KRW million	2,235	5,611
	Corporate tax(current year)	KRW million	137	1,126
	Paid tax	KRW million	99	2,421

Governance Data

Governance

Tax payment Details

Category	Unit	2021	2022	2023
Corporate tax	KRW million	0	0	0
Property tax	KRW million	1,474	1,527	1,440
Non-creditable VAT and other sales taxes	KRW million	(129,979)	(147,932)	(183,406)
Employer-paid payroll taxes	KRW million	30,603	44,130	62,394
Other taxes that constitute costs to the company, by category of taxes	KRW million	3,100	5,348	7,166

* Data of Hyundai Transys Headquarters

Local Purchase Ratio in Key Business Regions¹⁾

Category	Unit	2021	2022	2023
Korea	%	93	94	95
China	%	47	46	50
Indonesia	%	23	76	84
India	%	93	92	92
USA	%	42	46	50
Mexico	%	74	69	71
Brazil	%	99	100	100
Czech Republic	%	97	98	97
Slovakia	%	98	98	98

¹⁾ Certain reported figures have been revised due to the recalculation of data for overseas business sites and Hyundai Mseat in 2021 and 2022.

Governance Data

Governance

Products Manufacturing¹⁾

Category		Unit	2021	2022	2023
Products/components manufactured by the company	Production volume of powertrain-related products	Number (10 thousand)	513	551	612
	Production volume of seat-related products	Number (10 thousand)	214	257	271

1) Certain reported figures have been revised due to the recalculation of data for overseas business sites and Hyundai Mseat in 2021 and 2022.

R&D

Category		Unit	2021	2022	2023
Research and development cost	Research and development investment	KRW 100 million	2,493	2,586	3,594
	Government subsidies	KRW 100 million	8	15	21
	Proportion relative to sales revenue	%	3.9	3.4	4.2

APPENDIX

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120	ESRS Index
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125	WEF IBC Stakeholder Capitalism Metrics
126	Third-party Assurance Statement
129	Greenhouse Gas Emissions Verification Opinion
130	Awards & Membership status
131	Contributors to Disclosure of this Report

GRI Index

GRI Standards

Description	Hyundai Transys reports data from January 1, 2023 to December 31, 2023(including some information up to March 2024) based on the revised GRI Standard 2021.
GRI 1 used	GRI 1: Foundation 2021
Applicable industry standards	As of the publication in August 2024, no applicable industry standards were published for Hyundai Transys.

General Disclosures

GRI Standards		Page	Note
GRI 2: General Disclosure			
Organizational Profile and Reporting Principles	2-1	Organizational details	2
	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, 92-95, 97-101, 104-105, 110, 114-115
	2-5	External assurance	126-129
Activities and Workers	2-6	Activities, value chain and other business relationships	8,9,28,56,106
	2-7	Employees	97-101
	2-8	Workers who are not employees	Refers to page 254 of our business report
Governance	2-9	Governance structure and composition	79-80
	2-10	Nomination and selection of the highest governance body	79-80
	2-11	Chair of the highest governance body	79-80
	2-12	Role of the highest governance body in overseeing the management of impacts	31, 79
	2-13	Delegation of responsibility for managing impacts	31- 32
	2-14	Role of the highest governance body in sustainability reporting	31-32

GRI Standards		Page	Note
Strategy, policies and practices	2-15	Conflicts of interest	80
	2-16	Communication of critical concerns	18, 32
	2-17	Collective knowledge of the highest governance body	79
	2-18	Evaluation of the performance of the highest governance body	79
	2-19	Remuneration policies	79
	2-20	Process to determine remuneration	79
	2-21	Annual total compensation ratio	109
	2-22	Statement on sustainable development strategy	5
	2-23	Policy commitments	52-54, 62, 82- 83, 85-86
	2-24	Embedding policy commitments	52-54, 62, 82- 83, 85-86
	2-25	Processes to remediate negative impacts	84, 85
Stakeholder Engagement	2-26	Mechanisms for seeking advice and raising concern	51, 53, 82
	2-27	Compliance with laws and regulations	81, 82
	2-28	Membership associations	130
	2-29	Approach to stakeholder engagement	18
	2-30	Collective bargaining agreements	72, 102

GRI Index

GRI Standards

Material Topics

GRI Standards			Page	Note
GRI 3: Material Topics 2021	3-1	Process to determine material topics	18-19	
	3-2	List of material topics	20	
	3-3	Management of material topics	21-29	
Strengthening new growth engines and driving technological innovation/Leading the transition to eco-friendly products				
GRI 3: Material Topics 2021	3-3	New growth engines and technological innovation	22	
New growth engines and technological innovation	Non-GRI	No applicable GRI standards	13-16, 22	
GRI 201: Economic performance(2016)	201-1	Direct economic value generated and distributed	8, 112-114	
	201-2	Financial implications and other risks and opportunities due to climate change	40-42	
Occupational Health and Safety				
GRI 3: Material Topics 2021	3-3	Occupational Health and Safety	23	
GRI 403: Occupational Health and Safety(2018)	403-1	Occupational health and safety management system	44~ 46	
	403-2	Hazard identification, risk assessment, and incident investigation	48	
	403-3	Occupational health services	50-51	
	403-4	Worker participation, consultation, and communication on occupational health and safety	48-51	
	403-5	Worker training on occupational health and safety	50	
	403-6	Promotion of worker health	51	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	44-51	
	403-8	Workers covered by an occupational health and safety management system	46, 103	
	403-9	Work-related injuries	23, 44, 104	
	403-10	Work-related ill health	104	

GRI Standards			Page	Note
Climate change				
GRI 305: Emissions(2016)	3-3	Climate change	24	
	305-1	Direct GHG emissions(Scope 1)	92	
	305-2	Energy indirect GHG emissions(Scope 2)	92	
	305-3	Other indirect GHG emissions(Scope 3)	92	
	305-4	GHG emissions intensity	92, 93	
	305-5	Reduction of GHG emissions	36-37	
	305-7	Nitrogen oxides(NOx), sulfur oxides(SOx), and other significant air emissions	94	
GRI 302: Energy(2016)	302-1	Energy consumption within the organization	93	Refers to page 278 of our business report
	302-2	Energy consumption outside of the organization	93	
	302-3	Energy intensity	93	
	302-4	Reduction of energy consumption	93	
	302-5	Reductions in energy requirements of products and services	11, 43	
Customer satisfaction and quality management				
GRI 3: Material Topics 2021	3-3	GRI 3: Material Topics 2021	25	
GRI 416: Customer Health and Safety	416-1	GRI 416: Customer Health and Safety	105	
GRI 418: Customer Privacy	418-1	GRI 418: Customer Privacy	111	

GRI Index

GRI Standards

Material Topics

GRI Standards			Page	Note
Waste management				
GRI 3: Material Topics 2021	3-3	Waste management	26	
GRI 306: Waste(2016)	306-1	Waste generation and significant waste-related impacts	66	
	306-2	Management of significant waste-related impacts	66	
	306-3	Waste generated	95	
	306-4	Waste diverted from disposal	95	
	306-5	Waste directed to disposal	95	
Securing talent and employee growth				
GRI 3: Material Topics 2021	3-3	Securing Talent and Employee Growth	27	
GRI 401: Employment(2016)	401-1	New employee hires and employee turnover	98, 99	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	70	
	401-3	Parental leave	101	
GRI 404: Training and Education(2016)	404-1	Average hours of training per year per capita	101, 108	
	404-2	Programs for upgrading employees skills and transition assistance programs	68, 69	
	404-3	Percentage of employees receiving regular performance and career development reviews	101	
ESG Management within supply chain				
GRI 3: Material Topics 2021	3-3	ESG Management within Supply Chain	28	
ESG Management within Supply Chain	308-2	Negative environmental impacts in the supply chain and actions taken	54-55	
	414-2	Negative social impacts in the supply chain and actions taken	54-55	
Human rights				
GRI 3: Material Topics 2021	3-3	Human Rights	29	
GRI 405: Diversity and Equal Opportunity(2016)	405-1	Diversity of governance bodies and employees	100, 109	
	405-2	Ratio of basic salary and remuneration of women to men	102	
GRI 406: Non-Discrimination(2016)	406-1	Incidents of discrimination and corrective actions taken	101	

GRI Standards			Page	Note
Other issues				
GRI 205: Anti-corruption(2016)	205-1	Operations assessed for risks related to corruption	83, 110	
	205-2	Communication and training about anti-corruption policies and procedure	110	
	205-3	Confirmed incidents of corruption and actions taken	111	
GRI 206: Anti-competitive Behavior(2016)	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	111	Refers to page 278 of our business report
GRI 203: Indirect Economic Impacts	203-1	Infrastructure investments and services supported	58, 59, 107	
	203-2	Significant indirect economic impacts	58, 59	
GRI 303: Water and Effluents(2016)	303-1	Interactions with water as a shared resource	65	
	303-2	Management of water discharge-related impacts	65	
	303-3	Water withdrawal	94	
GRI 413: Local communities	413-1	Operations with local community engagement, impact assessments, and development programs	59	

ESRS Index

ESRS 2. General Disclosures

Indicator No.	Disclosure	Page
ESRS 2 BP-1	General basis of preparation of the sustainability statement	2
ESRS 2 BP-2	Disclosures in relation to specific circumstances	2, 92-108
ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies	79-80
ESRS 2 GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	18-20, 31, 79
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	20-29
ESRS 2 GOV-4	Statement on sustainability due diligence	31, 79-80
ESRS 2 GOV-5	Risk management and internal controls over sustainability reporting	21-32
ESRS 2 SBM-1	Strategy, business model and value chain	8-15
ESRS 2 SBM-2	Interests and views of stakeholders	18-20
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model(s)	21-29
ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	18-19
ESRS 2 IRO-2	Disclosure Requirements in ESRS covered by the undertaking's sustainability statements	115-118

ESRS E1. Climate Change

Indicator No.	Disclosure	Page
ESRS E1-1	Transition plan for climate change mitigation	35-43
ESRS E1-2	Policies related to climate change mitigation and adaptation	35-37
ESRS E1-3	Actions and resources in relation to climate change policies	96
ESRS E1-4	Targets related to climate change mitigation and adaptation	24
ESRS E1-5	Energy consumption and mix	93
ESRS E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	92
ESRS E1-7	GHG removals and GHG mitigation projects financed through carbon credits	-
	Avoided emissions of products and services	-
ESRS E1-8	Internal carbon pricing	-
ESRS E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	40-41

ESRS E2. Pollution

Indicator No.	Disclosure	Page
ESRS E2-1	Policies related to pollution	61-67
ESRS E2-2	Actions and resources related to pollution	61-67
ESRS E2-3	Targets related to pollution	61-67
ESRS E2-4	Pollution of air, water and soil	94
ESRS E2-5	Substances of concern and substances of very high concern	-
ESRS E2-6	Potential financial effects from pollution-related impacts, risks and opportunities	-

ESRS Index

ESRS E3. Water and Marine Resources

Indicator No.	Disclosure	Page
ESRS E3-1	Policies implemented to manage water and marine resources	65
ESRS E3-2	Actions and resources related to water and marine resources	65
ESRS E3-3	Targets related to water and marine resources	65
ESRS E3-4	Water consumption and intensity	93
ESRS E3-5	Potential financial effects from water and marine resources-related impacts, risks and opportunities	-

ESRS E4. Biodiversity and Ecosystems

Indicator No.	Disclosure	Page
ESRS E4-1	Transition plan on biodiversity and ecosystems	-
ESRS E4-2	Policies related to biodiversity and ecosystems	-
ESRS E4-3	Actions and resources related to biodiversity and ecosystems	-
ESRS E4-4	Targets related to biodiversity and ecosystems	-
ESRS E4-5	Impact metrics related to biodiversity and ecosystems change	-
ESRS E4-6	Potential financial effects from biodiversity and ecosystem-related risks and opportunities	-

ESRS E5. Resource Use and Circular Economy

Indicator No.	Disclosure	Page
ESRS E5-1	Policies related to resource use and circular economy	66
ESRS E5-2	Actions and resources related to resource use and circular economy	66
ESRS E5-3	Targets related to resource use and circular economy	66
ESRS E5-4	Resource inflows	95
ESRS E5-5	Resource outflows	95
ESRS E5-6	Potential financial effects from resource use and circular economy-related impacts, risks and opportunities	-

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ESRS S1. Own Workforce

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ESRS S1-1	Policies related to own workforce	52-53
ESRS S1-2	Processes for engaging with own workers and workers' representatives about impacts	53
ESRS S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	53
ESRS S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	52-53, 72
ESRS S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	52-53, 72
ESRS S1-6	Characteristics of the undertaking's employees	52-53, 68-72
ESRS S1-7	Characteristics of non-employee workers in the undertaking's own workforce	52-53, 68-72
ESRS S1-8	Percentage of total employees covered by collective bargaining agreements	72
	For employees not covered by collective bargaining agreements, a description of reasons and countermeasures	
ESRS S1-9	No. of strikes, no. of work loss days due to strikes, measures and discussions to resolve strikes, etc.	-
	Average hourly wage difference between genders, ratio of women's hourly wage against men's hourly wage	101
ESRS S1-10	Persons subject to family care leave(maternity leave, parental leave, etc.), no. of persons who went on a leave, retention rate after returning to work after leave	100
	Adequate wages	100
ESRS S1-11	Social protection	-
ESRS S1-12	Persons with disabilities	99
ESRS S1-13	Percentage of employees that participated in regular performance and career development reviews	100
	Average number of training hours and expenses per capita	106
ESRS S1-14	Percentage of own workers who are covered by the undertaking's health and safety management system based on legal requirements and/or recognized standards or guidelines	46, 102
	Number and rate of work-related injuries and ill health, the number of days lost to work-related injuries, accidents, and ill health	23, 44, 102
ESRS S1-15	Work-life balance indicators	70
ESRS S1-16	Ratio of the annual total compensation ratio of the highest paid individual to the median annual total compensation for all employees	-
ESRS S1-17	Number of work-related incidents and severe human rights impacts and incidents within its own workforce and any related material fines or sanctions for the reporting period	100
	Number of complaints and severe human rights impacts and incidents within its own workforce and any related countermeasures and plans to prevent reoccurrence	52-53

ESRS Index

ESRS S2. Workers in the Value Chain

Indicator No.	Disclosure	Page
ESRS S2-1	Policies related to value chain workers	52
ESRS S2-2	Processes for engaging with value chain workers about impacts	72
ESRS S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	53, 72
ESRS S2-4	Taking action on material impacts on value chain workers, and approaches to mitigating material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	52
ESRS S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	52-53

ESRS S3. Affected Communities

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ESRS S3-1	Policies related to affected communities	58
ESRS S3-2	Processes for engaging with affected communities about impacts	58
ESRS S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	-
ESRS S3-4	Taking action on material impacts on affected communities, and approaches to mitigating material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	59
ESRS S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	58

ESRS S4. Consumers and End Users

Indicator No.	Disclosure	Page
ESRS S4-1	Policies related to consumers and end-users	77-78
ESRS S4-2	Processes for engaging with consumers and end-users about impacts	77-78
ESRS S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	77-78
ESRS S4-4	Taking action on material impacts on consumers and end-users, and approaches to mitigating material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	77-78
ESRS S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	77-78

ESRS G1. Consumers and End Users

Indicator No.	Disclosure	Page
ESRS G1-1	Top decision-making body's declaration of ethical management and roles and responsibilities in relation to management and supervision	81
	Requirements in the Ethics Charter and Code of Conduct	83
ESRS G1-2	Operating the compliance program, conducting activities to make payment improvements, such as the win-win payment system	83
	Diagnosing and conducting a due diligence on supplier ESG risks, reflecting diagnosis and due diligence results in supplier selection criteria	55
ESRS G1-3	Activities to prevent corruption or bribery, and a system to investigate and report outcomes to the administrative, management and supervisory bodies	82-83
	To prevent unfair trading, and a system to investigate and report outcomes to the administrative, management and supervisory bodies	82-83
ESRS G1-4	Number of confirmed incidents of corruption or bribery, details of public legal cases, the number of confirmed incidents in which own workers were dismissed or disciplined	108
	Number of confirmed incidents of unfair trading, details of public legal cases, the number of confirmed incidents in which own workers were dismissed or disciplined	108
ESRS G1-5	Political influence and lobbying activities	-
ESRS G1-6	Payment practices	-

SASB Index

SASB Index

Subject	Disclosure	Index	Page
Energy Management	TR-AP-130a.1	(1) Total energy consumes	93
		(2) Percentage grid electricity	93
		(3) Percentage renewable	93
Waste Management	TR-AP-150a.1	(1) Total amount of waste from manufacturing	95
		(2) Percentage hazardous	95
		(3) Percentage recycled	95
Product Safety	TR-AP-250a.1	Number of recalls issued, total units recalled	103
Design for Fuel Efficiency	TR-AP-410a.1	Revenue from products designed to increase fuel efficiency and/or reduce emissions	95
Materials Sourcing	TR-AP-440a.1	Description of the management of risks associated with the use of critical materials	56
Materials Efficiency	TR-AP-440b.1	Percentage of sales from recyclable products	95
	TR-AP-440b.2	Percentage of recycled or remanufactured content in input materials	95
Competitive Behavior	TR-AP-520b.1	Percentage of input materials from recycled or remanufactured content	108
Activity Metrics	TR-AP-000.A	Number of parts produced	111
	TR-AP-000.B	Weight of parts produced	-

WEF IBC Stakeholder Capitalism Metrics

Principles of Governance

Theme	Core Metrics	Disclosures	Page
Governing purpose	Setting purpose	Purpose of business related to value creation	8, 32
Quality of governing body	Governance body composition	Composition of BOD and subcommittees	79
Stakeholder engagement	Material issues impacting stakeholders	Materiality assessment	18-20
Ethical behavior	Anti-corruption	Anti-corruption details and prevention activities (training, etc.)	83
	Protected ethics advice and reporting mechanisms	Internal and external ethics advising and reporting mechanisms	81
Risk and opportunity oversight	Integrating risk and opportunity into business process	Identification of and response to risks and opportunities	84-85

Planet

Theme	Core Metrics	Disclosures	Page
Climate change	Greenhouse gas (GHG) emissions	Status of GHG emissions by scope	92
	TCFD implementation	TCFD recommendations metrics	40
Nature loss	Land use and ecological sensitivity	Information on business sites in relation to biodiversity	-
Freshwater availability	Water consumption and withdrawal in water-stressed areas	Information on business sites in relation to water stress	65

People

Theme	Core Metrics	Disclosures	Page
Dignity and equality	Diversity and inclusion	Composition of employees by type	99
	Pay equality	Employee salaries by type	101
	Wage level	Pay ratio	101
	Risk for incidents of child, forced or compulsory labor	Information on business sites with risk	52
Health and wellbeing	Safety and health	Safety incidents metrics and health service	49
Skills for the future	Training provided	Training hours and cost	106

Prosperity

Theme	Core Metrics	Disclosures	Page
Employment and wealth generation	Absolute number and rate of employment	Employment and transfer	98
	Economic contribution	Economic value creation and distribution	-
	Financial investment contribution	Shareholder return	-
Innovation of better products and services	Total R&D expenses	Total R&D expenses	111
Community and social vitality	Total tax paid	Total Tax Payment	111

Third-party Assurance Statement



To: The Stakeholders HYUNDAI TRANSYS INC.

Overview

BSI (British Standards Institution) Group Korea (hereinafter referred to as the "Assurer") was requested to verify the 2024 HYUNDAI TRANSYS Sustainability Report (hereinafter referred to as the "Report"). The Assurer is independent of HYUNDAI TRANSYS and has no major operational financial interest other than the assurance. This assurance opinion statement is intended to provide information related to the assurance of the HYUNDAI TRANSYS report relating to the environment, social and governance (ESG) to the relevant stakeholders and may not be used for any purpose other than the purpose of publication. This assurance opinion statement was prepared based on the information presented by the HYUNDAI TRANSYS and the assurance was carried out under the assumption that presented the information and data were complete and accurate.

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

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

Scope

The scope of engagement agreed upon with HYUNDAI TRANSYS includes the following:

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

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

- Financial information in Appendix.
- Index items related to other international standards and initiatives other than the GRI.
- Subsidiary companies and supply chains excluding HYUNDAI TRANSYS(The separate corporation).
- Other related additional information such as the website, business annual report.

Assurance Level and Type

The assurance levels and types are as follows;

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

Description and sources of disclosures covered

Based on the scope and methodology of assurance applied, the assurer reviewed the following Disclosures based on the sampling of information and data provided by HYUNDAI TRANSYS.

[Universal Standards]

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

[Topic Standards]

201-1-2, 203-1-2, 205-1-3, 206-1, 302-1-5, 303-1-3, 305-1-5, 305-7, 306-1-5, 308-2, 401-1-3, 404-1-3, 403-1-10, 405-1-2, 413-1, 414-2, 416-1, 418-1

Methodology

- As a part of its independent assurance, the Assurer has used the methodology developed for relevant evidence collection in order to comply with the verification criteria and to reduce errors in reporting. The Assurer has performed the following activities;
 - A top-level review of issues raised by external parties that could be relevant to organizations policies to provide a check on the appropriateness of statements made in the report.
 - Discussion with managers and staffs on organization's approach to stakeholder engagement.
 - Review of the supporting evidence related to the material issues through interviews with senior managers in the responsible departments.
 - Review of the system for sustainability management strategy process and implementation
 - Review of materiality issue analysis process and prioritization by reviewing materiality issue analysis process and verifying the results.
 - An assessment of the company's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000 AccountAbility Principles Standard (2018).
 - Visit of the Dongtan Tech-Lab of HYUNDAI TRANSYS to confirm the data collection processes, record management practices.

Third-party Assurance Statement



Limitations and approach used to mitigate limitations

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

Competency and Independence

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

Opinion Statement

- The assurer was carried out by a team of sustainability report assurers in accordance with the AA1000 Assurance Standard v3. Assurer planned and performed this part of our work to obtain the necessary information and explanations assurer considered to provide sufficient evidence that HYUNDAI TRANSYS's description of their approach to AA1000 Assurance Standard and their self-declaration of compliance with the GRI standards were fairly stated.
- On the basis of our methodology and the activities described above, it is our opinion that the information and data included in the Report are accurate and reliable and the Assurer cannot point out any substantial aspects of material with mistake or misstatement. We believe that the economic, social and environment performance indicators are accurate and are supported by robust internal control processes.

Conclusions

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

Inclusivity: Stakeholder Engagement and Opinion

HYUNDAI TRANSYS defined customers, employees, local communities/media, partner companies, shareholders/investors and government as a Key Stakeholder Groups. In order to collect opinions by each stakeholder groups in the context of sustainability, operated the stakeholder engagement process. HYUNDAI TRANSYS conducted a review of the stakeholder engagement process in order to reflect the major issues derived through the process in sustainability strategy and goals. HYUNDAI TRANSYS disclosed the results related to the process in the Report.

Materiality: Identification and reporting of material sustainability topics

HYUNDAI TRANSYS implemented its own materiality assessment process in consideration of the major business and operational characteristics to derive important reporting issues related to sustainability. In the materiality assessment, HYUNDAI TRANSYS conducted the analysis of global sustainability reporting or assessment standards, analysis of benchmarking the same industry to derive the impact and financial materiality. HYUNDAI TRANSYS derived 9 material issues through the relevant process, and disclosed GRI topic standards disclosures related to material issues in the Report.

Responsiveness: Responding to material sustainability topics and related impacts

HYUNDAI TRANSYS operated a management process for material issues in the context of sustainability derived from the materiality assessment. HYUNDAI TRANSYS established mid- to long-term sustainability plans and goals in according to the management methodology established to effectively reflect the expectations of key stakeholders. HYUNDAI TRANSYS reviewed through major management organizations, disclosed the IRO(Impact, Risk & Opportunity) including policy, indicator, activity and response performance on material issues in the Report.

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

HYUNDAI TRANSYS identified the scope and extent of the impacts to the organization and key stakeholders in the context of the sustainability of the material issues reported. HYUNDAI TRANSYS established sustainability strategies and objectives based on the analysis results of major impacts, including risks and opportunities for material issues at the governance level, disclosed mid- to long-term plans and strategic system in the Report.

Third-party Assurance Statement



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

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

- GRI Topic Standards: 201-1~2, 302-1~5, 305-1~5, 305-7, 306-1~5, 308-2, 401-1~3, 404-1~3, 403-1~10, 405-1~2, 414-2, 416-1, 418-1

Recommendations and Opportunity for improvement

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

- It may be helpful to advance the sustainability management system by establishing a sustainability index management system for subsidiaries of consolidated such as overseas subsidiaries and strengthening internal control procedures.
- It may be helpful to advance the sustainability management system by embodying unique sustainability goals and strategies based on its sustainability goals and strategies across the value chain(including Hyundai Motor Group), and internalizing the indirect value impact measurement process of Hyundai Transys' sustainability performance.
- It may be helpful to advance the the ESG governance structure by specifying roles and responsibilities based on key functions including ESG management consultative bodies, reflecting executive KPIs on sustainability activities, and expanding the scope of other sustainability information at the Governance level.

GRI-reporting

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

Issue Date: **31/07/2024**

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

BSI representative

Jungwoo Lee, Lead Assurer, ACSAP

Seonghwan Lim, Managing Director of BSI Korea

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Hold Statement Number: SRA 809642



AA1000
Licensed Report
000-4/V3-8YPB5

Greenhouse Gas Emissions Verification Opinion

Greenhouse Gas Emissions Verification Opinion

• 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 2023 ("the report") based upon a reasonable level of assurance. HYUNDAI TRANSYS is responsible for the preparation of the GHG emissions data on the basis set out within the guidelines on the operation of GHG emission trading scheme ("ETS") (Notification No. 2023-221 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 verification opinion.

• Scope of Assurance

The GHG emissions data covered by our examination is set for 100% of SGC Energy's non-consolidated revenues under the GHG ETS and comprise Direct emissions (Scope 1 emissions) and Energy indirect emissions (Scope 2 emissions) from HYUNDAI TRANSYS boundary;

- Organizational boundary for reporting: Domestic business sites of HYUNDAI TRANSYS

• Verification Approach

The verification has been conducted by DNV on March 2024 and performed in accordance with the verification principles and tasks outlined in the guidelines on the operation of GHG ETS (Notification No.2023-221, 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 CO₂ equivalent. As part of the verification process;

- We have reviewed the GHG emissions and energy consumption report for the calendar year 2023
- We have reviewed and verified the process to generate, aggregate and report the emissions 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 set out in HYUNDAI TRANSYS' report are not fairly stated. The GHG emissions of HYUNDAI TRANSYS for the year 2023 were confirmed as below;

• GHG Emissions of HYUNDAI TRANSYS Domestic business site for Yr 2023

(Unit : tonCO₂e)

HYUNDAI TRANSYS	GHG Emissions (ton-CO ₂ equivalent)			Energy Consumption (Terajoule, TJ)		
	Scope 1	Scope 2	Total	Fuel	Electricity & Steam	Total
2023	20,581.461	174,341.346	194,920	396.906	3,643.671	4,038

* 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.

April 2024

Seoul, Korea

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

Awards & Membership Status

Awards & Certificates

Awards & Certificates	Content	Organization
Best company in the Shared Growth Index	Earned the excellent grade in the Shared Growth Index evaluation	Shared Growth Committee
iF Design Award 2024	Winning in "Urban Air Mobility Seat Concept" and "Future Mobility Concept Seat"	International Forum Design GmbH
Crystal Cabin Award	Shortlisted with Urban Air Mobility(UAM) cabin concept	Crystal Cabin Awards
Red Dot Design Award	Winning in "Future Mobility Concept Seat"	Design Zentrum Nordrhein Westfalen
100th IR52 Jang Yeong-sil Awards	Research on eco-friendly multi-design continuous perforation system	Korea Industrial Technology Association
3rd NET Certification	Manufacturing Technology of Eco-Friendly Ventilation Slab Padding Materials for Automotive Seats to Reduce VOC Emission	Korea Industrial Technology Association
ISO37001	Anti-Corruption management system	ISO
ISO37301	Compliance management system	ISO
ISO27001	International standard of information security management system	IO
TISAX(AL3)	German Automobile Information Security Certificate	VDA
ISO14001	Environmental management system	ISO
ISO45001	Safety and Health management system	ISO
IATF16949	Automotive quality management system	IATF/ISO

Membership Status

NICEDNB	Seosan Police Station Security Cooperation Committee	Seongyeon-myeon Agricultural and Industrial Complex Council	Hyundai-Kia Cooperative Federation
Korean Society of 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
Korean 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 Rolling Stock Industries Association	The association of heads of organizations in Seongyeon-myeon	Seosan Residents' Autonomous Environment Monitoring Council	Korea Defense Industry Promotion Association
Daejeon Chungnam Enterprises 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
Korean Society for Noise and Vibration Engineering(KSNVE)			

Contributors to Disclosure of this Report

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Environment & Fire Prevention Team	Human Resources Team	Information Security Center	Finance Team	Business Strategy Team 1
Infra Engineering Team	Labor-Management Partners Team 1	Procurement Planning Team	Audit Team	Business Strategy Team 2
P/T R&D Planning Team	Labor-Management Partners Team 2	Supplier Relations Team	Business Planning & Analysis Team	Accounting Team
Seat R&D Planning Team	Safety Planning Team	Global Logistics Team	Strategic Support Team	
Strategic Support Team	Value & Development Team	Quality Planning Team	Legal Affairs Team	
Communication Team	Business Support Team	Business Operation Team	Tax Team	

HYUNDAI
TRANSYS



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