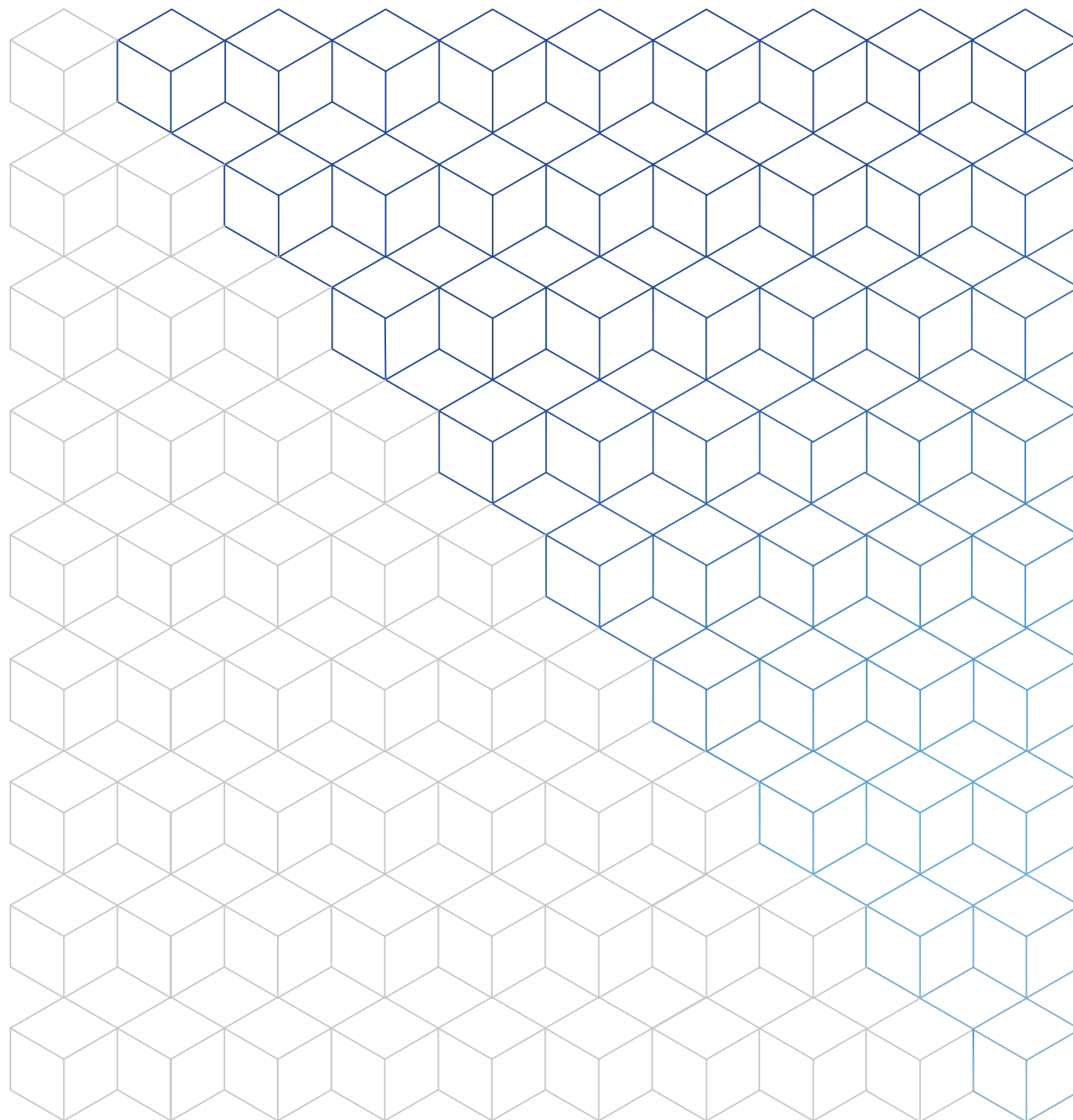


# TRANSFORMATION TO SUSTAINABLE MOBILITY

2022 Hyundai Transys Sustainability Report



# TRANSFORMATION TO SUSTAINABLE MOBILITY

2022 Hyundai Transys Sustainability Report

## Inquiries

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## ABOUT REPORT

### Overview

Hyundai Transys publishes its 2022 Sustainability Report with the aim of transparently sharing not only its financial value created for shareholders but also its non-financial value including our efforts to fulfill its environmental and social responsibilities as a corporate citizen with stakeholders. This is the third one, and we continue to release our sustainability report every year to give our stakeholders a clear picture of our progress on our journey towards full-fledged ESG management across our business operations as well as the environmental, social, and governance sectors.

### Reporting Principles

This report complies with the Core Option of Global Reporting Initiative Standards (GRI), an international reporting guideline. We take into account the Stakeholder Capitalism Metrics of WEF IBC as well as the reporting requirements of TCFD and SASB. And we make sure that this report meets four principles of AA1000, a global assurance standard; inclusivity, materiality, responsiveness, and impact.

### Data Assurance

To ensure accuracy, objectivity, and reliability of the data, the data in this report has been subject to third-party verification by Korea Management Registrar (KMR). And the Assurance Statement is available in the section of Appendix. And the financial data herein were audited by an independent audit corporation.

### Reporting Period

This report covers the period from January 1, 2021 through December 31, 2021. Some key qualitative data in early 2022 are also included in this report along with the recent three-year data of quantitative performances for year-over-year trend analysis.

### Reporting Scope and Boundaries

The main scope of this report is the headquarters and domestic business sites, and some data embodies overseas business sites, unless otherwise noted. And we drew up financial data on a consolidated basis in accordance with the Korean International Financial Reporting Standards (K-IFRS).

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### Interactive User Guide

This Sustainability Report is published in the format of interactive PDF with the added functions of bringing you to relevant pages and associated web pages.

\* This report is released in print and the format of PDF.

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# CEO MESSAGE



## The Right Move for the Right Future

Hyundai Transys promises that it will never relent in efforts to transform and innovate itself in a more responsible manner in every facet of ESG management, and hit the right path to usher in a sustainable future that will bring us co-prosperity.

### Dear esteemed stakeholders,

We are witnessing the growing uncertainty in the global business environment stemming from the prolonged COVID-19 pandemic, semiconductor supply disruption, and rising oil prices triggered by the international conflict. Amid this challenge, Hyundai Transys has normalized our management in a stable manner, making financial progress which was attributed to our improved profitability structure underpinned by customer diversification. Our focus has been also put on ESG to create a greater value and vision, ‘free and safe mobility and peaceful life for mankind.’ To this end we have been committed to taking full responsibility in our business management on all fronts of ESG.

### Securing sustainable future business

In the face of the era of mobility where vehicles evolve to become more than the means of transportation, we have embarked on our journey towards a mobility solution provider beyond an auto parts company. To this end, we have sharpened and internalized capabilities regarding electrified powertrain, a core technology of the transition to electric vehicles (EVs), thereby expanding the scope of powertrain lineup that covers all eco-friendly vehicles including hybrid, plug-in hybrid, electric and hydrogen vehicles. With an aim to secure seat technology, which has been all the more significant due to the emerging autonomous driving, we put extra efforts into open innovation in a variety of areas, including mechanism, eco-friendly materials, software, and processing techniques. On top of that, we will expand our business portfolios to future-oriented ones, such as UAM, PBV, and robotics, on the foundation of our accumulated technical prowess in the existing business, continuing to grow further.

### Our action on climate change

Hyundai Transys strives to mitigate GHG emissions from R&D to manufacturing, aiming to actively join the global efforts to combat climate crisis. In terms of the powertrain business, we have upgraded the energy efficiency of conventional combustion engines while inventing a hybrid driving system so that we can actually cut carbon emissions. At the same time, we plan to expand the development and sales of EV driving systems, thereby ultimately transitioning to zero-carbon product lineups. Our seat business have presented resource

circulation products applying natural, circulated, and recycled material techniques under our eco-seat strategy, providing a green lifestyle in the mobility space. When it comes to the manufacturing process, we will give concrete shape to our mid- to long-term strategy for the 100% transition to renewable energy sources to power all our global business sites by 2040. To this end, we will initiate the project for early transition especially in regions where the renewable energy market is thriving. Furthermore, the efforts will be made to reduce our products’ environmental footprint across the all stages of value chain from development, purchase, manufacturing, logistics, usage to disposal.

### Social responsibility fulfillment

To drive the social transformation in the right direction, Hyundai Transys has carried out a range of activities in collaboration with stakeholders including our employees, partner companies, customers and local communities, thereby discharging our responsibilities as a global corporate citizen. In 2021, we revamped our safety and health organization while stepping up the safety management system so that we can respond to industrial accidents in a proactive manner. On top of that, we are committed to building a sustainable supply chain. As part of the effort, we have diagnosed our partner companies to understand their status of ESG management, and provided required assistance for them to improve based on the result, thereby helping them sharpen their competitiveness. A variety of social contribution programs driven by our employees have also been conducted to resolve social issues in local communities.

On our sustainable journey down the road, we promise that we will share our progress and business plans with stakeholders in a transparent manner. Putting a sustainable future at our heart, we will constantly seek for more responsible transformation and innovation in all ESG sectors, thereby shaping the right move for the right future.

Thank you.

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



# CREATIVE LEADER FOR \_\_\_\_\_ MOBILITY INNOVATION

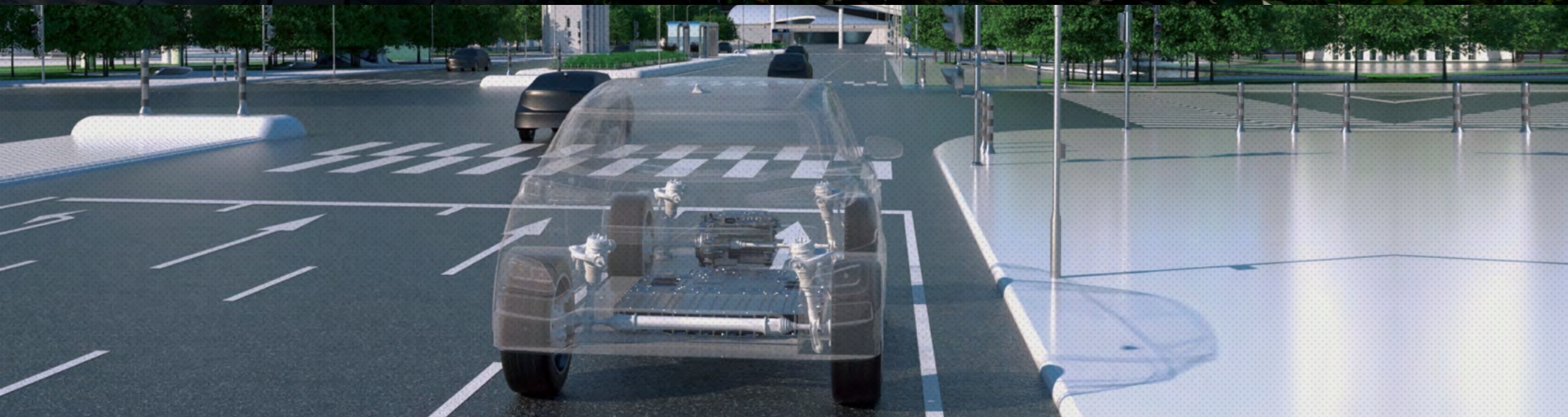
HYUNDAI TRANSYS  
BROCHURE 2022

# SUSTAINABLE MOBILITY





Since its inception in 1994, Hyundai Transys has grown into a global automotive parts supplier, offering core vehicle parts, such as powertrain and car seat. Now, we envision a mobility world that will bring us safe & free movement and a peaceful life. With the ambition to make this world reality, we aim to take a leap towards a mobility solution provider beyond an auto parts company. Hyundai Transys will go extra mile to create new value with the provision of 'electrified powertrain' indispensable to eco-friendly transportation and 'seat technology' that drives mobility space in a new direction.



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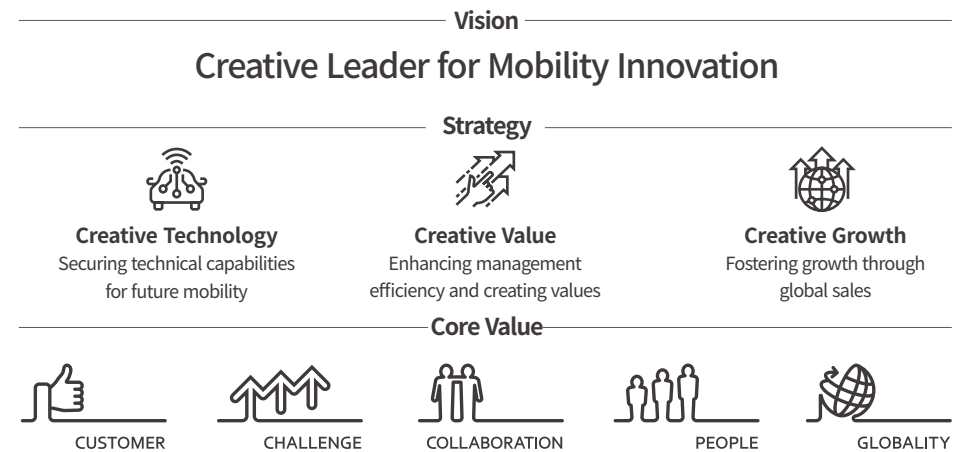
## COMPANY OVERVIEW

# ABOUT HYUNDAI TRANSYS

## Company Overview

Over the past 30 years, Hyundai Transys has been committed to satisfying customers with endless challenges. Now, we are reinventing ourselves as a mobility solution provider underpinned by constant growth beyond an auto parts maker.

Company Name	Hyundai Transys
Year of establishment	1994
CEO	Su Dong (Steve) Yeo
Headquarters	Sindang 1-ro Seongyeon-myeon, Seosan-si, Chungcheongnam-do
Key Business	Auto parts (Powertrain, Seating System)
Credit rating	AA-(Rated by Korea Ratings Co., Ltd, Korea Investors Service CO., Ltd, NICE Information Service, Co., Ltd)



<b>Sales</b>  <b>8.1<sub>T</sub> KRW</b>	<b>Operating Profit</b>  <b>95<sub>B</sub> KRW</b>	<b>R&amp;D Investment</b>  <b>249<sub>B</sub> KRW</b>
<b>Rank in global auto part industry</b>  <b>32<sub>ND</sub>*</b>	<b>Number of employees</b>  <b>9,513</b>	<b>Overseas business sites</b>  <b>11 countries 32 sites</b>

\* Global top 100 automotive parts makers in terms of sales in 2021 released by Automotive News, an American media outlet on the auto industry

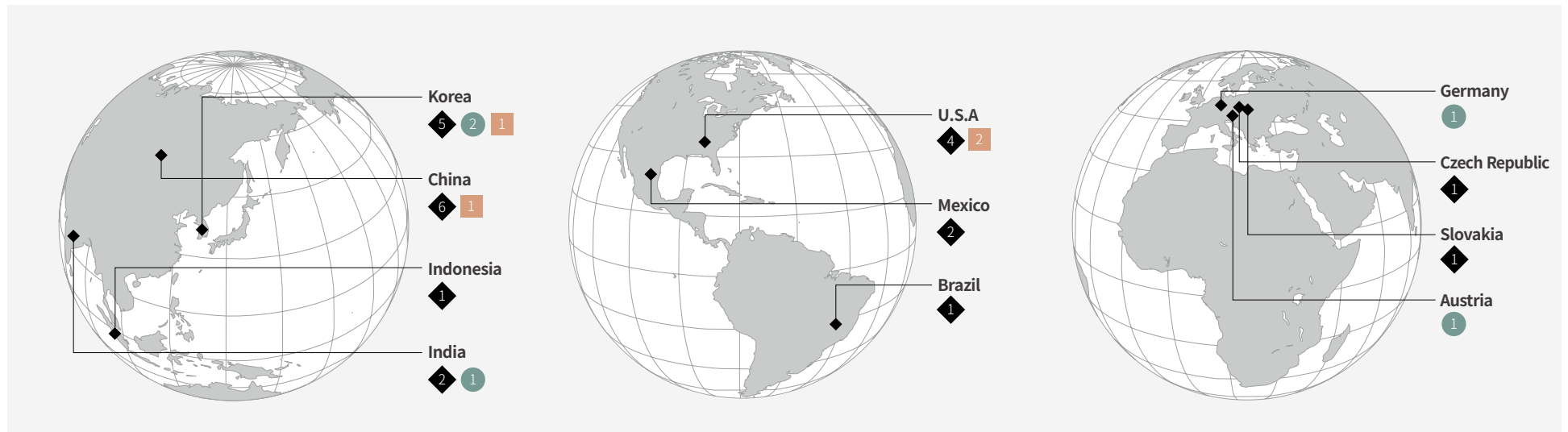
\*\* The data on this page is as of December 31, 2021

## COMPANY OVERVIEW

### Global Network

Our global network stretches 11 countries with 32 manufacturing-sales-research hubs, which provide us with opportunities to communicate with customers across the globe.

◆ Plant ● R&D center ■ Sales Office



#### Plant 23

• Seosan Jigok Plant		• Sichuan Plant		• Illinois Plant	
• Seosan Seongyeon Plant		• Cangzhou Plant		• Alabama Plant	
• Asan Plant (Hyundai MSEAT)		• Chongqing Plant		• Monterrey PT Plant	
• Ulsan Plant (Hyundai MSEAT)		• Chennai Plant		• Monterrey Seat Plant	
• SCM Plant (Hyundai MSEAT)		• AP Plant		• Brazil Plant	
• Beijing PT Plant		• Indonesia Plant		• Slovakia Plant	
• Beijing Seat Plant		• Georgia PT Plant		• Czech Plant	
• Rizhao Plant		• Georgia Seat Plant			

#### R&D center 5

• Dongtan Seat R&D Center (HQ)	
• Hwaseong Drivetrain R&D Center	
• Europe Technical Center	
• Europe Powertrain Control Development Lab	
• India R&D Center	

#### Sales Office 4

• Seoul Office	
• China Sales Office & R&D Center	
• Michigan Sales Office & R&D Center	
• California Sales Office & R&D Center	

## OUR BUSINESS

# POWERTRAIN

## Electrified Powertrain Solutions

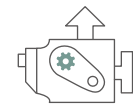
Hyundai Transys provides a full suite of electrified powertrain solutions that encompass battery electric vehicle (BEV), fuel cell electric vehicle (FCEV), hybrid electric vehicle (HEV), plug-in hybrid electric vehicle (PHEV), and other eco-friendly ones, thereby leading a clean mobility era.

▶ Electrified Powertrain Solution



## e-Powertrain

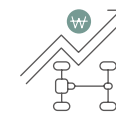
E-Powertrain is a driving system dedicated to EVs that replaces the engines and transmissions for internal combustion engine vehicles. It comes in 3-in-1 structure that combines motor required for driving, inverter that converts electricity to control the motor's torque, and gearbox that switches torque and speed to transmit optimal driving force. Its smaller size and lighter weight make it economically feasible. On top of that, we have applied the hairpin winding technology to its driving motor while designing direct spray oil cooling system to maximize efficiency. The Disconnecter Actuator System (DAS) technology was utilized for the first time to improve fuel efficiency.



Compact and  
Lightweight Design



High Efficiency

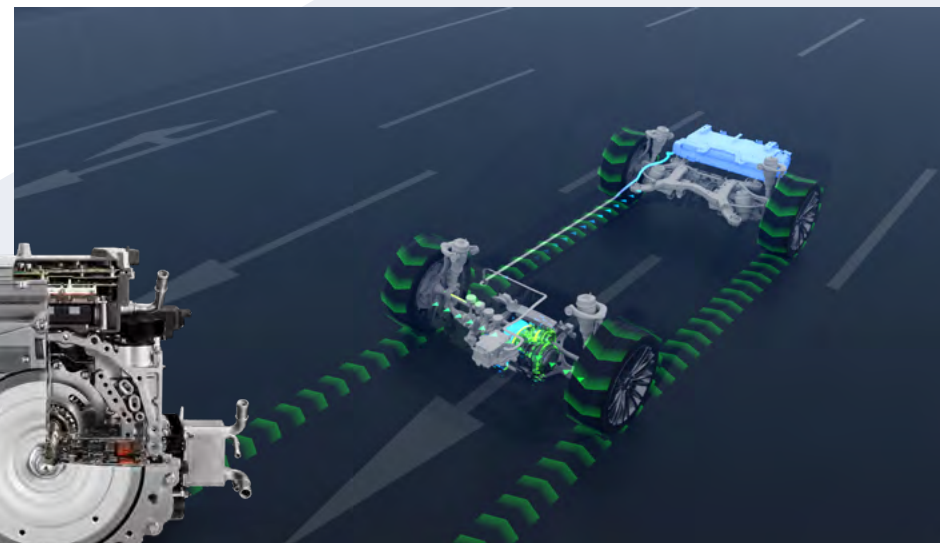
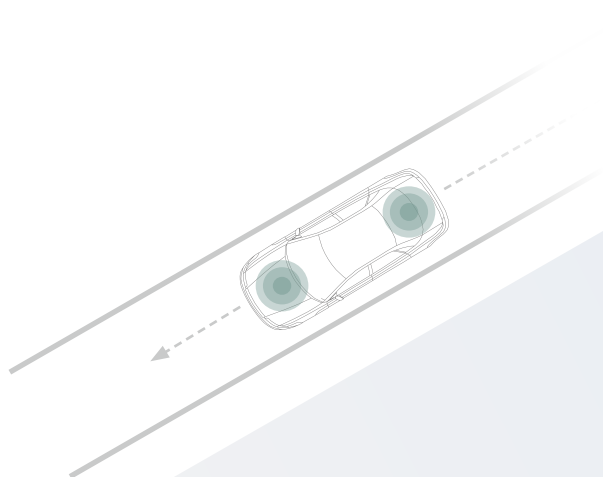


Competitive  
Manufacturing Cost



Improved Cooling  
System





### e²AT | Next Generation Hybrid Drive System

Hybrid drive system refers to a system powered by two energy sources; internal combustion engine and electric driving motor. Taking advantage of our accumulated technical prowess of transmission, we have developed P1+P2 type of hybrid drive system for the first time in the world. The application of built-in damper reduces the overall length, which secures vehicle capabilities while increased gear ratio span and P1+P2 system increase power performance and fuel efficiency. In addition, the development of oil pump unit (OPU) integrated inverter along with the optimized layout enables us to cut down on the cost of materials, which leads to enhanced price competitiveness.

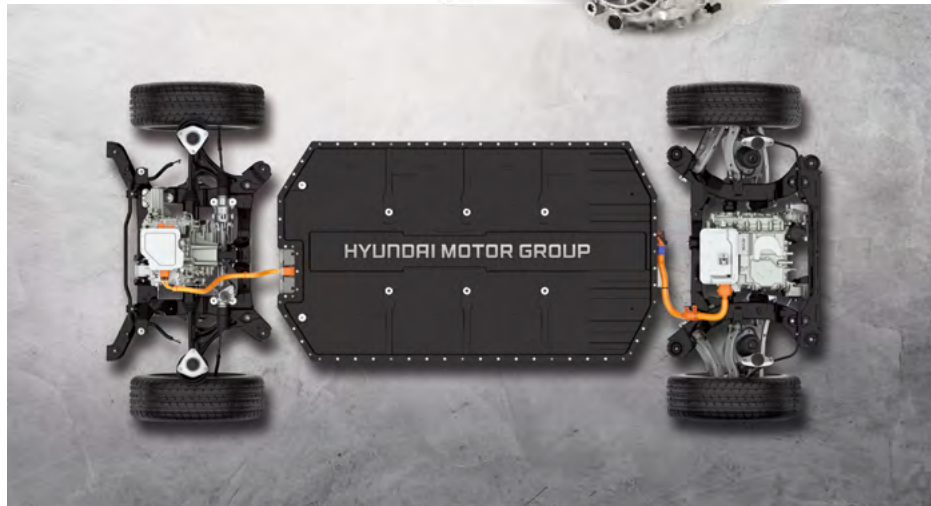


e²AT is our unique brand for the next generation hybrid drive system that we developed. It is a system that combines electric motor and automatic transmission. The name of the brand delivers the meaning that it creates square of effects stemming from two motors.

## OUR BUSINESS

### Product Lineup

Powertrain is a key component that determines the driving performance of a vehicle. Hyundai Transys has a wide variety of product lineups, from powertrains for internal combustion engines (ICE) to powertrains for electrified vehicles, meeting diverse customer needs.



### e-GDU

Gear drive unit for electric vehicles is a device that reduces the high-speed revolution counts of the motor and transmits it to the drive shaft. Hyundai Transys has produced gear drive units in full swing since 2019, and is equipped with a lineup of gear drive units for various types of vehicles, encompassing electric passenger vehicles, electric commercial vehicles, and electric hydrogen vehicles. Our 'disconnecter actuator system (DAS),' developed for the first time in the world, is a device enabling to freely switch between 2WD and AWD by separating or connecting the motor and the drive shaft depending on the driving situation. DAS extends the mileage of electric vehicles by cutting unnecessary power losses and raising efficiency by up to 8%.

Disconnecter Actuator System

AWD — Disconnecter System — 2WD



>>>> Mileage Improvement >>>>



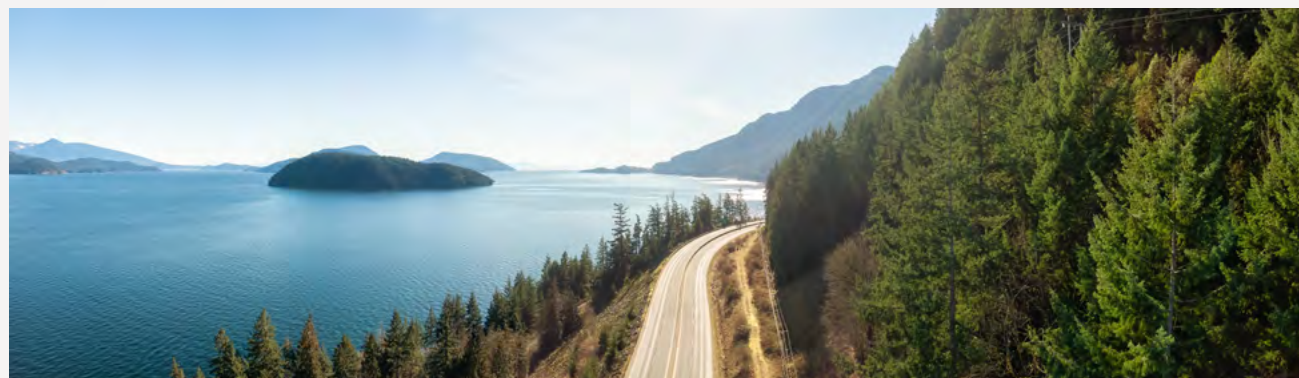
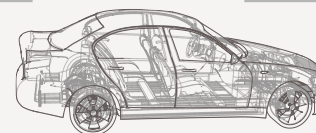


## Transmission

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

## Axle · 4WD

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




## OUR BUSINESS

# SEATING SYSTEM

### Future Mobility Interior Solutions

In the autonomous driving era, when people are free from driving, the interior of a car is transformed into a mobile living space. Hyundai Transys researches the movement, function, and shape of the seat from the perspective of the total interior so that people are able to experience various lifestyles in the mobility space.



 Interior solutions for autonomous vehicles



### Seat Mechanism Technology for Autonomous Vehicles —

Hyundai Transys provides a flexible seat layout that maximizes space utilization, capitalizing on its seat mechanism technology with enhanced safety design and free movement control so that the interior of an autonomous vehicle can function as a multi-purpose space where you can both work and relax.



Swivel Seat



Long Slide



Belt in Seat



Control Armrest



Slim Seat Structure




Relaxation Comfort seat






## Sustainable Future Mobility Seat Concept

Hyundai Transys revealed a seat with a concept of future mobility autonomous driving using various eco-friendly materials at Milan Design Week and Lineapelle International Leather Fair held in 2022. Applying innovative green materials and processing techniques that can minimize resource waste, such as regenerated leather fabric made of waste leather and weaving technique for scrap leather, we conveyed our sustainable design philosophy and future technology direction.

 Sustainable Future Mobility Seat Concept

## Seating System for Purpose Built Vehicle

We have developed the purpose-based seat system, HTVM21, to offer diverse lifestyles in connection with the future mobility environment for passengers. Based on around ten UX scenarios, including easy access, wellness support (health care through biometrics analysis), child care (multi-functional module for indoor activity support), personalization mode (independent sound space), and VIP mode (reclining, ventilation, enhanced massage comfort performance), various integrated control technologies were applied in the seat system.

 Seating System for Purpose Built Vehicle



## OUR BUSINESS

### Product Lineup

A car seat is a part that passengers come into contact with for a long time at the closest place in the vehicle. Hyundai Transys' seating systems not only reflect technology for the safety and convenience of passengers but also provide a pleasant mobility experience with an aesthetic design.



### Complete Seats

We provide seat solutions optimized for the brand value pursued by each vehicle, from compact cars to large cars, sedans, SUVs, and electric vehicles. With our ergonomic design, a variety of convenience functions, sophisticated styling, and eco-friendly technology, we take the lead in the global car seat market.

### Structures & Mechanisms

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





## Functional Components


Car seats aggregate the technologies for the safety and convenience of passengers. For instance, a haptic system warns of danger through vibration when any obstacle is detected, while a pre-active seat, which induces a change in a passenger's posture to minimize the injury in the event of a vehicle collision, protects passengers even in unexpected situations. In addition, we provide a pleasant and enjoyable mobile experience through our various comfort functions applied to the seat, such as heated and ventilated seats that control temperature and humidity and relaxation comfort seats that bring the best comfort in a zero-gravity position.



## Eco Seat Solutions

Hyundai Transys is creating a sustainable future with its eco-seat technology considering the environment and human health. Under our nature-friendly strategies, we expand the use of eco-friendly materials such as natural raw materials, renewable materials, and recycled materials to realize a virtuous cycle of resources. At the same time, we pursue the energy cost reduction built on our lightweight technology based on low-density materials.

In terms of human-friendly technology, we developed an eco-friendly polyurethane reactive (PUR) adhesion method that reduces harmful substances, VOCs reduction foam using natural vegetable materials, and silicone anti-soiling leather with excellent performance and eco-friendliness.

 Eco-friendly seat anti-soiling technology

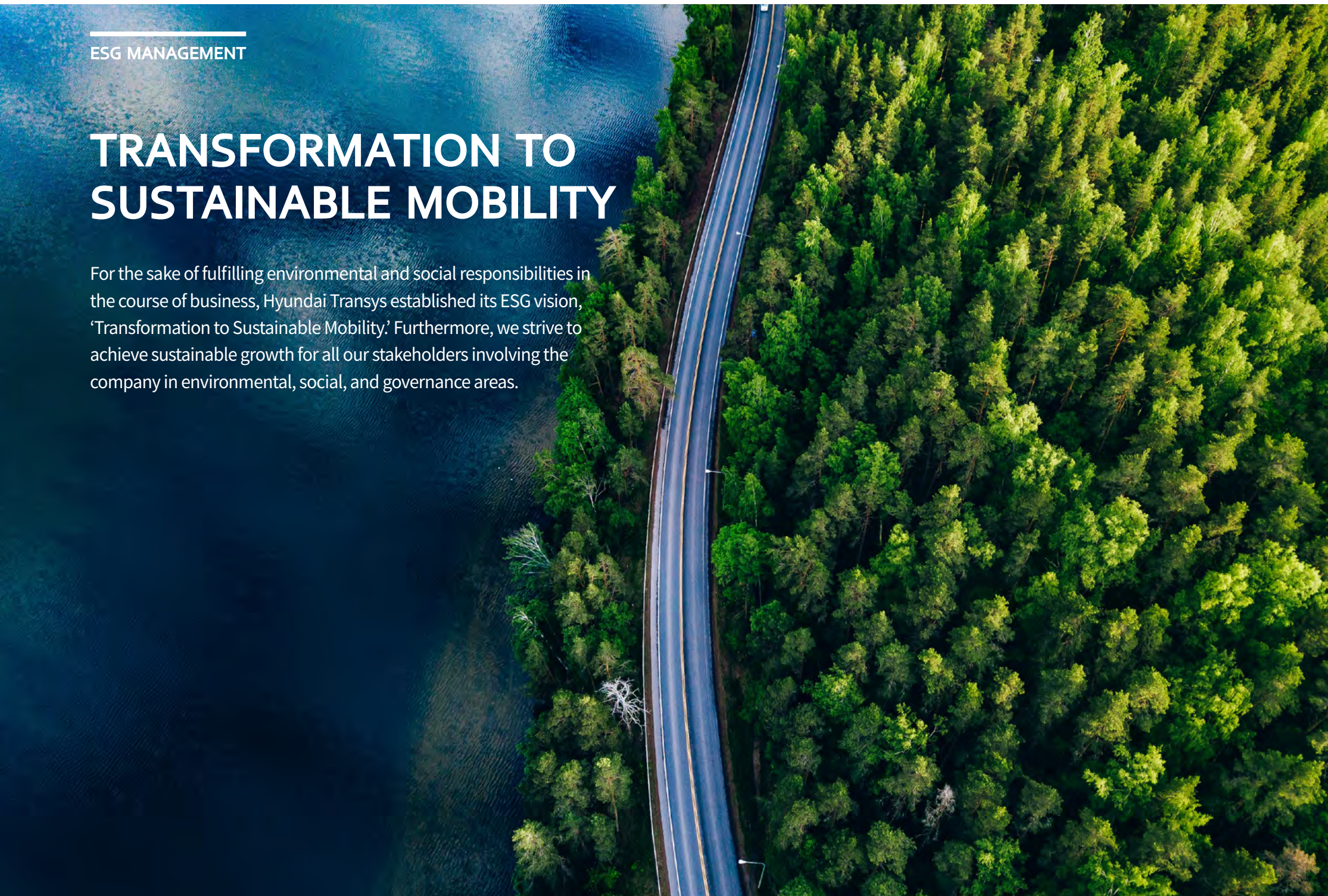




## ESG MANAGEMENT

# TRANSFORMATION TO SUSTAINABLE MOBILITY

For the sake of fulfilling environmental and social responsibilities in the course of business, Hyundai Transys established its ESG vision, 'Transformation to Sustainable Mobility.' Furthermore, we strive to achieve sustainable growth for all our stakeholders involving the company in environmental, social, and governance areas.





## ESG MANAGEMENT

# CHANGE FOR RESPONSIBLE BEHAVIOR

### ESG Strategy and Company-wide ESG Governance Structure

With an aim to implement the mid- to long-term ESG strategy and the 100% renewable energy conversion strategy established in 2021, we newly established the ESG Management Council, a company-wide decision-making body. It is comprised of the CEO and the person responsible for ESG,

playing the role of making ESG-related decisions, conducting monitoring of performance, and disclosing information in a transparent manner. Through the council, we will continue to communicate with stakeholders.

#### Hyundai Transys ESG Strategy

Vision

Transformation  
to Sustainable  
Mobility

### Transformation to Sustainable Mobility

3 directions

E Eco-mobility	S Sustainability achieved together	G Responsible business building
We respond to the climate crisis and practice resource recirculation in preparation for the future.	We pursue a company that is safe and relieving for everyone of our personnel as well as in solidarity with our society.	We practice a fair and transparent honest business and fulfill our social responsibilities.
Minimizing environmental impacts (management of wastewater, waste, chemicals, etc.)	Establishing human rights management systems (human rights impact assessment and follow-up improvements identification)	Building ESG governance (reestablishment of role & responsibility, strengthened global ESG data management)
Reinforcing GHG emissions management (enhanced management systems for the RE100 initiative and climate risks)	Enhancing social contribution strategies (reestablishment of social contribution strategies, and promotion of employee activities)	Embodying responsible supply chains (establishment of management system for conflict minerals and ESG management of partners)
Establishing product environmental performance management systems (application of life cycle assessment, development of eco-friendly products, and implementation of product recall management)	Providing safe work environment (continued safety management activities on the scale of the entire enterprise)	Participating in global initiatives (drive to join/participate in global initiatives)

Core tasks

#### Hyundai Transys ESG Governance

Executive council	ESG Management Council		
	CEO		
Area	Environment	Social	Governance
Responsible executives	<ul style="list-style-type: none"> <li>Management Support Dept.</li> <li>PT R&amp;D Dept.</li> <li>Seat R&amp;D Dept.</li> </ul>	<ul style="list-style-type: none"> <li>Management Support Dept.</li> <li>Purchasing Dept.</li> <li>Planning Div.</li> </ul>	<ul style="list-style-type: none"> <li>Finance and Economy Dept.</li> </ul>
	↕		
Dedicated organization	Dedicated organization		
	Strategic Support Team		
	↕		
Working council	ESG Working council		
Division	Business site environment	Powertrain product environment	Seat product environment
	Safety & health	Organizational culture Education and training	Human rights & labor
	Supply chain management	Conflict minerals	Governance Management performance
		Social contribution	Compliance & ethics

## ESG MANAGEMENT

# CHANGE WITH PEOPLE

### ESG Value Internalization for Employees

Hyundai Transys respects the human rights of all stakeholders, including employees, partners, and local communities, in doing its business while striving to realize ESG values. We carry out various human rights protection activities and provide ESG educational programs for employees, raising awareness of ESG management and human rights management.

#### ESG mindset education

2,012 persons



#### Human rights education

3,740 persons  
11,220 hours



### Building a Sustainable Supply Chain

We operate 'PARTNer,' a customized win-win growth program along with ESG evaluations for partner companies, making a strenuous effort to build a sustainable supply chain. As a result, we were selected as the best honorary company by receiving the 'excellent' grade in the win-win growth index evaluation for 7 consecutive years as the first automobile parts company.

#### ESG Management Support for Suppliers (in 2022)

##### ESG assessment

91 companies



##### ESG management education

100 persons



#### Key Achievements of 'PARTNer'

##### Company development

Overseas sales support

23 companies



##### Network

Welfare support

150 companies



##### Assistance

Financial support

57.2 B KRW



##### Technology

Technology escrow support

40 cases



##### Reinforcement

Quality/safety/job training for partner companies

1,492 cases



### Win-Win Growth with Local Communities

Due to the COVID-19 pandemic, face-to-face social contribution activities have been restricted. However, we will expand our non-face-to-face social contribution activities to continue accompanying our local communities while advancing the major related projects at each business site.

#### Representative social contribution projects Upcycled products

##### Upcycled products<sup>1)</sup>

4 (3 more types from 2020)



1) A recycling method that redesigns and recreates discarded products such as waste materials as objects with high artistic and environmental value

##### Silver Car support<sup>2)</sup>

##### Walking assistance device

800 vehicles



##### Wheelchair

20 vehicles



2) Cumulative performance from 2020



## ESG MANAGEMENT

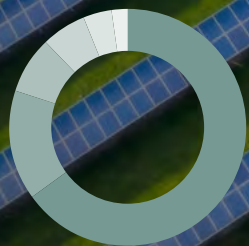
# CHANGE FOR OUR PLANET AND FUTURE GENERATIONS

### Achieving 100% Conversion to Renewable Energy by 2040

Hyundai Transys promises to achieve 100% renewable energy in all business sites by 2040. In consideration of the environment and economic feasibility of the energy market, we have set out priorities for the options for procuring new and renewable energy. We have put the direct generation of renewable energy by installing solar power facilities on idle

sites, roofs of factories, and in parking lots within the business sites as our top priority. For the other energy consumption, we will purchase PPAs or certificates for conversion, thereby achieving 100% of renewable energy in all business sites by 2040.

#### Power Consumption by Country (2021)<sup>1)</sup>



● Korea	65%
● China	15%
● Mexico	8%
● U.S.A	6%
● India	4%
● Others <sup>2)</sup>	2%

#### Domestic power consumption

366 GWh

#### Overseas power consumption

197 GWh

1) Subsidiaries excluded

2) Indonesia, Czech Republic, Slovakia, Brazil

#### Renewable energy procurement options

Option	Description
Direct power generation	Solar power facility installation using idle land, roof, parking lot, etc.
Power purchase contract(PPA) <sup>1)</sup>	Applying to large-scale business sites with high energy consumption
Purchase of REC certificates <sup>2)</sup>	Applying to small business sites with low energy consumption

1) Power Purchase Agreement: A system in which power generation companies directly supply electricity generated with renewable energy to consumers

2) energy supply certificates

#### 2040 RE 100 Roadmap

Transition target(%)

2021

2030

2040

0.08%  
(0.45 GWh)


60%  
(579 GWh)

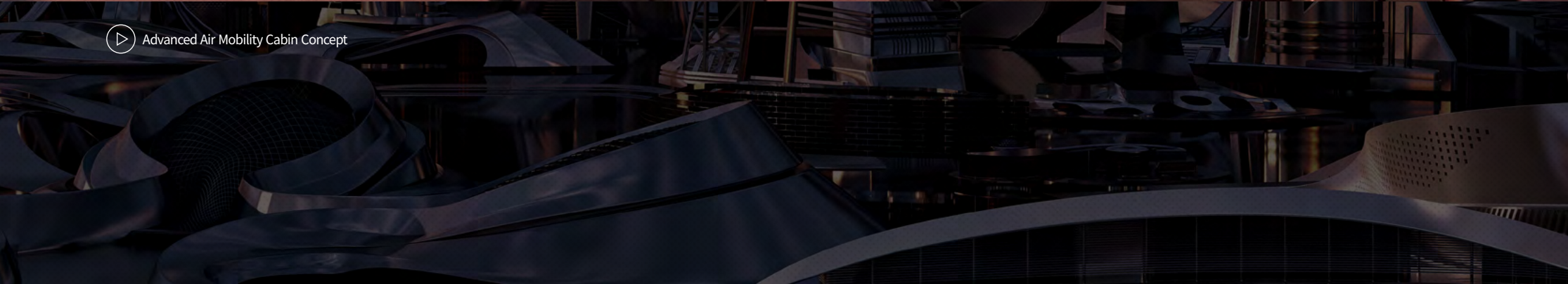
100%  
(961 GWh)



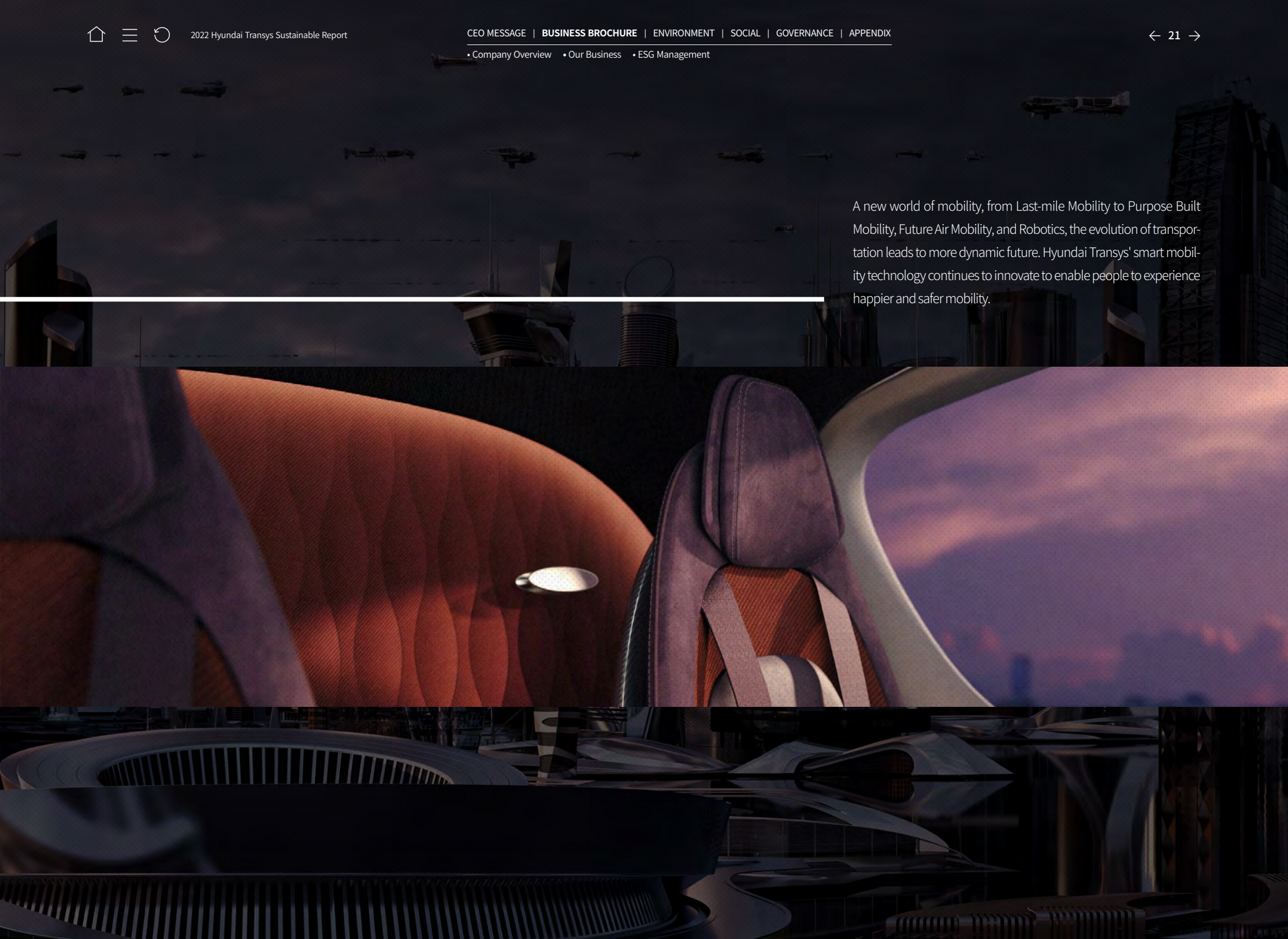
# MOBILITY INNOVATION



 Advanced Air Mobility Cabin Concept







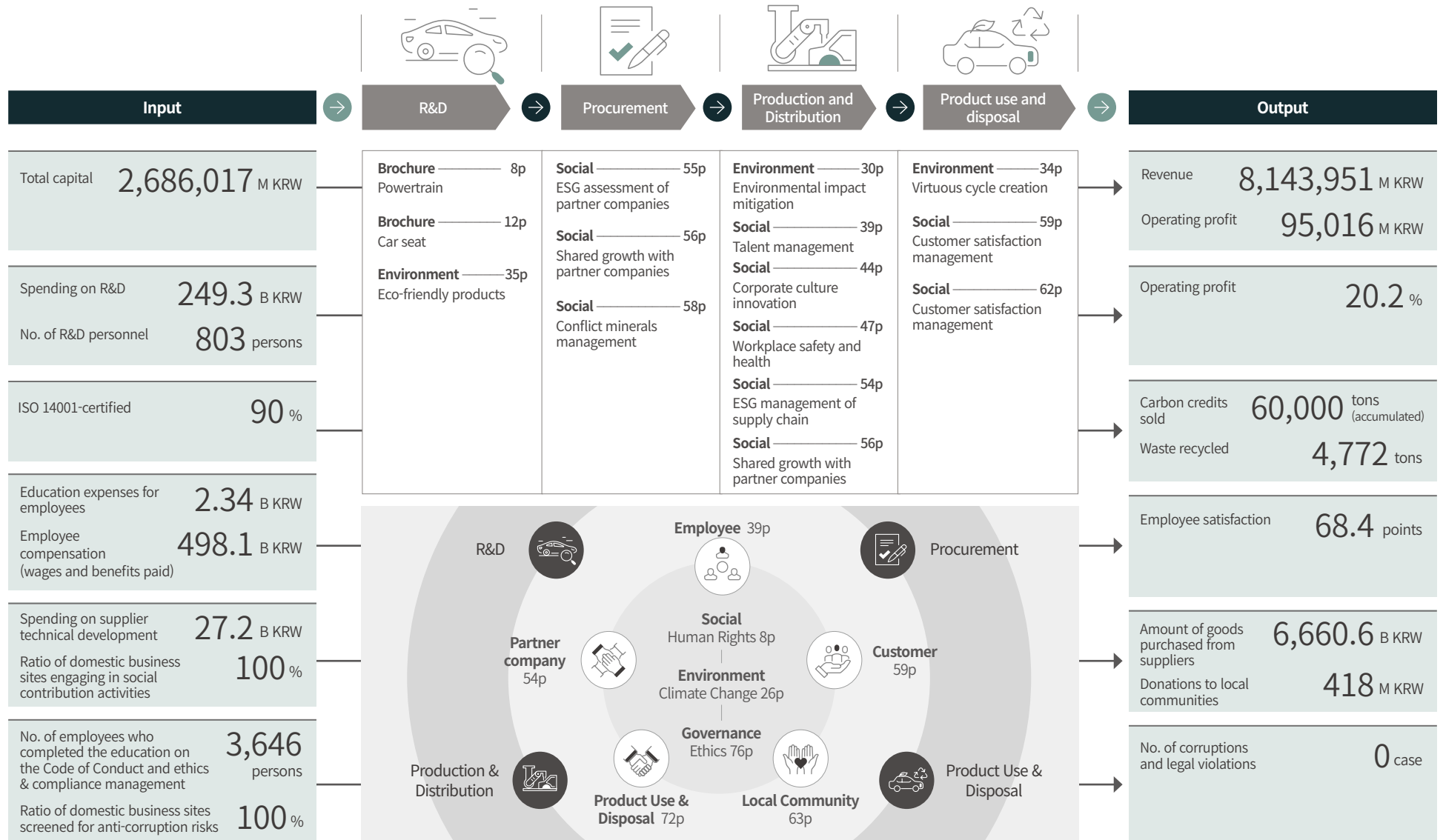
A new world of mobility, from Last-mile Mobility to Purpose Built Mobility, Future Air Mobility, and Robotics, the evolution of transportation leads to more dynamic future. Hyundai Transys' smart mobility technology continues to innovate to enable people to experience happier and safer mobility.



# ESG Performance

# ESG VALUE CREATION

Hyundai Transys puts ESG value at its heart across the entire value chain from R&D, procurement, production & distribution to product use and disposal, and makes every effort to achieve sustainable growth with a variety of stakeholders.

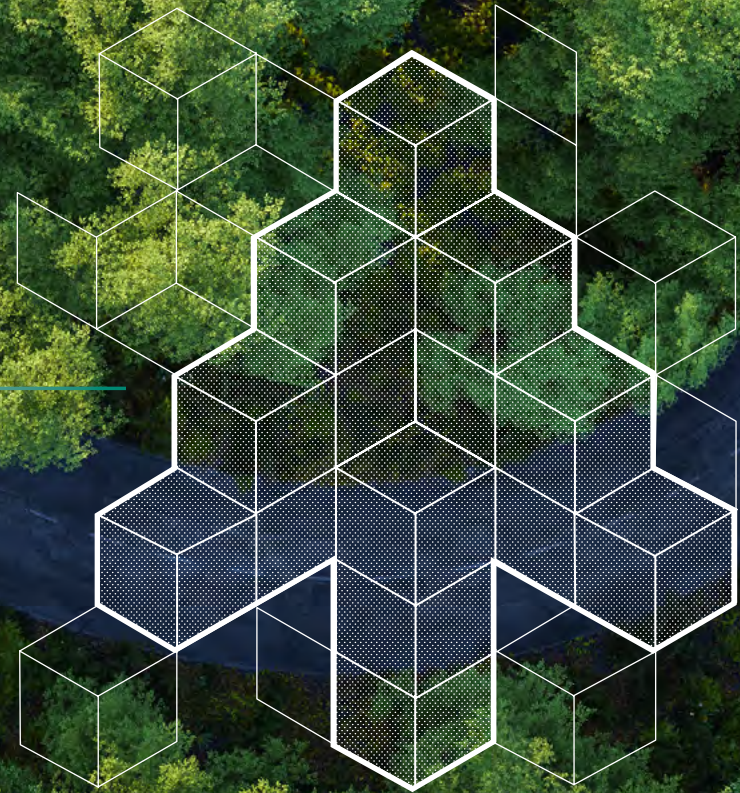




# Environment

Hyundai Transys strives to make eco-friendly mobility a reality. To more actively combat climate change, our journey kicked off with the launch of the 2040 renewable energy 100% transition strategy with a wide range of efforts to mitigate our GHG emissions and energy consumption. Furthermore, we manage the use of water & chemical substances, and at the same time, cut down on air pollutants and waste generation, thereby minimizing our business environmental footprint. In addition, another focus is on the expansion of our green product portfolio and the development of eco-friendly materials so that we can control our environmental impact from development to disposal stage.

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# Climate Change

## GHG Emissions Management

### GHG Emissions Mitigation

Hyundai Transys aims to achieve 100% transition to renewable energy in all business sites by 2040. We have set the target of reducing GHG emissions, promoting green activities with a view to minimizing our environmental impact in response to government regulations and risks posed by climate change. The annual verification of GHG emissions has been conducted. And based on the results, we manage GHG emissions by setting our own reduction target and implementing relevant projects. Considering CO<sub>2</sub> emitted from transportation, emissions are measured and managed by transportation equipment and facilities such as cars and forklifts.

#### Management of GHG Emissions<sup>1)</sup>

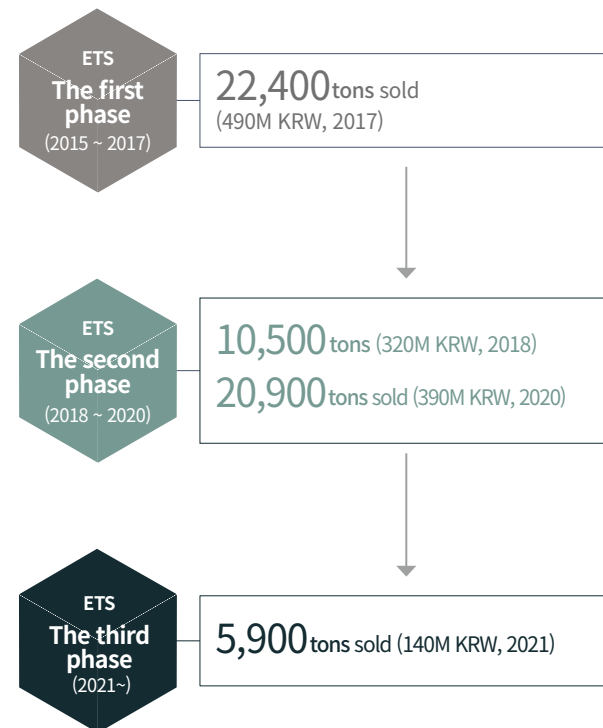
Category	Unit	2019	2020	2021
<b>Domestic</b>				
Scope1	tCO <sub>2</sub> eq	24,945	20,601	20,908
Scope2	tCO <sub>2</sub> eq	162,562	156,154	166,323
<b>Overseas</b>				
Scope1	tCO <sub>2</sub> eq	3,858	2,848	3,663
Scope2	tCO <sub>2</sub> eq	95,087	84,940	93,257
<b>Total</b>				
Scope1	tCO <sub>2</sub> eq	28,803	23,449	24,571
Scope2	tCO <sub>2</sub> eq	257,649	241,094	259,580
GHG intensity	tCO <sub>2</sub> eq/100M KRW	3.73	3.65	3.49

1) Data of 2019 and 2020 in 2021 Sustainability Report were changed due to unit errors in data of overseas subsidiaries

### GHG Emissions Trading

Since 2015, Hyundai Transys has been subject to the GHG Emissions Trading System (ETS), We have sold 5,975 tons of reduced GHGs in 2021, making a total quantity of accumulated sales equal to 60,000 tons since our engagement in the scheme.

#### GHG Emissions Trading by Phase



#### Case. New and Renewable Energy Development

Under the objective of early achievement of 100% transition to renewable energy sources, Hyundai Transys introduced new renewable energy. Solar power panels were installed on the roof of our office and factory buildings in Beijing, China where a specialized agency implemented structural diagnosis to confirm the safety of buildings. In the Rizhao Plant in China, solar power generation facilities are under construction accounting for one-third of the plant's total area. The facility capable of generating 25% of the annual energy consumption of the plant can save KRW 280 million every year. We are also reviewing the additional construction of power plants on idle sites, on top of purchasing PPA<sup>1)</sup> and REC certificates<sup>2)</sup>.

1) Power Purchase Agreement : A system in which power generation companies directly supply electricity generated by renewable energy to consumers

2) Consumers directly purchase the certificate for renewable energy supply

#### Status of Solar Power Generation

Plant	Location	Year	Area	Volume	Annual electricity generation	Annual cost reduction
Beijing	Roof of factory	2014	13,000m <sup>2</sup>	0.5MW	450,000 KWh	25M KRW
Rizhao	Roof of factory, Parking lot	2022	100,000m <sup>2</sup> (Approximately)	9.8MW	11,446,000 KWh	280M KRW

#### Beijing Plant Solar Power panels Rizhao Plant Solar Power panels





## Energy Consumption Reduction

### Systematic Reduction of Energy Consumption

Based on global eco-friendly policies, Hyundai Transys is continuously reducing energy consumption and improving efficiency by applying high-efficiency energy technology. We also try to make a consensus among employees on saving energy with activities such as managing the power saving of PCs for 5 minutes and distributing PR materials for energy saving in summer and winter.

### Integrated Energy Management System

Our integrated energy management system monitors and manages the energy usage of each line at Jigok and the Seongyeon Plant in real-time. Taking advantage of an automatic power-saving system for production facilities equipped with automated on and off functions, we are reducing standby energy for each plant & working shift during non-operational hours. Besides, we are carrying out efficient energy-saving activities largely in two sectors: managing equipment with high energy consumption such as centralized coolant system, impregnation apparatus, washing machine and dust collectors, etc.), and improving supply facilities by utilizing waste heat of compressors and boilers and blocking air supply in non-operational hours.

### Energy Consumption Management

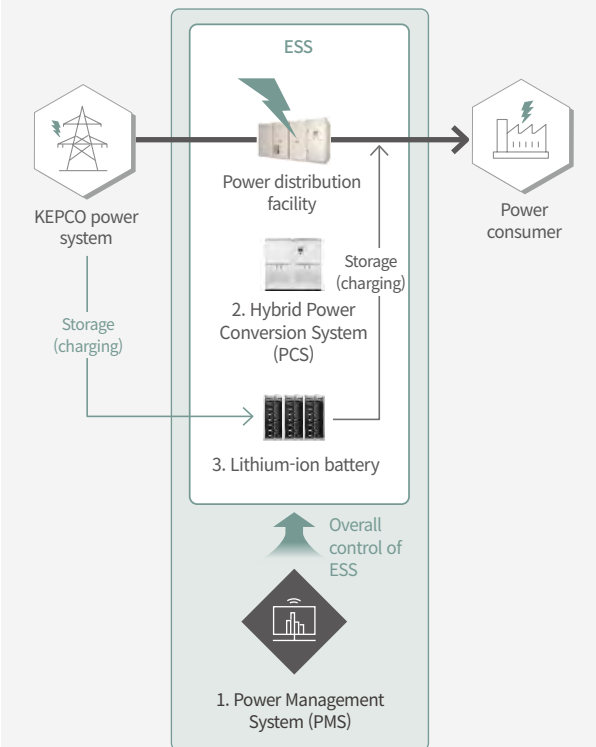
Category		Unit	2019	2020	2021
Total energy consumption <sup>1)</sup> (Domestic and overseas business sites)	Total energy consumption	TJ	5,861.9	5,424.9	5,872.7
	Total direct energy	TJ	557.1	451.2	476.2
	Total fuel consumption by non-renewable source within the organization (including fuel types)	TJ	557.1	451.2	476.2
	Total fuel consumption by renewable source within the organization (including fuel types)	TJ	0	0	0
	Total indirect energy	TJ	5,304.8	4,973.7	5,396.5
	Electricity	TJ	5,302.8	4,971.7	5,394.2
	Heat	TJ	2.0	2.0	2.3
	Cooling	TJ	0	0	0
	Steam	TJ	0	0	0
	Energy consumption intensity	TJ/100M KRW	0.08	0.07	0.07
Renewable energy	Total renewable energy consumption	TJ	0	0	2.6
	Ratio of renewable energy	%	0	0	0.04

1) Data of 2019 and 2020 in 2021 Sustainability Report were changed due to unit errors in data of overseas subsidiaries (between Kwh and TJ)

### Case. Energy Storage System (ESS)

Since 2018 when we introduced Energy Storage System (ESS), Hyundai Transys has stored electricity during night time to use it during the daytime, saving up to KRW 1.1 billion per year with 50% discount applied which has led to a cumulative revenue of KRW 3.23 billion.

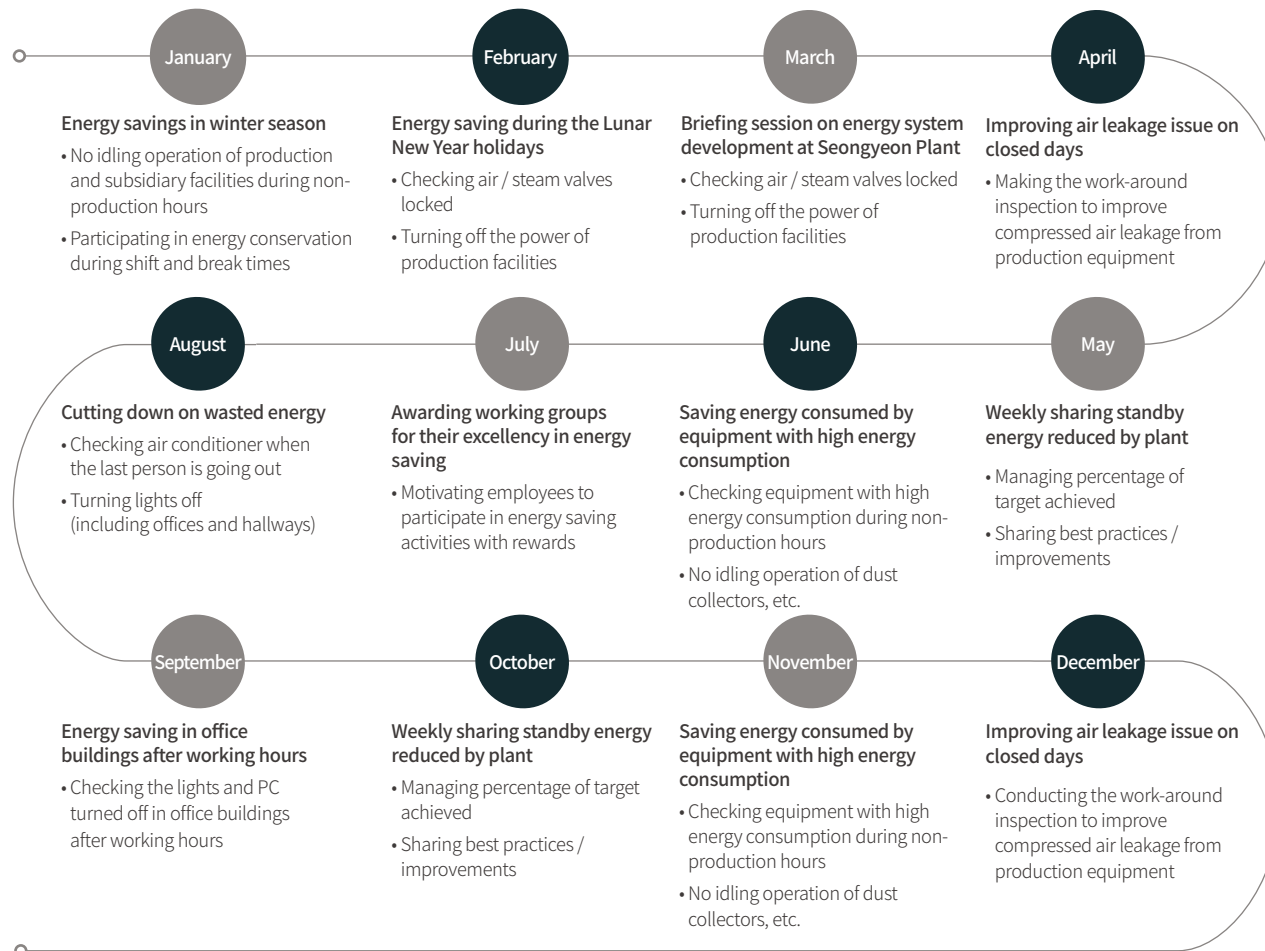
#### ESS structure



## Energy Saving Programs

Hyundai Transys is operating various programs to save energy.

### Monthly Energy Saving Programs



## Server Migration to Cloud

Aiming to scale down carbon emissions and energy consumption, we have migrated physical servers to cloud. Migration of 100 physical servers will result in approximately 90% of reduction in carbon emissions and energy consumption from 173tCO<sub>2</sub>eq to 17.3tCO<sub>2</sub>eq per year and from 377,200kW to 37,720kW per year respectively.

## Upgrading Outdated Equipment

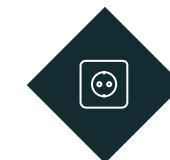
Our worn-out facilities are being upgraded with up-to-date equipment to save energy.

### Replacement with high efficient air conditioner and energy saving management



- 1. High efficiency**  
: Energy consumption 20% ↓
- 2. Scheduled operation (central control)**  
: unmanned operation in the early hours  
→ stop

### Power factor improvement through capacitor replacement



- 1. Power factor improvement**  
Base rate cut with power factor above 95%  
(KRW 50 million per year)
- 2. Reactive power improvement (stable supply)**  
Stabilizing KEPCO power system

## Energy saving

Category	Unit	2019	2020	2021
Innovative activities to save energy	Cases	0	11	8
Reduction in fuel / electricity, etc., reduction effect (cost)	M KRW	0	1,525	1,359





## TCFD Framework

### Climate Change Data Disclosure

In response to deteriorating climate change, countries and companies around the world are sparing no efforts to mitigate GHG emissions and energy consumption. Against this backdrop, the Financial Stability Board (FSB), an international financial institution, established the Task Force on Climate related Financial

Disclosure (TCFD) and presented guidelines for information disclosure. Companies endorsed this initiative and expressed their will to join while investors announced that their investment only goes to the companies which disclose information in accordance with the guidelines. In line with this, we announced 100% tran-

sition to renewable energy by 2040, making strenuous efforts to ensure sustainability by reducing GHG emissions and using more renewable energy.

TCFD Recommendations		Status	Plan												
<div>Governance</div> <div></div>	<ul style="list-style-type: none"><li>• The board’s oversight</li><li>• The management’s role</li></ul>	<p>Under the objective of 100% transition to renewable energy by 2040, we have established the ESG Management Council, a company-wide decision-making body, which is composed of the CEO and ESG managers, to make major decisions regarding climate change and the environment issues and monitoring relevant performance.</p>	<div>→</div> <p>Setting the development of eco-friendly products at the head, Hyundai Transys is carrying out a number of projects with an aim of achieving the vision of ‘Transformation to Sustainable Mobility’. The ESG Management Council will review more diverse projects in preparation for climate change.</p>												
<div>Strategy</div> <div></div>	<ul style="list-style-type: none"><li>• Risks and opportunities identified over the short, medium, and long term</li><li>• Impact of risks and opportunities on the businesses, and financial planning</li><li>• Analysis of climate-related scenarios</li></ul>	<p>Hyundai Transys has established a strategy to achieve 100% transition to renewable energy in all business sites by 2040. In the short term, we are carrying out various activities such as emissions trading and integrated energy management system to reduce GHG emissions and save energy. In the mid- to long-term, we will develop eco-friendly products and materials along with the growing use of renewable energy such as solar power in response to risks and opportunities posed by climate change.</p>	<div>→</div> <p>We will formulate internal policies and strategies to combat climate change, followed by the approval of the ESG Management Council and the BOD based on the strategy to achieve 100% transition to renewable energy in all business sites by 2040. Along with the risk costs associated with climate change, we will reflect quantitative and qualitative risks and opportunities in our business strategies identified through the framework of the SBTi 1.5 degree<sup>1)</sup>-based carbon neutral scenario.</p>												
<div>Risk Management</div> <div></div>	<ul style="list-style-type: none"><li>• Processes for identifying and assessing risks</li><li>• Processes for managing risks</li><li>• Processes integrated into overall risk management</li></ul>	<p>GHG emissions and energy consumption are being monitored to preemptively identify possible business and environmental impacts caused by climate change. The scope of risk management is scheduled to be expanded to the partner companies.</p>	<div>→</div> <p>We will incorporate quantitative and qualitative risks and opportunities into our risk management process which are identified based on the SBTi 1.5 degree<sup>1)</sup>-based carbon neutral scenario.</p>												
<div>Metrics and Targets</div> <div></div>	<ul style="list-style-type: none"><li>• Metrics used to assess climate-related risks</li><li>• Targets and emissions</li></ul>	<div><p>We have set the target of 100% transition to renewable energy by 2040 based on the data including GHG emissions and intensity.</p><table><tr><th>Scope</th><th>Unit</th><th>2021</th></tr><tr><td>Scope1</td><td>tCO<sub>2</sub>eq</td><td>24,571</td></tr><tr><td>Scope2</td><td>tCO<sub>2</sub>eq</td><td>259,580</td></tr><tr><td>Total</td><td>tCO<sub>2</sub>eq</td><td>284,151</td></tr></table></div>	Scope	Unit	2021	Scope1	tCO <sub>2</sub> eq	24,571	Scope2	tCO <sub>2</sub> eq	259,580	Total	tCO <sub>2</sub> eq	284,151	<div>→</div> <p>Hyundai Transys will achieve 100% transition to renewable energy by 2030 in some areas among business site worldwide. In the future, we will measure emissions in Scope 3 by inspecting the GHG emissions of partner companies in the supply chain to implement detailed strategies to achieve 100% transition to renewable energy in all business sites by 2040.</p>
Scope	Unit	2021													
Scope1	tCO <sub>2</sub> eq	24,571													
Scope2	tCO <sub>2</sub> eq	259,580													
Total	tCO <sub>2</sub> eq	284,151													

1) Science Based Targets initiative for Climate Change Response

# Environmental Management

## Environmental Management System

### Environmental Policy

Being well aware of our environmental responsibility, Hyundai Transys strives to minimize our negative impact on the environment across the entire production process, including operation, sourcing, manufacturing, and distribution. We comply with environmental laws and regulations in regard of energy consumption & GHG emissions and the management of water resources, air pollutants, waste, and chemical substances. We are operating environmental management system based on international standards such as ISO 14001 with a view to identifying, controlling, and reducing significant environmental impact stemming from our business activities.

### Our Environmental Policies

☐
**Hyundai Transys Environment Policy**
☐

**A. Environmental management system**

- Complying with laws and internal standards regarding water pollutant discharge where we operate
- Operating the environmental management system to mitigate environmental impacts caused by business activities

**B. Management of energy usage and GHG emissions**

- Establishing a system to measure energy consumption and GHG emissions for each business site
- Reducing energy consumption and GHG emissions

**C. Atmospheric environment management**

- Establishing a system to measure air pollutants emitted
- Minimizing air pollutants emitted
- Complying with laws and internal standards regarding air pollutant emissions

**D. Water environment management**

- Establishing a system to measure water consumption and effluent discharge
- Reducing water consumption while expanding recycling

**E. Waste management**

- Establishing a system to measure waste generation
- Minimizing waste for landfill and incineration
- Expanding reuse and recycling of waste

**F. Chemical management**

- Securing safety in transport, storage, use, and disposal of chemicals
- Labeling and disclosing information on risks and hazards of chemical handling
- Checking substances harmful to humans or the environment included in raw materials and parts procured, produced, sold, and distributed by Hyundai Transys.

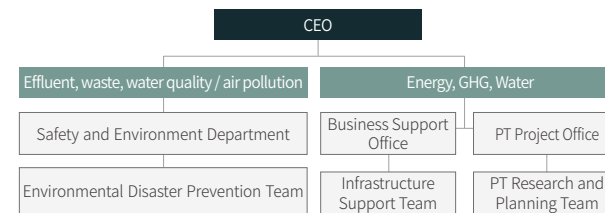
**G. Biodiversity management**

- Restoring natural ecosystems and conserving biodiversity
- Investigating into the impact on biodiversity around the project area to minimize side effects
- Supporting initiatives for biodiversity protection

### Environmental Management Organization

Hyundai Transys has formed an organization in charge of environmental management directly under the control of the CEO, aiming to promote responsible environmental management, and observing agreements and relevant regulations. We have assigned relevant organizations for each area and promote their close cooperation to mitigate our environmental footprint in a more effective manner.

#### Environmental Management Organizational Chart



### ISO 14001 Certification Acquisition

In pursuit of environmental management, we acquired ISO 14001 certification for 18 out of 20 domestic and overseas business sites, thereby reducing environmental impact. Furthermore, we are pushing forward the integrated evaluation of all domestic plants to be certified while implementing the pre-evaluation system in which we can review environmental laws and regulations prior to the establishment or relocation of facilities.

#### ISO45001 Certification<sup>1)</sup>

Category	Target	No. of certified business sites	Ratio of business sites certified
Domestic	4	4	100%
Americas	5	5	100%
Europe	2	2	100%
India <sup>2)</sup>	2	1	50%
Indonesia <sup>3)</sup>	1	0	0%
China	6	6	100%
<b>Total</b>	<b>20</b>	<b>18</b>	<b>90%</b>

1) Based on plants

2) Scheduled to be completed in July 2022

3) Scheduled to be completed in January 2023 a year after mass production

### Preventative Action against Environmental Accidents

Hyundai Transys is taking preemptive measures with our focus on the prevention of possible environmental accidents. We have secured storage space for effluent by managing preparatory sumps in wastewater treatment facilities and conducting leak tests at wastewater reclaimed pipelines. We are monitoring the roads and roofs through CCTVs around the rainwater pipes in preparation for contamination and external leakage. Also, the CCTVs around dust collectors enable immediate actions upon oil leakage, which, in turn, advances the prevention of environmental accidents. As another preventive action, Seongyeon Plant installed oil-water separators at spots with high possibility of oil leakage. We have established our own standards related to noise, managing the level of noise by installing silencers on the dust collectors and motors, and preparing soundproof zones. In addition, soil tests are conducted every half year on top of facility inspection subject to soil pollution management to detect ground contaminations.

#### Effluent treatment facilities management



## Water Resource Management

### Reducing Water Consumption

Although most of our parts assembly plants use less water compared to other industries, we are doing our best to reduce and recycle water at business sites, having our environment-dedicated organization and system monitor and manage water usage and treatment at home and abroad. As such, we strive to save water, grasping each business site's water use to take immediate action to relevant issues.

#### Water Consumption Management

Category	Unit	2019	2020	2021
<b>Total water consumption(domestic and overseas business sites)<sup>1)</sup></b>				
<b>Water intake</b>	a. Tap water <sup>2)</sup>	1,000 tons	744	683
	b. Surface water <sup>3)</sup>	1,000 tons	0	0
	c. Ground water <sup>4)</sup>	1,000 tons	104	103
<b>Water discharged</b>	d. discharged water	1,000 tons	234	231
<b>Water consumption</b>	a+b+c-d	1,000 tons	613	556
<b>Water intensity</b>	1,000 tons / 100M KRW	0.008	0.008	0.008

1) 2019 and 2020 data were changed since the 2021 Sustainability Report was published based on domestic business sites whereas the 2022 Sustainability Report contains the overseas data

2) Water supplied by public or private water supply facilities

3) Water taken from wetlands, rivers, and lakes. Seawater excluded

4) Brackish ground water excluded

### Less Effluent and More Recycling

Regular water quality analysis is conducted to monitor wastewater while entrusting specialized company with wastewater treatment for the purpose of systematic effluent management. We are inspecting and cleaning the locations where pollutants are usually deposited, such as rainwater pipes and roofs to prevent contaminants from leaking into the river. The effluent is being treated and thoroughly managed before discharging to ensure that we are abiding by the legal standards. The Jigok Plant uses domestic effluent and wastewater as its industrial water, which is followed by wastewater treatment and purification to recycle them without discharging.

#### Water Reuse

Category	Unit	2019	2020	2021
<b>Total water reuse rate(domestic and overseas business sites)</b>				
<b>Total reuse</b>	1,000 tons	283	300	375
<b>Water intake</b>	1,000 tons	847	787	919
<b>Reuse rate per water intake</b>	%	33	38	41

#### Water Pollutant Management

Category	Unit	2019	2020	2021
<b>Total water pollutant discharge(domestic and overseas business sites)<sup>1)</sup></b>				
<b>COD</b>	Discharge	kg	2,611	1,810
	Intensity	kg/100M KRW	0.034	0.025
<b>SS</b>	Discharge	kg	814	611
	Intensity	kg/100M KRW	0.011	0.008
<b>Total</b>	Discharge	kg	3,426	2,421
	Intensity	kg/100M KRW	0.045	0.033

1) 2019 data was changed since the 2021 Sustainability Report was published based on domestic business sites whereas the 2022 Sustainability Report contains the overseas data

### Odor Elimination at Wastewater Treatment Facilities

Hyundai Transys was inspected by the environmental authorities in April and July 2022 due to complaints about odors from effluent treatment facilities near Auto Valley Industrial Complex. First, we identified the causes of odors by examining sludge<sup>1)</sup> water retaining tank<sup>2)</sup>, drum screen<sup>3)</sup>, and cutting oil treatment facilities in four places of wastewater treatment facilities to take appropriate measures such as installing covers on sumps<sup>2)</sup> and dust collectors with an aim of removing the odor from the sludge. Furthermore, we have mapped out a fundamental plan to root out odor by introducing microbubble generators in cleaning dust collectors and installing additional dust collectors on wastewater collection tanks. In the first half of 2022, we confirmed 'no odor excess' on the regular measurement, which is conducted every half year, followed by continuously monitoring.

1) Sludge: A soft, thick material that is produced in wastewater treatment

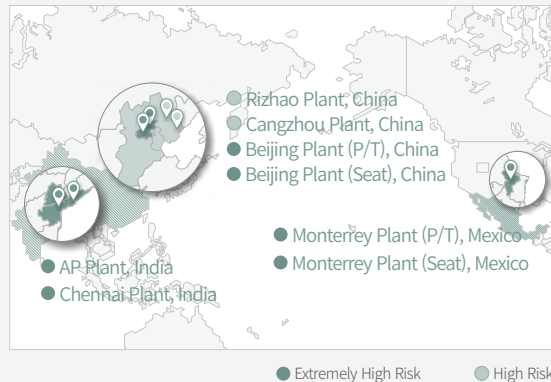
2) Water retaining tank, sumps: A large water tank installed to collect wastewater

3) Drum screen: A facility installed at the inflow stage of the wastewater treatment process to filter floating sludge

### Case. Water Stress Analysis

Hyundai Transys with our business operations around the world is utilizing the Water Risk Atlas presented by the World Resources Institute (WRI) to manage water risks in current business sites or places where we are scheduled to operate in the hope of relieving potential water stress. We will monitor water intake and use at major business sites to analyze mid-to long-term water risks. In terms of business sites located in China, India, and Mexico with high water stress, risks are constantly being identified such as water quality degradation and flooding. Therefore, we are reviewing various measures such as recycling the total amount of water intake, sparing no efforts to contribute to minimizing water stress.

#### Business sites located in highly water-stressed regions (based on Water Risk Atlas)



## Waste Management

### Reducing Waste

As part of efforts to curtail waste, we have set up our annual reduction target. To achieve the goal, we manage the process of generating, transporting, and treating waste, while separating waste for the purpose of recycling and reuse. In 2021, we faithfully implemented the national resource circulation objectives to reduce waste and expand recycle with recycling 68%(6,058 tons) of waste among 8,931 tons.

### Expanding Waste Recycling

We used to hire waste disposal companies specializing in incineration or landfill that gave way to recycling companies to promote the recycling waste, such as waste paint. We also conducted waste sample inspections, aiming to improve the final separation process at our waste storage facility. The Jigok Plant uses less oil rags to prevent oil leakage, checking the process of waste separation. The general waste storage area in The Seongyeon Plant has been improved to prevent general waste from blending into the designated waste storage area. Moreover, we will draw up mid-to long-term strategies to improve the on-site waste separation system.

#### Waste Management

Category	Unit	2019	2020	2021
<b>Total generation and recycling rates (domestic and overseas sites)<sup>1)</sup></b>				
<b>Waste generation</b>	Designated waste	tons	3,471	3,184
	General waste	tons	5,011	4,089
<b>Waste disposal</b>	Incineration	tons	2,331	2,296
	Landfill	tons	929	534
<b>Waste recycling</b>		tons	5,221	4,442
				<b>6,058</b>

1) Data of 2019 and 2020 in 2021 Sustainability Report were changed due to errors in data of overseas subsidiaries and new data from Indonesia

## Air Pollution Management

### Air Pollutants Management

With the revision of the Clean Air Conservation Act, Hyundai Transys has taken preemptive measures by inspecting facilities in violation of the Act and strengthening monitoring. The Seongyeon Plant and Jigok Plant have complied with a fine dust reduction ordinance targeting companies in the Chungcheong region. In addition to it, they have concluded a fine dust reduction agreement with the Ministry of Environment which contains the prohibition of idle operation of logistical vehicles, and shortening working hours in emergencies. We are preventing the degraded operation of dust collectors which can lead to environmental accidents with the expansion of exhaust pipes and installation of oil mist<sup>1)</sup> filters. We have established our own set of standards for air pollutants emissions beyond the level required by the law. Pursuant to the fine dust reduction agreement, we installed preventive equipment in the cold / hot water system, which generates nitrogen oxide (NOx). Furthermore, we examined all the outlets of dust collectors on the roof floors to make a correction on points where pollutants could leak out, establishing an improvement plan for 17 outlets in 2022. We had external specialized agencies scrutinize our environmental management in accordance with environmental regulations to take countermeasures.

1) Oil mist: The cutting oil sprayed during processing is scattered due to frictional heat

#### Air Pollutants Management

Category	Unit	2019	2020	2021
<b>Air pollutants emissions (domestic and overseas sites)<sup>1)</sup></b>				
<b>NOx</b>	Emissions	tons	27	33
	Intensity	tons/M KRW	0.035	0.045
<b>SOx</b>	Emissions	tons	1	2
	Intensity	tons/M KRW	0.001	0.002
<b>Dust</b>	Emissions	tons	16	15
	Intensity	tons/M KRW	0.020	0.020
<b>Total</b>	Emissions	tons	43	44
	Intensity	tons/M KRW	0.056	0.067

1) Data of 2019 and 2020 in 2021 Sustainability Report were changed due to errors in data of overseas subsidiaries and new data from Indonesia

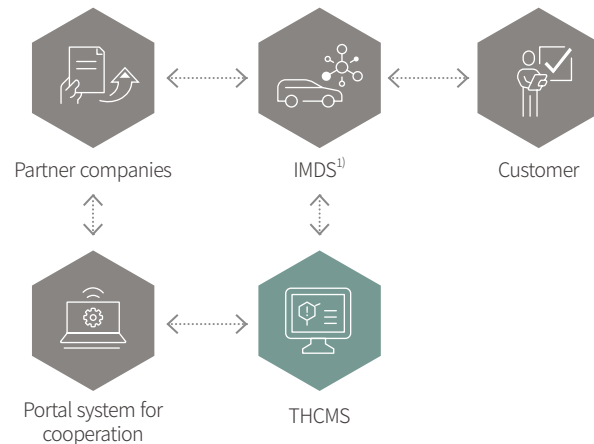


## Chemical Substance Management

### Reinforcing Chemicals Management

We have expanded the coverage of our regulatory management to the Philippines, Vietnam, Japan, and Mexico according to the tightened laws and regulations in regard of chemical substances aside from the EU, Korea, and the US. Analysis on actual products is conducted with an aim of better-quality control at the development stage for four heavy metals and six types of PBBs and PBDEs (Br-based flame retardants) which are categorized into high-risk among substances managed by Hyundai Transys. The Transys Hazardous Chemical Management System (THCMS) has been equipped with the improved legal management features to facilitate efficient responses to the regulations by region with the introduction of a checklist composed with regional regulations of business accompanied with monitoring on legal factors which are revised every year.

#### Hazardous Chemical Management System



1) International Material Data System: A joint regulation of the automobile industry as an international material data management system developed by car makers

### Transys Hazardous Chemical Management System (THCMS)

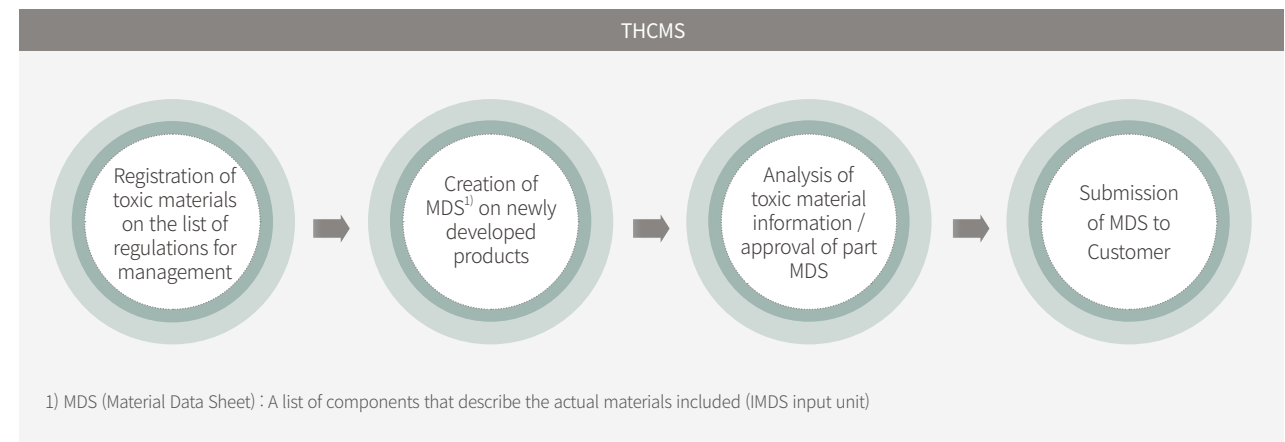
With a view to systematic management of hazardous substances included in our products, THCMS<sup>1)</sup>, was formulated, an integrated management system which has enabled the efficient management process from collection of customer's requirements and the latest regulatory information, analysis of harmful risks in developing products, to registration of substance information in IMDS after final approval.

1) Transys Hazardous Chemical Management System

### New Chemicals Evaluation Process

New chemicals are evaluated and managed before the introduction and use through the due procedure. Through the SHE system, departments request a preliminary evaluation of new substances to the Safety and Environment Planning Team and Safety Planning Team which review and assess the harmful risks of toxic substances such as carcinogenic factor based on relevant laws and regulations. New substances are approved only when substances have no harmful risks or legal sanctions are within the manageable level, followed by safe management with relevant training provided for employees in charge and Material Safety Data Sheet (MSDS) placed.

#### Transys Hazardous Chemical Management System(THCMS)



# Product Environmental Footprint

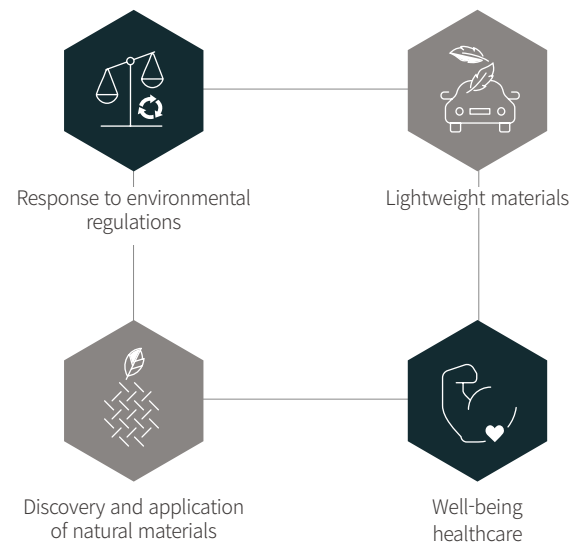
## Building a Virtuous Cycle for Resources

### Environmental Impact Management at All Stages

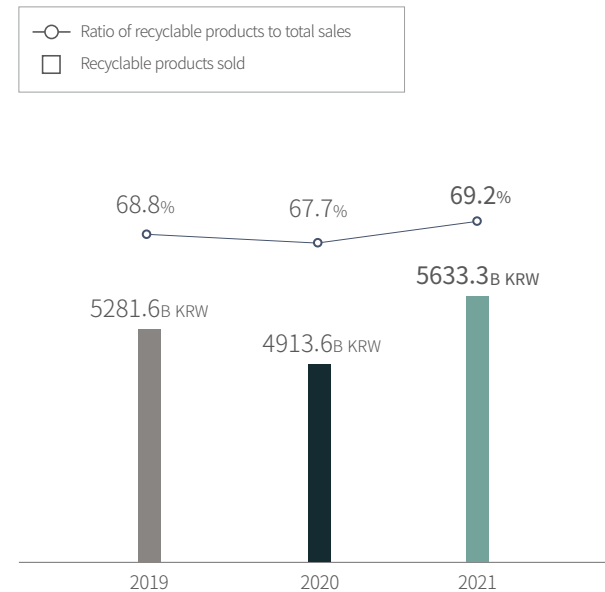
The impact on environment is always being considered from the manufacturing to the disposal stages. In designing products, we aim to reduce GHG emissions, energy consumption, and waste generation, minimizing the emissions of GHG and other pollutants from the manufacturing stage. We are promoting recycling and upcycling in stages of research, manufacturing, and disposal. Seat used in research is upcycled into various fashion products such as wallets and bags, creating new values. In the hope of maximizing

recyclability, we are also researching and developing new materials, thereby minimizing the landfill volume of heavy metals at the disposal stage. We meet the current End-of-Life-Vehicle Direction (ELV) regulation requirements that 85% of the total vehicle weight should be recyclable, more than 95% should be renewable, and the amount of pure waste that does not emit heavy metals should be less than 5% in scrapping a car.

#### Hyundai Transys' Eco Technology



#### Recyclable Products Sold



#### Case. Eco Technology Development

Hyundai Transys jointly developed the world's first eco-friendly PUR room-temperature adhesive technology, an eco-friendly seat adhesive technology. On top of economic effects such as less production cost, we reduced waste and GHG emissions by 40%. As the technology also diminishes harmful substances affecting the respiratory system, we created environmental and social effects in consideration of the safety of passengers.

#### Performance of new PUR technology

Structure		
Description	Coating PUR adhesive thinly on the surface of padding materials to affix leather	
Odors & VOCs (unit: ppm)	TVOC 0 Formaldehyde 0	Less generation ▼ compared to the past
Waste <sup>1)</sup>	393 ton	40% ▼ compared to the past
GHG emissions <sup>1)</sup>	936 tCO <sub>2</sub> eq	40% ▼ compared to the past

<sup>1)</sup> Medium- and large-sized A-car models currently in production (500,000 units, during 2017-2020)



## Development of Eco-friendly Products

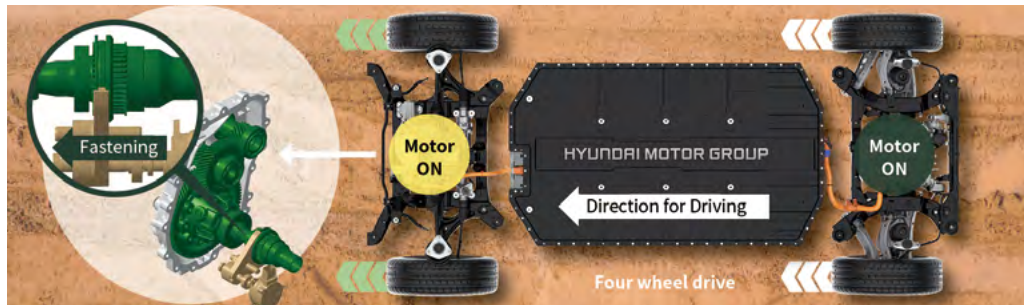
### EV AWD Disconnecter

A reducer adjusts the motor rotation of EVs to a certain level to boost power, similar to the transmission of engine car which transmits power to wheels. We developed the world's first All Wheel Drive(AWD) disconnecter for electric vehicles mounted on the reducer. Disconnecter serves to cut off the power between the motor and the auxiliary driving shaft to covert driving mode into 2 Wheel Drive (2WD) in a case that a vehicle is not in the difficult driving conditions such as snowy day when AWD is superior

in driving performance and safety. The disconnecter system can reduce unnecessary power loss and improve power efficiency by about 6% to 8% to increase the mileage of electric vehicles on a single charge. Furthermore, by installing the Disconnect system in existing AWD vehicles to achieve the same all electric range (AER<sup>1)</sup>) with a smaller battery capacity, the vehicle's price competitiveness can be improved and the interior space available to the driver can be further secured.

1) AER : All Electric Range

AWD



2WD



### TMED-II HEV Driving System

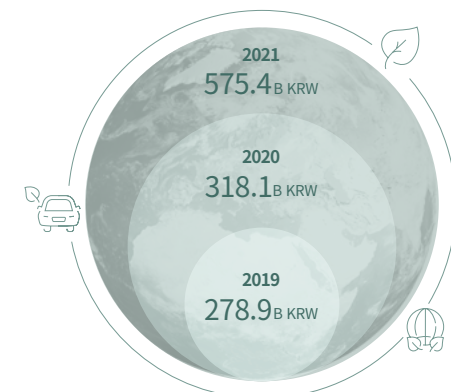
Under the goal of mass production in 2025, Hyundai Transys is developing medium-and large-sized TMED-II based on the e<sup>2</sup> AT driving system developed in advance. We improved fuel efficiency and performance compared to that of the previous mass production specifications, applying the P1+P2 HEV system which was developed for the first time in the world with increased the gear ratio<sup>1)</sup>.

1) The rotation of a wheel per engine RPM

e<sup>2</sup> AT driving system



Powertrains sold for eco-friendly vehicles (HEV, PHEV, EV)



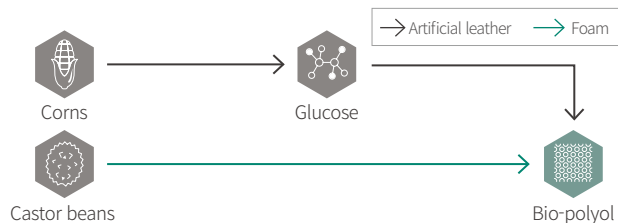
## Eco-friendly Materials for Seat

Our efforts to minimize the impact on the environment started with the raw materials. Petroleum-based raw materials have been replaced with bio-mass<sup>1)</sup> extracted from natural materials, such as corns, quartz, one of the natural mineral resources, and castor beans, to be utilized in the development of materials for covering and foam. In response to the bolstering regulations on toxic chemicals in the international community, we have developed technology to produce materials as a substitute for hazardous chemicals, making safer and more eco-friendly materials such as artificial leather with eco-friendly flame retardants applied and eco-friendly antifouling fabrics.

1) Carbon-neutral and eco-friendly energy source which emits little SOx, NOx, and carbon dioxide in the combustion

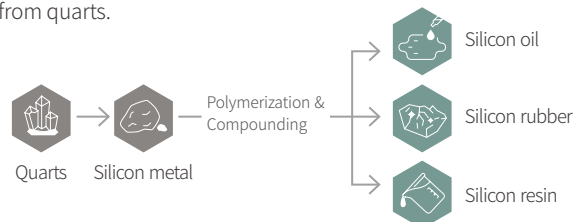
### Bio Artificial Leather and Foam

The material has been produced with bio-polyol extracted from corns and castor beans.



### Silicon Artificial Leather

The material has been produced with raw materials extracted from quarts.



### Case. SETEX

Hyundai Transys hosts the Seat Technology Exhibition (SETEX), which serves as a platform for up-to-date automotive seat technology, one of the core elements of the future mobility era. In 2022, a total of 27 new technologies were unveiled in three sectors: eco-friendly seats with sustainable materials, future mobility, and user experience, reflecting the latest mobility trends in the concept, such as autonomous and electric vehicles. We will take the lead of ESG management in the auto parts industry with the continuous development of eco-friendly materials, proactive investment, and strategic collaboration on future technology, which will eventually lead to our reinforced competitiveness in mobility.

#### Eco-friendly Material



#### Foampad using eco-friendly material



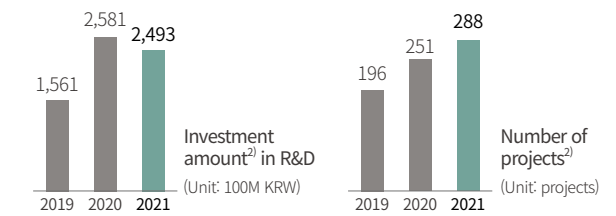
#### Sustainable Future Mobility Seat Concept



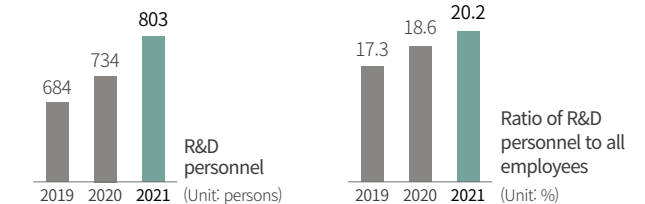
## Investment in R&D

We are enhancing our competitiveness by carrying out diverse projects and expanding related manpower to secure future technology competitiveness and eco-friendly technology.

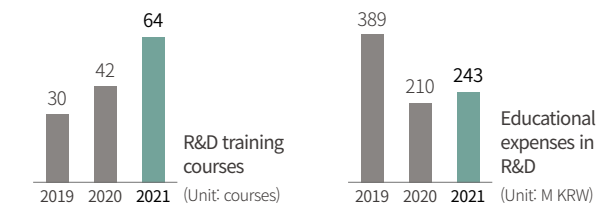
### Investment in R&D<sup>1)</sup>



### Workforce in R&D<sup>1)</sup>



### R&D training



1) Both Powertrain and Seat Research Institute altogether

2) The 2021 Sustainability Report published based on the data from Powertrain Research Institute only, whereas the 2022 Sustainability Report uses the data from Powertrain and Seat Research Institute altogether, making changes in the data of 2019 and 2020.



# Social

Hyundai Transys is sparing no effort to realize sustainability together with stakeholders. Putting the human rights of all stakeholders first, we respect and protect our employees, partners, local communities, and customers. We respect the diversity of our employees, providing various welfare benefits to support work-life balance in creative and horizontal corporate culture. We safeguard the safety and health of our employees, which are directly linked to the competitiveness of the company, providing safe products with excellent quality to our customers. In pursuit of sustainable coexistence, we are carrying out various activities for mutual growth with our business partners and local communities.

Human Rights	38	Customer	59
Employee	39	Local Community	63
Safety	47	Information Security	66
Partner Company	54		



# Human Rights

## Human Rights Management

### Human Rights Policy

Hyundai Transys prioritizes the human rights of all stakeholders, including employees, partners, and customers, in conducting business. We endorse the UN Universal Declaration of Human Rights, the UN Global Compact, and the principles of International Labor Conventions by ILO, which is demonstrated in the declaration and principles of human rights management written by Hyundai Transys with our commitment to human rights.

### Hyundai Transys' Basic Human Rights Principles

#### Hyundai Transys' Human Rights Policy

##### 1. Prohibition of Discrimination

Hyundai Transys does not discriminate against anyone in the aspect of employment, promotion, education, wage, welfare, etc. on the ground of gender, race, ethnicity, nationality, religion, disability, age, family status, social status, and political opinion for all officers and employees and it structures the organizational culture to respect the diversity of officers and employees.

##### 2. Compliance with Working Conditions

Hyundai Transys complies with the legal work hours for each country where it engages in business and it pays all officers and employees reasonable wages for the work together with the wage statement. In addition, it provides a work environment appropriate for the performance of duties and sufficient opportunity of education for developing the competency of and improving the quality of life for all officers and employees.

##### 3. Humane Treatment

Hyundai Transys respects the privacy of officers and employees and fully protects personal information and it does not abuse, mentally or physically, or adversely treat any officer or employee.

##### 4. Guarantee of the Freedom of Association and Collective Bargaining

Hyundai Transys respects the labor relations laws of the country where this Charter for Human Rights is applied to provide sufficient opportunity for communication with all officers and employees.

##### 5. Prohibition of Forced Labor and Child Labor

Hyundai Transys does not engage in any act of violence, threat, false imprisonment or the like against any officer or employee and it does not coerce any work against the free will by the method of demanding a personal ID or company ID. In addition, child labor is prohibited in principle and the company takes measures so that minors' opportunity for education will not be restricted due to their work.

##### 6. Guarantee of Industrial Safety

Hyundai Transys regularly inspects the facilities, equipment, tools and others of the business premises for all officers and employees to work in a safe work environment and prepares the support plan for post management and appropriate measures for the purpose of preventing physical and mental hazards.

##### 7. Protection of the Human Rights of Local Residents

All officers and employees of Hyundai Transys are cautioned not to interfere with the human rights of the local residents when carrying out their work. Moreover, the rights to safety and health for local residents, and freedom of residence are protected.

##### 8. Protection of the Human Rights for Customers

All officers and employees of Hyundai Transys must make it their highest priority to protect the life, health and property of customers when providing products and services, and must make their best endeavors to protect the personal information collected from management activities.

### Protecting Rights of Employees

We abide by the Constitution and related laws to ensure the fundamental rights of employees, including the right to organize, the right to collective bargaining, and the right to collective action. In accordance with relevant laws, the Collective Bargaining Council and the Labor-Management Council have been formed aside from the Employment Stability Committee, where labor and management discuss future changes and form a consensus. In terms of collective bargaining with the labor union, we present and discuss reasonable and constructive agendas for mutual benefits to reach an agreement in a direction where the majority of employees are satisfied.

### Mitigation of Negative Human Rights Impacts

We make strenuous efforts to mitigate adverse human rights impacts, including child labor and workplace / sexual harassment. We have enacted the Rules of Employment to comply with the recruitment process. In accordance with Article 8 of the Rules of Employment for Technicians, we prohibit the employment of minors<sup>1)</sup> under the age of 18. Aiming to create a sound workplace culture and eradicate irrationality, we are operating a reporting center for workplace / sexual harassment along with regular guidance to provide information regarding the reporting procedures to all employees on the intranet, e-HR.

1) Except for the case when required procedures under the relevant laws have been completed such as submission of parental employment agreement

### Training for Employees on Human Rights Policies and Procedures

Category	Unit	2019	2020	2021
Training hours	Hours	7,698	11,499	11,220
Participants in training	Persons	3,849	3,833	3,740
Ratio of employees completed training	%	100	100	100

### Human Rights Violation Grievance<sup>1)</sup> Handling in Reporting Center

Category	Unit	2019	2020	2021
Grievances reported	Cases	1	4	3
Ratio of grievance handling	%	100	100	100

1) Workplace / sexual harassment etc.



# Employee

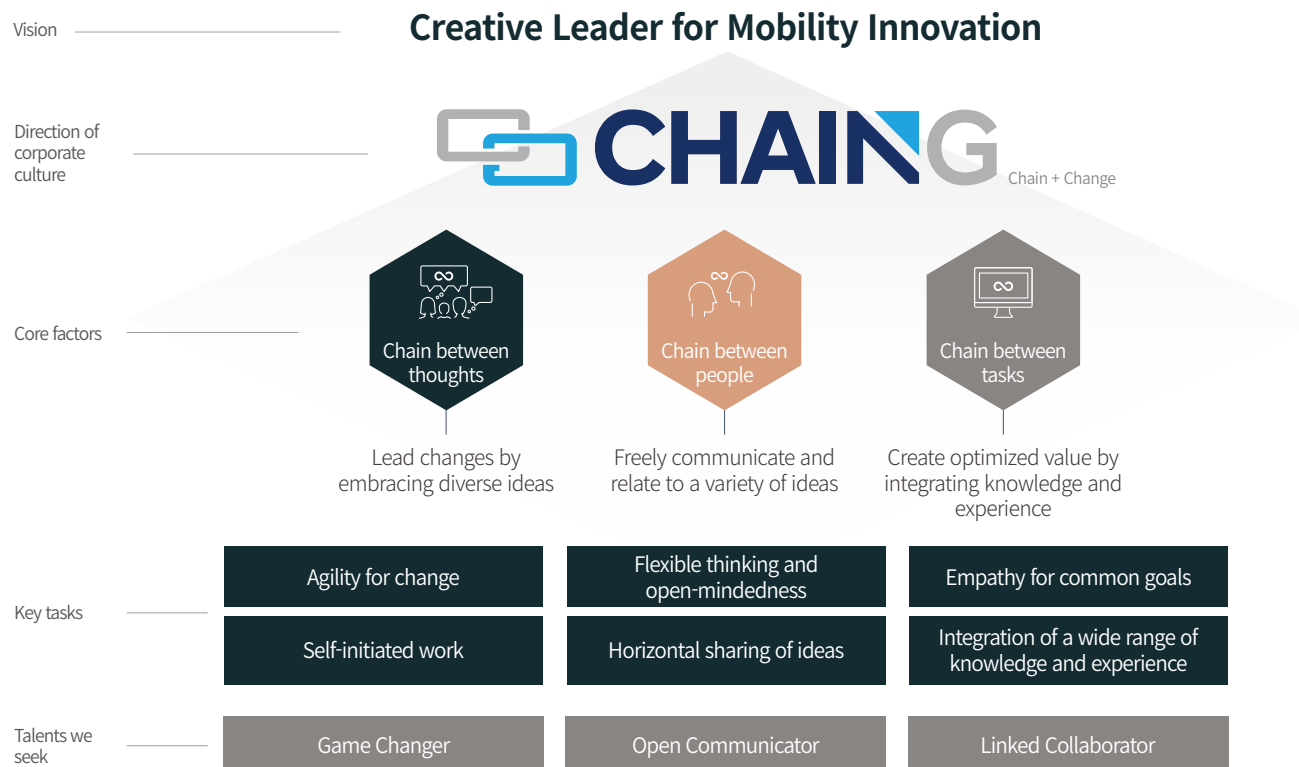
## Talent Management

### Securing Diverse Human Resources through Transparent Recruitment Process

Based on our ideal talent model ‘who accepts a wide range of thoughts to create the very best and worthy results in communication’, we have established the talent management

system in securing human resources. All applicants are provided with equal opportunities in the fair and transparent recruitment process.

#### Hyundai Transys' Talent Management System



#### Employees Status<sup>1)</sup>

Category		Unit	2019	2020	2021
By age					
Under 30		Persons	3,261	2,617	2,625
30-49		Persons	5,529	5,692	5,994
50 or over		Persons	813	861	894
Total		Persons	9,603	9,170	9,513
By gender					
Domestic	Male	Persons	3,837	3,831	3,865
	Female	Persons	109	117	121
Overseas	Male	Persons	4,289	4,029	4,301
	Female	Persons	1,368	1,193	1,226
Total	Male	Persons	8,126	7,860	8,166
	Female	Persons	1,477	1,310	1,347
By region					
Domestic		Persons	3,946	3,948	3,986
Overseas		Persons	5,657	5,222	5,527
Total		Persons	9,603	9,170	9,513
By contract type					
Regular workers	Male	Persons	7,600	7,455	7,653
	Female	Persons	1,273	1,241	1,288
	Total	Persons	8,873	8,696	8,941
Non-regular workers	Male	Persons	531	409	517
	Female	Persons	199	65	55
	Total	Persons	730	474	572

1) The 2022 Sustainability Report includes the data of non-regular contract type technical workers, making changes in the data of 2019 and 2020 from the 2021 Sustainability Report.

## Recruitment

We are subsidizing expenses of health check-ups in the hiring process to support the convenience of applicants both of regular and occasional recruitment. In 2021, we discovered and secured

a total of 78 right talents for the company through twice of recruitment-related type internship program.

### Recruitment<sup>1)</sup>

Category		Unit	2019	2020	2021
By age					
Under 30		Persons	988	635	714
30-49		Persons	471	324	409
50 or over		Persons	25	27	36
Total		Persons	1,484	986	1,159
By gender					
Domestic	Male	Persons	85	75	121
	Female	Persons	3	9	9
Overseas	Male	Persons	1,059	722	823
	Female	Persons	337	180	206
Total	Male	Persons	1,144	797	944
	Female	Persons	340	189	215
By region					
Domestic		Persons	88	84	130
Overseas		Persons	1,396	902	1,029
Total		Persons	1,484	986	1,159

1) The 2022 Sustainability Report uses different standard from that of the 2021 Sustainability Report, making changes in the data of 2019 and 2020 .

### Turnover<sup>1)</sup>

Category		Unit	2019	2020	2021
By age					
Under 30		Persons	1	5	12
30-49		Persons	63	31	74
50 or over		Persons	40	67	50
Total		Persons	104	103	136
By gender					
Domestic	Male	Persons	98	99	132
	Female	Persons	6	4	4
Overseas	Male	Persons	0	0	0
	Female	Persons	0	0	0
Total	Male	Persons	98	99	132
	Female	Persons	6	4	4
Turnover rate <sup>2)</sup>					
Total turnover rate		%	2.6	2.6	3.4
Voluntary turnover rate		%	1.5	0.8	2.0
Average years of service		Years	8.2	6.6	9.3

1) The 2022 Sustainability Report not includes the data of contract termination, making changes in the data of 2019 and 2020 from the 2021 Sustainability Report.

2) Based on domestic standard

## Corporate Diversity

In hiring, we give preference to women and applicants with disabilities and national merits, ensuring that applicants are not disadvantaged for race, gender, disability, and many more reasons. Newly hired female workers are prioritized for placement in the departments in the metropolitan area.

### Minority Ratio

Category		Unit	2019	2020	2021
Female manager					
Manager	Domestic	Persons	186	175	150
	Overseas	Persons	110	114	124
	Total	Persons	296	289	274
Female manager	Domestic	Persons	1	1	1
	Overseas	Persons	12	14	16
	Total	Persons	13	15	17
Female entry-level manager	Total employees	Persons	1,141	1,199	1,295
	Female employees	Persons	58	58	66
Female executive	Total employees	Persons	44	45	43
	Female employees	Persons	0	0	0
Female employee in profit-making departments	Total employees	Persons	8,914	8,293	8,727
	Female employees	Persons	536	481	539
Female employee in STEM <sup>1)</sup>	Total employees	Persons	830	865	934
	Female employees	Persons	31	36	48
Persons with disabilities <sup>2)</sup>					
Number		Persons	62	62	60
Ratio		%	0.6	0.7	0.6
Persons with national merits					
Number		Persons	72	72	76
Ratio		%	1.82	1.82	1.91
Ratio of local senior managers <sup>2)</sup> at major business sites					
Local recruitment		Persons	5,252	5,222	5,527
Local manager		Persons	160	169	189
Local manager at overseas business sites		Persons	50	49	57

1) Science, Technology, Engineering, Mathematics

2) The 2022 Sustainability Report includes the data of at overseas business sites, making changes in the data of 2019 and 2020 from the 2021 Sustainability Report.

3) The 2022 Sustainability Report counts only above the head of division, making changes in the data of 2019 and 2020 from the 2021 Sustainability Report.

## Performance Evaluation Principles

Hyundai Transys is making a ceaseless effort to provide opportunities for individual development and growth on top of compensation through fair performance evaluation to our employees. We conduct absolute evaluations based on objective items for all executives and employees in addition to a multi-faceted evaluation in which various evaluators participated for the purpose of

multiple evaluation perspectives for leaders. Procedural fairness is secured by active communication between the subject and the evaluator, whose capacity building contributes to the heightened credibility of evaluation results along with the development of objective evaluation items.

### Compensation Ratio of Female to Male Employees<sup>1)</sup>

Category	Unit	2019	2020	2021
Basic salary percentage of female to male employees	%	100	100	100

1) Based on domestic business sites

### Regular Performance Evaluation

Category	Gender	Unit	2019	2020	2021
Employees subject to regular performance evaluation <sup>1)</sup>	Male	Persons	6,153	6,104	6,215
	Female	Persons	774	854	862
	Total	Persons	6,927	6,958	7,077
Percentage of employees subject to regular performance / career development evaluation		%	72.1	75.9	74.4

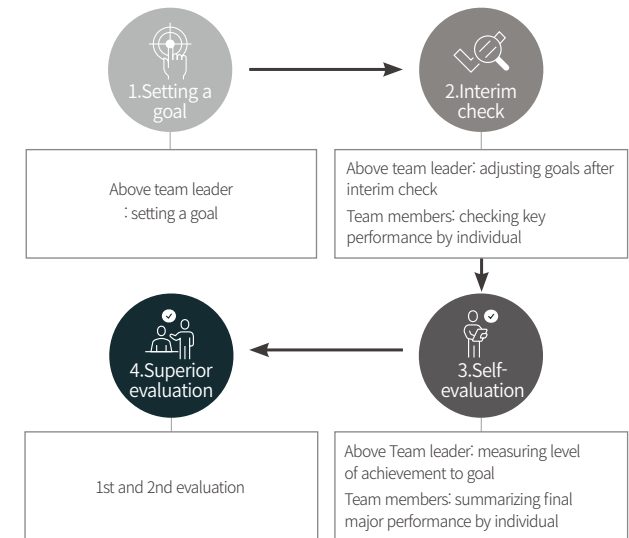
1) The 2022 Sustainability Report uses different standards in regard to evaluation and counting from that of the 2021 Sustainability Report, making changes in the data of 2019 and 2020.

## Performance Evaluation Process

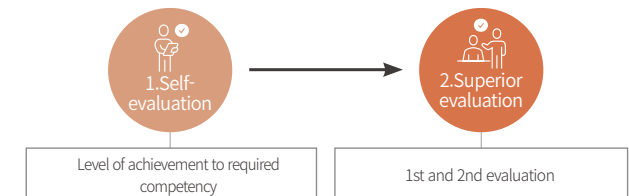
In 2021, we improved a fair and transparent performance evaluation process in a direction where employees whose position is above the team leader set goals to enhance the effectiveness of target management and work immersion of team members. Looking ahead, we will continue to monitor and improve the performance evaluation process to guarantee fairness and to provide opportunities for individual capacity building.

### Performance Evaluation Process

#### Performance Evaluation



#### Competency Evaluation





## Talent Nurturing Programs

Hyundai Transys operates educational curriculums through which employees can build competencies to grow into experts. We have diverse courses named professional, where employees can reinforce job competency, leadership where team leaders, senior managers, and senior researchers enhance their leadership, and

global, to let our employees meet the global standards of competency. Furthermore, employees can expand their expertise to other fields beyond jobs through the cultural curriculum. We also introduced a rotational work system for general researchers.

### Talent nurturing programs by duties

	Leadership	Professional	Global	Culture	Sustainability
General / Research	Executive training	Job academy	Biz English advanced course	Organizational development based on the analysis results on organizational culture	Training
	Training for new team leaders	Introduction programs for new hire and career staff	E-Learning / video language program	Communication program between leader and members	Legal compulsory education (sexual or work place harassment, the disabled)
	Training for new senior managers	E-Learning	Language program for prospective resident workers	Activities to change way of working	
	CHAIN-G Conference	External job training	Job training for prospective resident workers		
	Training for key talents				
Technical	Capacity building for technical leaders	E-Learning	E-Learning / video language program	Communication program between leader and members	ESG training
	Training on life cycle of technical jobs	External job training			Legal compulsory education (sexual or work place harassment, the disabled)
	Introduction programs for new hire in technical sector				

### Training for employees

Category	Unit	2019	2020	2021
<b>Employees participated in training</b>	Persons	9,127	8,862	9,853
<b>Training hours</b>	Hours	282,909	264,921	208,639
<b>Educational expenses</b>	100M KRW	31.5	31.5	23.4
<b>Training hours per person</b>	Average of employees <sup>1)</sup>	31	30	21
	Gender			
	Male	18	22	19
	Female	19	12	18
	Position			
	Top manager	8	9	17
	Middle manager	13	10	21
	New employees and non-managerial positions	15	43	28
<b>Educational expenses per person</b>	Average of employees <sup>1)</sup>	10K KRW	30	20
<b>Training<sup>2)</sup> courses<sup>1)</sup></b>	Courses	2,658	1,873	2,570
<b>Employees completed the courses<sup>1)</sup></b>	Persons	35,273	39,495	29,209

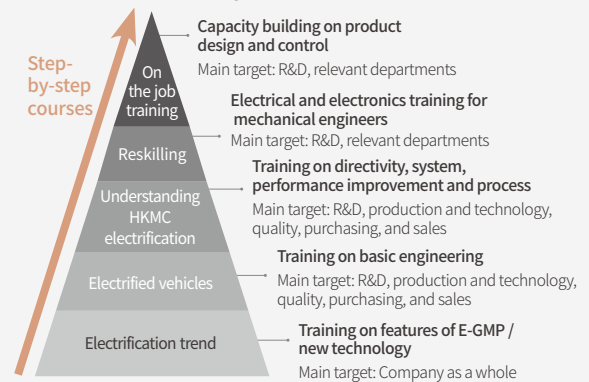
1) The 2022 Sustainability Report uses different counting standards from that of the 2021 Sustainability Report, making changes in the data of 2019 and 2020.

2) Programs include safety, human rights, ethics, and ESG.

### Case. Electrification Academy

For a better understanding of electrification technology and securing competitiveness in the design and mass-production of electrified products, we are operating training courses that evolved from the previous powertrain courses. Under the different levels of difficulty depending on personal knowledge and work experience, we encourage employees to cultivate knowledge and know-how through systematic training.

#### Electrification Academy



### Case. Insights into Seat Trend

We invited experts from the automobile and space interior industry to give special lectures which can serve as a platform for our employees to gain insights related to the future self-driving seats. Allowing our employees to have insights from the perspective of space experts and customers, we met the knowledge demands of employees working for innovative future self-driving space interior.

#### Insights into seat trend in 2021



## Work-Life Balance

Hyundai Transys endeavors to strike a work-life balance for employees, operating flexible working hours every two weeks, selective working hours, and a telecommuting system. We aim to create a family-friendly workplace, allowing a flexible working system that helps employees to raise infants and young children in addition to maternity leave, parental leave, and the in-house daycare center aside from a place for breastfeeding. We also have

various programs to support the post-retirement life of employees who can learn the way of adapting to changes, designing their careers, and self-development. In 2021, under the condition in which face-to-face training was restricted due to COVID-19, a total of 24 employees were provided with non-face-to-face e-learning to study at home for their systematically prepared retirement.

### Welfare Programs

Category			Annual support
Health	Medical benefits		Health checkup once every two years for all employees and one family member and subsidizing expenses in / outpatient treatment for family members registered on health insurance
	Restaurants		Three free meals a day in restaurants in addition to snack / healthy meals
	Sports facilities		Sports facilities such as a gym, soccer field, and table tennis court
	Group accident insurance		Subscribing to group accident insurance for all employees, including injury / disease / cancer
Family	Family event		Leave, expenses and wreath for congratulations and condolences and materials for funeral
	Educational expenses for children		Educational expenses for preschooler, high school (full tuition), and college (full tuition for 8 semesters)
	Gifts for children		Gifts for children entering elementary school and taking the national college entrance exam
Finance	In-house daycare center		In-house daycare center for employees' children
	Loan for employees	Housing	Loan for housing purchase / rental for the houseless employees
		Automobile	Loan for purchasing Hyundai / Kia car
		Marriage	Loan for marriage expenses
Life	Discounts in vehicle purchase		Discounts in purchasing Hyundai / Kia cars depending on the years of service
	Moving to new post		Subsidizing moving expenses caused by personnel appointments in the
	Accommodation (company housing)		Housing support for new employees with dormitory (company housing) or outside apartment
	Commuting bus		Commuting bus for employees
Culture	Clothing		Providing work clothes and safety boots for manufacturing workers
	Hotel membership		Reserving diverse resort / hotel nationwide with company's membership
	Hobby club		Expenses for club activity
Others	Cultural events		Support for admission fees at local cultural centers to see the performances
	Snacks		Ice cream, sports drinks, bread/milk by season
	Points		Payment of cyber money for selective welfare at employee shopping malls

### Case. Facilitation of Working from Home

In the aftermath of prolonged COVID-19, we implemented the working from home system for the purpose of ensuring the safety of our employees. Detailed guidelines were provided not to confuse work, and countermeasures were taken based on a survey to support the proactive and autonomous work of our employees.

### Parental Leave and Welfare Benefits

Category		Unit	2019	2020	2021
<b>Parental Leave<sup>1)</sup></b>					
<b>Employees eligible to take parental leave</b>	Male	Persons	1,375	1,333	1,451
	Female	Persons	73	79	94
	Total	Persons	1,448	1,412	1,545
<b>Employees taking parental leave</b>	Male	Persons	156	145	140
	Female	Persons	61	69	82
	Total	Persons	217	214	222
<b>Return from parental leave<sup>1)</sup></b>					
<b>Employees returning from parental leave</b>	Male	Persons	154	134	142
	Female	Persons	30	36	38
	Total	Persons	184	170	180
<b>Employees working for more than 12 months after returning to work</b>	Male	Persons	147	129	126
	Female	Persons	28	35	30
	Total	Persons	175	164	156
<b>Rate of return</b>	Percentage of employees returning within a year after parental leave	%	83	90	100
<b>Rate of retention</b>	Percentage of employees working for more than 12 months after returning from parental leave within a year	%	75	80	100
<b>Welfare</b>					
<b>Welfare expenses</b>		M KRW	21,163	26,401	23,300
<b>Employees enrolled in pension</b>					
<b>Defined benefit plan (DB)</b>		Persons	3,867	3,862	3,899
<b>Defined contribution plan (DC)</b>		Persons	79	86	87

1) The 2022 Sustainability Report uses different counting standards from that of the 2021 Sustainability Report, making changes in the data of 2019 and 2020.

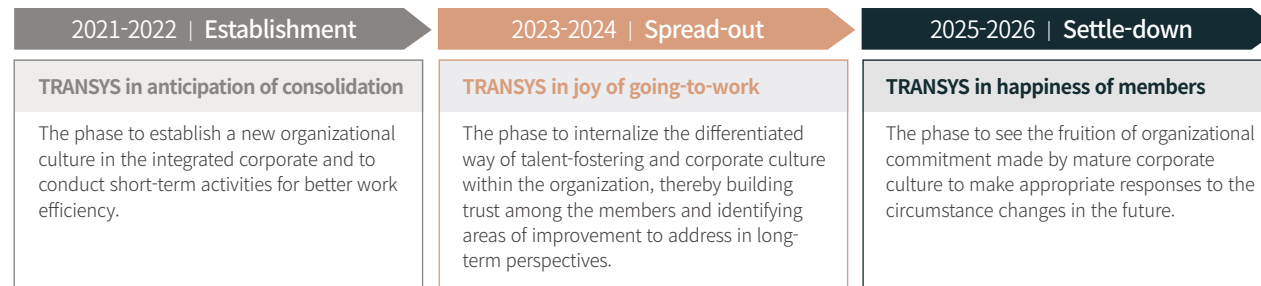
## Innovative Organizational Culture

### Innovation for Better Organizational Culture

With the aim of becoming a leader in the global market that represents the future mobility industry, Hyundai Transys is promoting innovation in organizational culture with a CHAIN-G point of view. As part of our efforts, we create a creative and horizontal corpo-

rate culture with various improvement activities such as active communication, analysis of the current organizational culture, and the management of labor-management relations to realize digitalization.

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



#### Ground Rule to Create an Upright Organizational Culture

	Ground Rule for Team Leaders	Harmony Rule for Team Members
Respect	<ul style="list-style-type: none"> <li>Language etiquette: no reprimand with crude, abusive and violent language</li> <li>Work Ethics: no personal work orders</li> <li>Recognition of others: no judging based on background</li> </ul>	<ul style="list-style-type: none"> <li>Recognition of experience: paying respect for rich experience</li> <li>Understanding roles: avoiding indiscriminate criticism against feedback</li> <li>Reporting / feedback: occasional reporting and sharing of work progress</li> </ul>
Consideration	<ul style="list-style-type: none"> <li>Assigning tasks: allocating tasks in consideration of competence and expertise</li> <li>Nurturing: supporting capacity building</li> <li>Attendance management: no unnecessary interference in the use of vacation and attendance time</li> </ul>	<ul style="list-style-type: none"> <li>Attitude: being positive to other's opinions</li> <li>Cooperation: understanding and working for the common goal</li> <li>Responsibility: Commitment to completing tasks on time</li> </ul>
Horizontal communication	<ul style="list-style-type: none"> <li>Distance: efforts to communicate with every team member</li> <li>Meetings: no unnecessary meetings</li> <li>Collaboration: avoiding indifferent attitude in cooperation with other teams</li> </ul>	<ul style="list-style-type: none"> <li>Efforts to communicate: no gossiping without communication</li> <li>Problem-solving: prompt report to discuss solutions</li> <li>Decision-making: accommodative stance for not adopted opinions</li> </ul>
Followership of team member	<ul style="list-style-type: none"> <li>Morality: avoiding behavior against the rules</li> <li>Team operation: no direction / supervision for simple schedule and task management</li> <li>Building intimacy: rejecting authoritarian attitude towards team members</li> </ul>	<ul style="list-style-type: none"> <li>Efforts to change: being patient with the speed of change in the organization</li> <li>Constructive criticism: sound critique and suggestion on the leader's opinion</li> <li>Self-development: continuous effort for individual development</li> </ul>

### Changes in the Way of Working

Hyundai Transys has been implementing TFT, 'Changes in the way of working,' to fundamentally reform the organizational culture since 2021 with the aim of securing new momentum in the era of uncertainty. Confronting crises and difficulties stemming from the fast-evolving external environment, we must be prepared with an agile and efficient way of working. We are leveraging digitalization and smartization, seeking innovative changes in the way of working and efficiency-oriented corporate culture, which will lead to better work engagement of employees, contributing to work-life balance.

### Satisfaction Survey about Corporate Culture

We surveyed to identify the level of our employee's satisfaction with the current organizational culture, of which results show 68.4 points, a decrease of one point compared to the previous year. We will do our best to create better corporate culture, taking countermeasures to the areas for improvement discovered through continuous analysis of organizational culture.

#### Survey of satisfaction level with corporate culture

Category	Unit	2019	2020	2021
Satisfaction level with corporate culture	Points	69.0	69.4	68.4
Participants	Persons	2,261	2,290	2,302
Participation rate	Persons	92.0	87.8	89.4

## Invigorating Corporate Culture

### New Year Talk with the CEO

Hyundai Transys held an event called 'New Year Talk with the CEO,' which serves as a platform to share management policies and corporate outlook and experience horizontal organizational culture. At this venue for positive communication, employee's expectation and worries were shared along with the company's strategic systems and responsive measures, especially regarding the current changes in the management environment, including electrification and autonomous driving.

#### A video clip of 'New Year Talk with the CEO'



### Mentoring Program

Our mentoring program allows employees to quickly adapt to the organization and job in addition to strong network among employees. We have witnessed positive effects of the program such as increasing employees' sense of belonging, enhancing work competency, unleashing employees' potential, and bolstering a sense of psychological stability. As such, we strive to develop programs to build creative and innovative organizational culture.

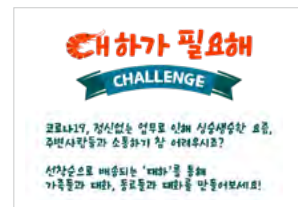
### 'Mind Protection' Program

With a view to offering psychological support to our employees who may experience difficulties in going out or eating out due to COVID-19, the 'Mind Protection' Program was implemented through which employees were provided with ingredients and meal kits. Employees participated in various events such as cooking challenges in which video clips of making food using delivered ingredients were uploaded and thank-you letters campaign to send messages between the team leaders and team members. Although communication was limited owing to COVID-19, we formed a positive mood for overcoming crises within the organization, taking advantage of non-face-to-face programs.

### Hyundai Transys B@comes Arts!

Looking back on 2021, we held Season 3 of Hyundai Transys B@comes Arts where positive sentiment was formed among employees through posting messages and photos with hope. Both the exhibitions of sculptures and online exhibitions were taking place to share hobbies and daily life of employees at all business sites to facilitate communication constrained due to COVID-19.

### 'Mind Protection' Program



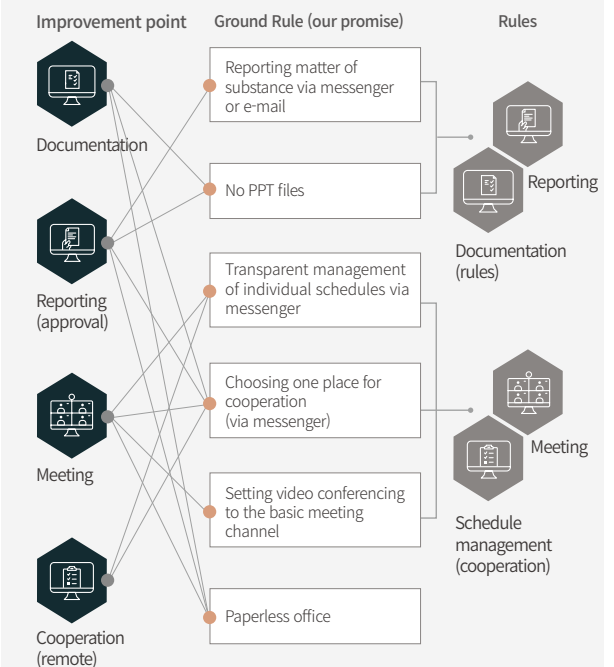
### Offline exhibition of 'Hyundai Transys B@comes Arts!'



### Case. Establishing TFT for Changes in the Way of Working

Hyundai Transys pursues 'changes in the way of working' to fundamentally reform the organizational culture with an aim of taking efficient responses to the fast-evolving business environment in the era of uncertainty. We established TFT, 'Changes in the way of working' to guarantee efficiency and stability with the participation of working departments in the process. Employees throughout the company are documenting, reporting, and having meetings based on MS365 while each organization is finding out the optimized way depending on the jobs to make sure proficient job performance.

#### Ground Rule (Our Promise)



## Communication with Labor Union

We abide by the Constitution and related laws to ensure the basic rights of employees, including the right to organize, the right to collective bargaining, and the right to collective action. According to relevant laws, we operate a labor union and guarantee union activities without restraint in the hope of securing future competitiveness and maintaining employment stability. Our employees are provided with opportunities to communicate with the company, guaranteed the freedom of association and collective bargaining, and not given disadvantages for membership, activities, or formation of a labor union. On the various communication channels such as quarterly meetings, regular meetings of Labor-Management Consultative Bodies, and joint labor-management workshops, we discuss the corporate vision and mid- to long-term development direction along with agendas of grievances handling and working conditions, forming a consensus regarding collective bargaining. Furthermore, we promote communication and harmony between the negotiating members and union leaders by conducting various collective bargaining ranging from management briefing sessions to joint training.

### Labor Practices

Category	Unit	2019	2020	2021
Labor union membership <sup>1) 2)</sup>	Persons	1,895	1,850	1,814
Membership rate	%	48.0	46.1	45.5

1) 100% of collective bargaining applies to labor union member

2) The 2022 Sustainability Report uses different counting standards from that of the 2021 Sustainability Report, making changes in the data of 2019.

## Prior Notification on Management Changes

Significant changes in management are notified in advance on labor-management communication channels together with the consultation with the labor union on major issues with a view to

building a trustworthy labor-management relationship. We notify the union of important management changes such as spin-off, merger, transfer, and sale, and discuss the matter.

## Joint Labor-Management Workshop and Brisk Collective Bargaining

We held a joint labor-management workshop to form a consensus on the management crisis and raise a sense of crisis about the financial difficulties we are experiencing due to COVID-19. At the venue, we shared management performance and discussed the corporate vision and mid- to long-term management direction,

establishing a sense of purpose for collective bargaining. Furthermore, we promote communication and harmony between the negotiating members and union leaders by conducting various collective bargaining ranging from management briefing sessions to joint training.

## Hyundai Transys' Labor-Management Agreement for Shared Growth (signed on April 1, 2022)

### 1. Industrial Competitiveness and Employment Stability

Responding to the rapidly changing automobile industry, we are joining forces through TFT for Future Changes to lay the foundation for future survival, such as improving the efficiency of line operation, enhancing manufacturing / quality competitiveness, and reducing carbon emissions on which the employment stability of our members is guaranteed as our top priority.

### 2. New Businesses Serving as Future Growth Engines

We are sparing no effort to attract new businesses harnessing future growth engines in preparation for the transition of the automobile industry (electrification). We are fulfilling win-win cooperation between labor and management, giving regular explanations to the union about the direction and progress of future new business through TFT for Future Changes in addition to management briefing sessions and joint workshops. When new business or changes in the industrial environment require job transfer, the company shall provide job training.

### 3. Quality Improvement and Quality Management

With an aim of leap forwarding to the global auto parts company, we operate a labor-management council for quality improvement. Under the TFT for Future Changes where common goals are established, quality improvement activities are conducted, and seminars and briefing sessions are held to achieve actual quality improvement based on accurate analysis of defects and prior elimination of quality hindrance factors.

### 4. Accident Prevention and Safety Awareness

We create a safe workplace where safety is prioritized, taking advantage of a joint compliance program of safety rules, advanced safety training, and a joint safety campaign to raise safety awareness and implement various safety inspection programs to achieve zero accidents. Above all, we conduct a joint safety check to identify potential on-site every quarter.



# Safety

## Occupational Safety and Health System

### Safety and Health Policy

Hyundai Transys is well cognizant that the creation of a healthy working environment and activities to promote safety and health of our and partner companies' employees should come first to ensure quality and manufacturing efficiency. Accordingly, we strictly ensure our compliance with local laws and regulations, based on which a culture of 'safety first' has been created and constant improvements have been made to eliminate potential risk factors. Moreover, we have built our safety and health management system in accordance with international standards including ISO 45001 to identify, remove, and improve issues stemming from our business operations.

### Safety and Health Policy

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### Hyundai Transys Safety & Health Policy

- A. Occupational Health and Safety Management System
- B. Workplace Safety Risks Inspection and Training
- C. Safe Management of Machines, Equipment and Tools
- D. Health Management
- E. Safety and Health Management of Suppliers
- F. Emergency Preparedness

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### Empowering Safety Organization

Hyundai Transys has strengthened its organization in charge of safety management, establishing its safety management system and process, and creating company-wide and on-site safety organizations in order to raise safety awareness and embed a culture of safety. In addition, we have built a cooperation system between the company-wide and on-site organizations to create a synergy effect.

#### Safety Organization



### Industrial Safety and Health Council

Hyundai Transys has operated the Occupational Safety and Health Council aimed to improve our employees' right to safety and health. The council is comprised of 46, representing 3,920 employees.

#### Composition of Occupational Safety and Health Council

Category	Belonging to	No. of members	Category	Belonging to	No. of members
Jigok Plant	Company	7	Jigok Plant	Company	4
	Employee	7		Employee	4
Seongyeon Plant	Company	7	Seongyeon Plant	Company	4
	Employee	7		Employee	4

### Safety Management Certification

With the purpose of preemptively identifying possible safety and health issues to remove and improve them, Hyundai Transys has put in place its safety and health management system in accordance with international standards. Out of 20 overseas and domestic business sites, 19 sites are certified to OHSAS 18001 and ISO 45001. ISO regulations and other safety and health-related procedures were translated into local languages where we operate and provided.

#### OHSAS 18001 / ISO 45001 Certification Status<sup>1)</sup>

Category	No. of business sites	No. of certified business sites	Ratio of business sites certified
Domestic	4	4	100%
Americas	5	5	100%
Europe	2	2	100%
India	2	2	100%
Indonesia <sup>2)</sup>	1	0	0%
China	6	6	100%
Total	20	19	95%

1) Based on plant

2) To be certified in 2023

## Safety Management Promotion System

Aiming to become ‘zero accidents, eco-friendly workplace,’ Hyundai Transys has formulated and delivered its policies on safety and health management in order to minimize related risks that can occur in the course of product manufacturing and op-

eration. Based on the policies, we comply with related laws and regulations, minimize hazards and risks, and enhance reliability through data disclosure while internalizing a culture of safety by building the company-wide safety training system.

### Plans to Promote Safety



## Safety Monitoring

To ensure our employees’ wellness and safety, Hyundai Transys examines risk factors that can happen when carrying out tasks, and the findings are reflected to amend its safety rules and applied to other company-wide activities. We put emphasis on on-site prevention activities, based on which we enhance work stability and take viable safety management measures. And our focus is also on the prevention of accidents that possibly occur when using hazardous or dangerous machinery, tools or equipment. To this end, we have installed safety devices, protective barriers, and emergency shutdown equipment while providing safety shields for employees on the shop floor. Going forward, we will abide by the relevant regulations and assist our employees with autonomous safety activities suitable for their business sites.

### Safety Monitoring Status

Category		Unit	2019	2020	2021
Inspection on safety environment	Inspection on workplace accident prevention activities(domestic / overseas)	Times	43	49	43
	Regular safety inspection and monitoring (domestic)	Cases	12	12	36
Audit on safety environment	Regular safety inspection and monitoring (overseas)	Cases	28	26	96

## Safety Management Plan and Targets

The Serious Accidents Punishment Act came into effect in January 2022. In full response to the law, Hyundai Transys plans to revamp its safety and health management system, raises safety awareness, embeds a culture of safety, and carries out activities to

### 2022 Safety Management Plan

Minimization of safety and health hazards “Maintaining Zero Accident Workplace”	
Management system reinforcement	<ul style="list-style-type: none"> <li>Improving the process in line with the Serious Accidents Punishment Act</li> </ul>
Fatal accident prevention activities	<ul style="list-style-type: none"> <li>Applying the risk assessment system on the shop floor in an effective manner</li> <li>Making safety check on equipment &amp; inspection before work regularized</li> <li>Reflecting on-site opinions to settle a work permit system for Irregular work<sup>1)</sup></li> </ul>
Safety practice driven by the management	<ul style="list-style-type: none"> <li>Selecting risk factors of fatal accidents / conducting intensive inspections by level</li> <li>Conducting regular safety meetings and joint inspection</li> </ul>
Safety culture promotion	<ul style="list-style-type: none"> <li>Establishing our own safety culture through content diversification such as promoting safety culture</li> <li>Continuing the Covid-19 prevention activities</li> </ul>
Safety process reinforcement	<ul style="list-style-type: none"> <li>Laying the foundation for company-wide safety KPI evaluation</li> <li>Updating the emergency response manual and repeating emergency training → minimizing damage when an emergency situation occurs</li> </ul>
IT, new technology	<ul style="list-style-type: none"> <li>Installing more CCTVs</li> <li>Continuously adopting new technologies to enhance the IT infrastructure for safety management in association with mobile applications</li> </ul>
Safety for partner companies	<ul style="list-style-type: none"> <li>Providing step-by-step support for contractors who are not equipped with enough safety capacity</li> <li>Regularly conducting safety checks &amp; council meetings in collaboration with internal contractors and construction companies</li> </ul>

1) It refers to tasks such as cleaning, refueling, inspection, repair & replacement, and correction under irregular circumstances unlike repetitive work with standardized working conditions, procedures and orders

prevent the spread of the COVID-19. Furthermore, we have set up nine targets in five areas to promote workplace safety and health.

### 2022 Safety and Health Targets

Category	2022 Safety and Health Targets
Fatal accident	1. Zero fatal accidents
Workplace accident	2. Accident rate 54.67 / absenteeism rate 10.20
Laws and regulations	3. Advancement of safety and health management system 4. Establishment of a legal requirement monitoring system
Hazardous risk factor minimization / employee engagement	5. Identifying more than 747 safety and health-related issues 6. Paying attention to the opinions of workers and identifying more than 122 potential risks / resolving more than 85 cases 7. Introducing an electronic work permit system for irregular work 8. Conducting emergency drills by all organizations
Sharing performance data	9. Sharing the revised Serious Accidents Punishment Act

## 10 Core Safety Principles

With a view to promoting a culture of safety, Hyundai Transys has selected ‘10 core safety principles’ that suit our business sites, based on which a range of activities are being carried out at the company level. To internalize the principles, we posted the management’s resolution to comply with the safety culture inside the company. We also designed and visualized 10 key safety rules at each plant, including our company’s entrance, in order to expose to employees at all the time. In addition, we conduct a variety of activities driven by our employees so that they can embrace the safety culture in the workplace.

### 10 Core Safety Principles





## Activities for Safety and Health

### Re-inspection on all business sites to identify high fatal accident risk areas

For the prevention of fatal accidents, Hyundai Transys has selected 'fatal accident risk points' of our 18 business sites and conducted intensive inspections. Under the supervision of the heads of safety and health management by business site and overseas

#### Key Fatal Accident Risk Points by Business Site

NO.	Target	Work	Safety Check
1	Casting machine	Mold relocation / exchange / finishing / repair	Crushing, Falling
2	Overhead crane	Maintenance for hoist cranes	Falling
3	Underground conveyor	Safety check on underground pit conveyors	Crushing, Closeness
4	Confined space	Welding	Closeness
5	E/V equipment	Maintenance, repair, safety check	Crushing, Falling
6	Gantry loader	Troubleshooting	Crushing, Crashing, Falling
7	AL chip compressor	Inspection on safety device complements	Crushing
8	Automated warehouse	Warehouse troubleshooting	Crushing, Crashing
9	Lift	Maintenance for lifts	Crushing, Falling
10	Logistics vehicle	Backward movement	Crashing (traffic)

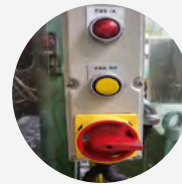


subsidiaries, we closely examined the areas to discover risk factors such as machine jams, falling, logistics equipment crash, and took proper measures to eliminate them.

#### Key Improvements



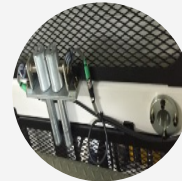
Safe locking devices for enclosed spaces



LOTO for casting machine



Safety net for cranes



E/L pins for fall prevention



Safety net for the lower part of lifts



Safe locking devices at the entrance to upper parts

### Evaluating Construction Companies Violating Safety Principles / Taking Disciplinary Action

In an effort to encourage in-house construction companies to autonomously deliver safety management, and to prevent recurrence of risky acts, Hyundai Transys has put in place a set of standards for disciplinary action since 2015. On average, workers from 40 construction companies enter our business sites a day, and we found 472 breaches by 168 workers from these companies. According to the level of violation, we took disciplinary measures against them including imposing a bidding ban on 52 companies(permanent~3 months) and training the owner of them.

#### Disciplinary Action and Follow-up Measures against Violators

Category	Action taken
Permanently removed / Bidding restricted	<ul style="list-style-type: none"> <li>• Permanently removed: 1 company</li> <li>• Bidding restricted for 6 months : 2 companies(July ~ December 2021)</li> <li>• Bidding restricted for 3 months : 3 companies(July ~ September 2021: 2 companies)(January ~ March 2022: 1 company)</li> </ul>
Training for Owners	<ul style="list-style-type: none"> <li>• Date: August 25, 2021</li> <li>• Target Company: 9 companies</li> <li>• Action: Countermeasure plans presented by companies ※ During the second half, the plans submitted due to the COVID-19</li> </ul>
Countermeasures for recurrence prevention / Notice of warning	<ul style="list-style-type: none"> <li>• Countermeasures for recurrence prevention (prepared and submitted by the owners of construction companies)</li> <li>• Notice of warning (issued by the leader of Integrated Procurement Team)</li> </ul>

### Education and Training on the Serious Accidents Punishment Act for Managers and above to raise their engagement in Safety Management

As the Serious Accidents Punishment Act took effect, Hyundai Transys held a briefing on this law for the executive members and team leaders of the Seosan Plant in order to help them better understand the law. In addition, a total of 198 group leaders were trained on the roles as a supervisor as well as the gravity of accident prevention activities. Through the training, we have strengthened the roles of employees in charge of safety and health affairs.

## Regular Risk Assessment Reinforcement

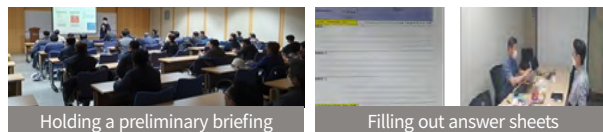
Hyundai Transys has operated its risk assessment in a practical manner to apply its on-site risk factor management system, and also to proactively manage risk elements of fatal accidents for prevention. In 2022, we received the consulting from the Chungnam Western Branch of Korea Industrial Safety Association to evaluate our risk level. And the findings regarding risk factors were transferred to relevant departments, followed by the follow-up actions taken and improvement plans established.

### On-site Inspection for Risk Assessment

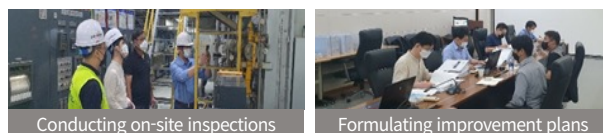
Category	Target	Partner Company	Assessment Agency	Assessment Method
Jigok	15 teams	9 companies	Korea	KRAS <sup>1)</sup> method
Sungyeon	12 teams	4 companies	Industrial	
Dongtan	11 teams	3 companies	Safety	
Hwaseong	10 teams	3 companies	Association	

1) It refers to a method that identifies hazards and risk factors and evaluates their risk level in six categories including mechanical, electrical, chemical and biological sectors, and work characteristics & conditions

### On-site Inspection Key Activities



- **Education on the assessment method and requirements**  
Managers targeted (Jigok 140, Sungyeon 60)
- **Interview with employees in charge**  
→ survey on hazardous risk factors  
Conducted by managers (more than 2 employees by group)



- **Joint on-site inspection for risk assessment**  
Carrying out safety checks on equipment and procedures to identify risk factors
- **Accepting follow-up measures submitted by each department**  
Coming up with follow-up countermeasures and improvement plans

## One-day Safety Check on High Risk Tasks with Executive Members Present

As part of efforts to encourage partner companies to put safety first in their management, our headquarters' executive members conducted a safety check on Seosan Plant. They looked into the safety status of highly dangerous works and the compliance with

safety principles. Through this top down approach driven by the management, we raised safety perception and promoted a culture where safety comes first.



Checking the compliance with safety principles when performing hazardous tasks

- **How to perform dangerous construction works**
  - Safety harness with hook for aerial workbenches
  - Installation of over winding-proof devices



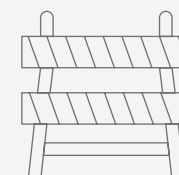
On-site training for construction workers

- **Emphasizing essential safety principles**
  - Safety principles by task type (Height, fire, heavy equipment, closeness, etc.)



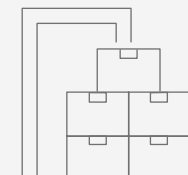
Equipment safety devices

- **Testing devices to check their normal operation**
  - Proper functioning of door switches, optical sensors, and other devices
  - Proper installation of statutory safety devices on equipment such as cranes



Checking dangers to pedestrians

- **Checking the safety of vehicles used for logistics in the factory**
  - Falling-object hazards during loading and unloading
  - Elements of crashing with logistics vehicles in the passages for pedestrians







## Employee Health Management

Hyundai Transys has put in place a range of health management programs with the aim of preventing employees from coming down with muscular skeletal and other diseases caused by repetitive assembly work. Furthermore, in accordance with health

examination laws of countries where we operate, we conduct general or special health check-ups. Based on the results, we have taken measures to ensure our employees' health, such as re-designing work spaces, switching jobs, or shorter working hours.

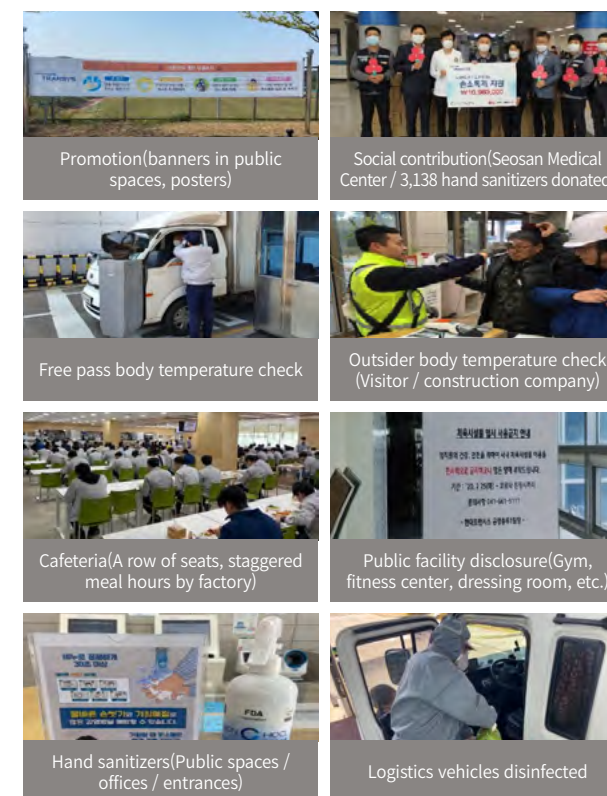
### Employee Health Promotion Programs

	Category	Program	Operation	No. of users
 Muscular skeletal disease prevention	Fitness program	• Program to prevent muscular skeletal diseases and manage cause of pain	Every day (during working hours)	40 per day
	Yoga class	• Program for increased flexibility to prevent muscular skeletal diseases	Every day (after work)	10 per day
 Individual health promotion	Smoking cessation program	• Program for those who want to stop smoking (training and consulting, drug adjuvant provision, etc.)	Four times a quarter	20 per quarter
	Medical consultation	• Consulting provided by medical specialists in five areas for those who want the service	Once a week	15 per one time
	Flu vaccination	• Seasonal flu vaccination	October	5,000 per year
 Statutory obligation	Hearing conservation program	• Health check-ups in the regions with noise level that exceeds the standard level, program to protect employees whose hearing are abnormal or impaired	Always	200
	Regular health check-up (comprehensive, general, special checkup)	• Comprehensive and statutory health check-up (physical examination, blood test, X-ray, lung capacity checked)	January ~ August	All employees
 Training	CPR training	• Training aimed at handling capacity building in an emergency by position level	Every half year	300
	First aid training	• Training on how to deal with emergencies (first aid, injury treatment, hospital transfer, etc.)	Every half year	300

## Preventing the Spread of COVID-19 into Our Workplaces

The COVID-19 has been coming in diverse types of variants, which led to a surge in confirmed cases and an increase in business continuity risk. In response, Hyundai Transys has implemented social distancing and also kept distance in our daily lives in line with the national guidelines while carrying out a bunch of activities in an effective manner such as abnormal symptom checks when employees arrive at work and visitor entrance control

### COVID-19 Prevention Activities



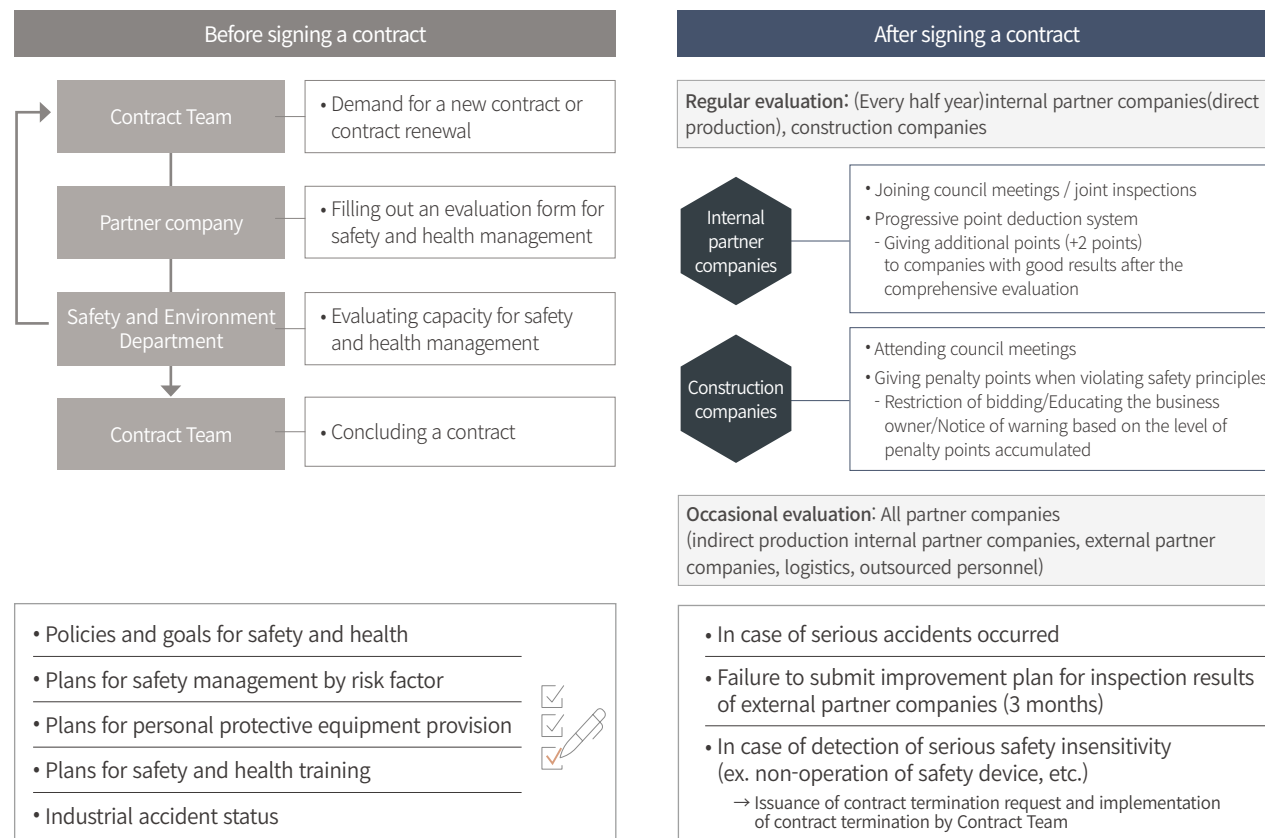


## Managing the safety of partner companies

For the selection of partner companies equipped with basic capacity to prevent occupational safety and health accidents, Hyundai Transys makes it mandatory to evaluate their capabilities before signing a contract. After the contract, we support our partners to improve their basic safety capabilities through safety

compliance assessment, and lay the foundation for continuous improvement by giving additional points to excellent partners as a result of the safety assessment. In addition, we have operated the safety and health council on a regular basis to share and discuss key issues regarding safety management.

### Evaluation of Partner Company's Capacity for Safety and Health Management



### Indicators related to Industrial accidents

Category	Unit	2019	2020	2021
Industrial accident <sup>1)</sup>	No. of industrial accidents	Cases	6	8
	Rate of industrial accidents <sup>2)</sup>	%	0.64	0.89
Lost time injury frequency rate <sup>3)</sup>	-	0.30	0.42	0.40

1) No. of cases reported to public institutions (OSHA, Health and Safety Authority, Korea Workers' Compensation and Welfare Service, etc.)

2) Formula: (No. of accidents / no. of employees) X 100

3) Lost Time Injury Frequency Rate (LTFR): (No. of accidents X 1,000,000) / total working hours



# Partner Company

## Supply Chain ESG Management

### Supply Chain Management System

Hyundai Transys takes the lead in creating a culture of shared growth and fair trade by supporting partner companies with the operation of various win-win growth programs. We also established the Supplier Code of Conduct to make the ground for con-

duct in regard to ethics, environment, labor, human rights, safety, health, and management system. We follow the code when evaluating ESG factors on our suppliers to monitor possible risks in advance. On top of that, we prohibit the use of conflict minerals

in our partner companies as part of our efforts to help resolve the human rights violations and environmental destruction during mineral mining in conflict areas in Africa, striving to build a reliable supply chain management system.

### Supplier Code of Conduct

#### Hyundai Transys Supplier Code of Conduct

#### 1. Business Ethics

- A. Transparency and Anti-Corruption
- B. Conflicts of Interest
- C. Fair Trade and Competition
- D. Counterfeit Parts
- E. Compliance with Export Laws and Regulations
- F. Information Protection
- G. Responsible Sourcing of Materials

#### 2. Environment

- A. Establishment of an Environmental Management System
- B. Energy Consumption and Greenhouse Gas Emissions
- C. Water Resources Management
- D. Air Pollutant Management
- E. Waste Management
- F. Chemical Management

#### 3. Labor / Human Rights

- A. Non-Discrimination
- B. Wages and Benefits
- C. Working Hours
- D. Humane Treatment
- E. Freedom of Association
- F. Child Labor
- G. Forced Labor

#### 4. Safety and health

- A. Occupational Health and Safety Management System
- B. Safe Management of Machines, Equipment and Tools
- C. Emergency Preparedness
- D. Accident Management
- E. Safety Inspection
- F. Health Management

#### 5. Management System

- A. Company Statement Disclosure
- B. Appointment of Social and Environmental Sustainability Management
- C. Risk Assessment
- D. Training and Communication
- E. Information Management
- F. Grievance Mechanisms for Advice and Concerns about Ethics
- G. Management of Business Partners (Subcontractors)
- H. Compliance of Supplier Code of Conduct

### Supplier Chain Strategy

#### ESG Management of Suppliers

- ESG risk assessment on the supply chain
- Risk monitoring system

#### Shared Growth

- Support with technology, management, and finance
- Creating a fair-trade culture

#### Conflict Minerals Management

- Inspection and due diligence of conflict minerals

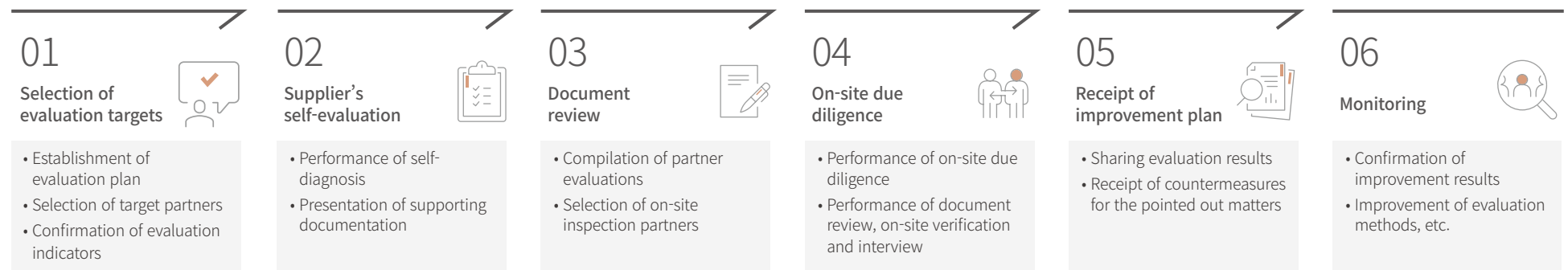
## Supplier Selection and Evaluation

Hyundai Transys minimizes risks that may arise in the process of supplying raw materials by having a fair and transparent process for supplier selection and management. Aiming for building a sustainable supply chain, we formed a pool of suppliers considering both financial and non-financial factors, such as management status, sup-

ply capacity, and staff welfare, followed by selecting partner companies based on their part development capabilities and many more. Besides, we provide support through various programs to diagnose suppliers' ESG levels and resolve problems as part of our efforts to manage supply chain risks even after selecting suppliers. In 2021, we

selected 15 key suppliers and adopted supplier ESG evaluation as a pilot project for the first time. After the evaluation, we analyzed each questionnaire to upgrade the evaluation criteria. In 2022, a broader scope of the evaluation is scheduled, targeting 92 suppliers chosen based on the transaction amount and business dependence.

### Supplier ESG Evaluation Process



### Part Suppliers

Category	Unit	2019	2020	2021
Key suppliers <sup>1)</sup>	Companies	0	30	30
Suppliers undergone ESG evaluation <sup>2)</sup>	Companies	0	0	15
<b>Total suppliers</b>	Companies	698	697	758
<b>By region</b>				
<b>Domestic</b>	Companies	332	316	356
<b>Overseas</b>	Companies	366	381	402

1) The status of key suppliers after 2020

2) Implemented in pilot format for the first time in 2021

### Suppliers that Signed Shared Growth Agreement<sup>1)</sup>

Category	Unit	2019	2020	2021
<b>1-tier suppliers</b>	Companies	304	171	155
<b>2-tier suppliers</b>	Companies	166	97	81

1) Partner companies that signed the fair trade agreement out of all subcontracted parts suppliers

### Supplier Evaluation

Category	Unit	2019	2020	2021
<b>Factory evaluation<sup>1)</sup></b>	Companies	145	147	192
<b>Safety evaluation</b>	Companies	42	0	31
<b>Dispatching consulting instructors</b>	Companies	1	4	5

1) The 2019 data for the 2021 Sustainability Report has been changed due to the changes in the aggregation standards regarding inspection from the 2022 Sustainability Report data.



## Shared Growth

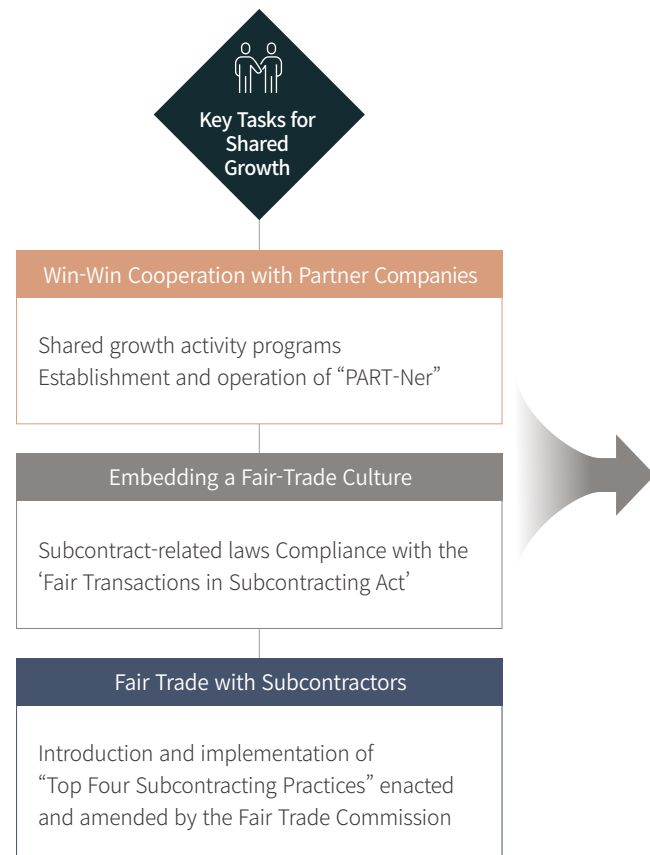
### Shared Growth with Partner Companies

Hyundai Transys considers its partners as companions going hand in hand towards the common goal to become 'a global leader in the auto parts business,' operating a customized win-win growth program called 'PARTner.' We strengthen the capabilities of our

partners through technical support such as education and technical data escrow, and enhance the management stability through financial support. In addition, in order to contribute to increasing sales of business partners substantially, we support overseas joint

ventures and operate a performance sharing system. Furthermore, we strive to maximize the value of win-win by actively operating communication channels with suppliers, such as the Transparency Practice Center and 5-Star Win-Win Cooperation.

#### Key Tasks for Shared Growth



#### PART-Ner Program for Shared Growth

Goals and Details		Achievement in 2021
<b>Progress</b>	Sales exploration, joint overseas expansion, performance sharing system	Overseas sales expansion support <b>23</b> companies
<b>Assistance</b>	Shared Growth Fund support, Shared Growth Insurance support, etc.	Financial support <b>57.2</b> B KRW
<b>Reinforcement</b>	Job competency training, overseas subsidiary visits, etc.	Educational support <b>1,492</b> people
<b>Technology</b>	Advanced technology benchmarking, new technology exhibition, etc.	Technology material escrow system <b>40</b> cases Support for establishing smart factory system <b>3</b> companies
<b>Network</b>	Visiting service, Partner Newsletter, etc.	Welfare benefits support <b>150</b> companies

#### Shared Growth Support for Partner Companies

Category	Unit	2019	2020	2021
Financial support in technology development	100M KRW	1	291	272
Amount of Shared Growth Fund raised	100M KRW	234	224	300
Quality training management support	Persons	1,417	122	563
Safety training management support	Persons	103	0	195
Job training management support	Persons	617	421	734
Education support	Persons	2,137	543	1,492
Consulting	Companies	7	13	19
Recruiting support	No. of hires in partner companies through recruiting support	Persons	615	91
	No. of partner companies assisted with recruiting support	Companies	47	27
Innovative activity support	Companies	0	3	12

#### Achievement of Support for Shared Growth with Partner Companies

Category	Unit	2019	2020	2021
Recruiting support	No. of technology support	Cases	1,896	784
	No. of companies receiving technology support	Companies	209	127
Technology escrow system	Cases	29	35	40
Market expansion support	Cases	8	23	23

#### Managing Grievances of Partner Companies in the Supply Chain

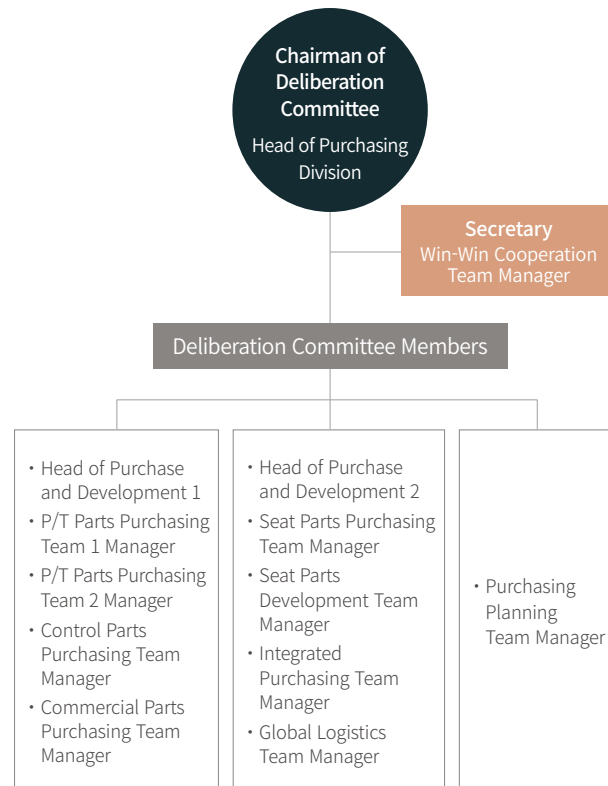
Category	Unit	2019	2020	2021
No. of grievances received	Cases	159	225	160
Ratio of grievances handled	%	100	100	100

## Fair Trade

### Internal Deliberation Committee

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

#### Internal Deliberation Committee



### Fair Trade Self-compliance Program (CP)<sup>1)</sup>

In order to prevent law violations in an early stage, we operate a fair trade self-compliance program (CP). It helps raise internal and external reliability and avoid the loss of tangible and intangible losses due to a fallen trust of a company. Our CP has seven main pillars, concentrating on the thoroughgoing reform of awareness and internal organization.

#### 7 Elements of the Self-compliance Program

1. Clarification of the top executive's determination and principles to self-compliance
2. Appointment of a self-compliance manager responsible for the operation of CP
3. Production and distribution of the self-compliance manual
4. Continuous and systematic self-compliance training
5. Construction of an internal supervision system
6. Sanctions against employees for violating fair-trade laws
7. Building a document management system

1) Compliance Program: self-compliance program for fair-trade

### Fair Trade Newsletter

Our Internal Deliberation Committee is operated to review the fairness and legality of fair trade. By stipulating work procedures of operation through the committee, we make efforts to contribute to establishing a fair subcontract trade order and preventing the violations of the Fair Transactions in Subcontracting Act in advance.

#### Inspection on Fair Trade

Category	Unit	2019	2020	2021
Regular inspections on fair trade	Cases	0	1	2



## Conflict Minerals

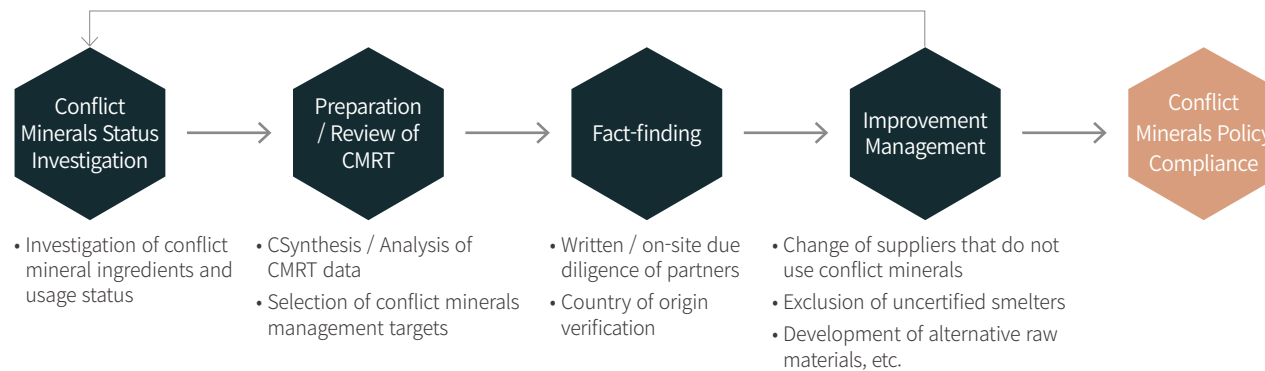
### Conflict Minerals Management

Hyundai Transys is aware of human rights violations and environmental destruction issues arising from mining minerals in conflict zones in Africa. Accordingly, we have set a policy to receive reports regarding the use of minerals from conflict areas in order to prevent the fund from flowing into armed groups in the regions. We have established the work process concerning conflict min-

erals to comply with the laws in line with international standards regulating conflict minerals. We actively support activities to ban the use of conflict minerals promoted by the RBA and the global e-sustainability initiative. In addition, we request our partner companies to submit the questionnaire reports and written docu-

ment stating that conflict minerals are not used, aiming to establish a reliable supply chain management system and encourage our partners to join the efforts. We also support our suppliers in purchasing conflict minerals from smelters certified with the 'Conflict-Free Smelter Program.'

#### Conflict Minerals Management Process

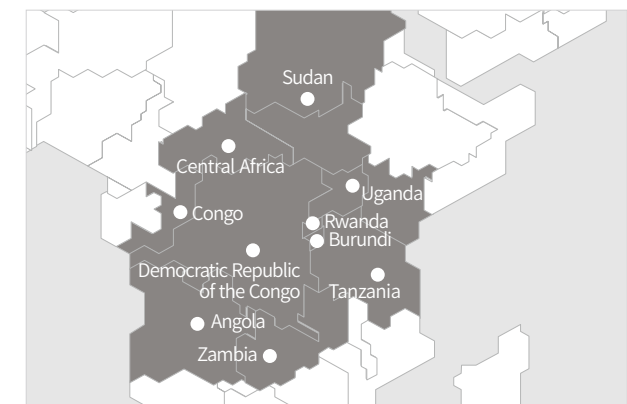


#### Definition of Conflict Minerals and Conflict Zones

Definition of conflict minerals	Top four minerals mined in the conflict zones of Africa
Conflict zones (10 countries)	Democratic Republic of the Congo, Congo, Sudan, Rwanda, Burundi, Uganda, Zambia, Angola, Tanzania, and Central Africa
Conflict minerals (3TGs)	Tin, Tantalum, Tungsten, and Gold

#### Provisions Related to Conflict Minerals Management

Policy	Provisions
<b>Ethics Policy &amp; Code of Conduct</b>	We shall comply with all applicable laws and regulations related to conflict minerals and take great care in the use of conflict minerals (Tantalum, Tin, Tungsten, and Gold).
<b>Supplier Code of Conduct</b>	<ol style="list-style-type: none"> <li>Suppliers should establish processes to verify the source regions and refineries of all minerals contained in their products, including conflict minerals<sup>1</sup> such as tin, tungsten, tantalum, to gold.</li> <li>Suppliers should, in accordance with the relevant processes, strive to verify social and environmental issues, including gross human rights abuses, violations of ethics, and negative environmental impacts in relation to the source regions and refineries of minerals and raw materials.</li> <li>When primarily handling minerals and raw materials, suppliers should strive to verify, internally and externally, that they are not engaged in human rights abuses, violations of ethics, nor producing negative environmental impacts in the processing of minerals and raw materials.</li> <li>Suppliers shall cooperate with customers when requesting data on the use of minerals in conflict areas in the supply chain, including identifying the origin of minerals in conflict areas.</li> </ol>





# Customer

## Quality Control

### Quality Management

Hyundai Transys has established and implemented its quality strategy under the mission of 'Raising the Global Brand Value through 'Change-oriented Quality Innovation Activities.' We newly established the expertise reinforcement organization within the existing quality division to work on the blind spots in quality, thereby securing quality capabilities and higher efficiency in the

operation of the quality organization. On top of that, we will secure future quality capabilities on the basis of innovative technologies such as big data and AI while offering solutions optimized for diversified customer demands based on our global quality system.

#### Management Principle of Quality Division



### Advancement of Global Quality Management System

With the objective of laying the foundation for stable production and realizing customer safety, we have built and managed the quality management system. Starting with the ISO/TS16949 certification of the Jigok Plant in 2002, the quality management process has been established and spread. Since 2017, we have promoted the conversion of the IATF16949 to a new quality management system standard. In 2019, we completed new, conversion, and renewal at 4 domestic business sites and 17 overseas business sites. Besides, we applied global quality systems appropriate for producing VDA6.3-based transmission to meet the quality required by European automakers, implementing our customer satisfaction strategies.

#### Quality Division Structure

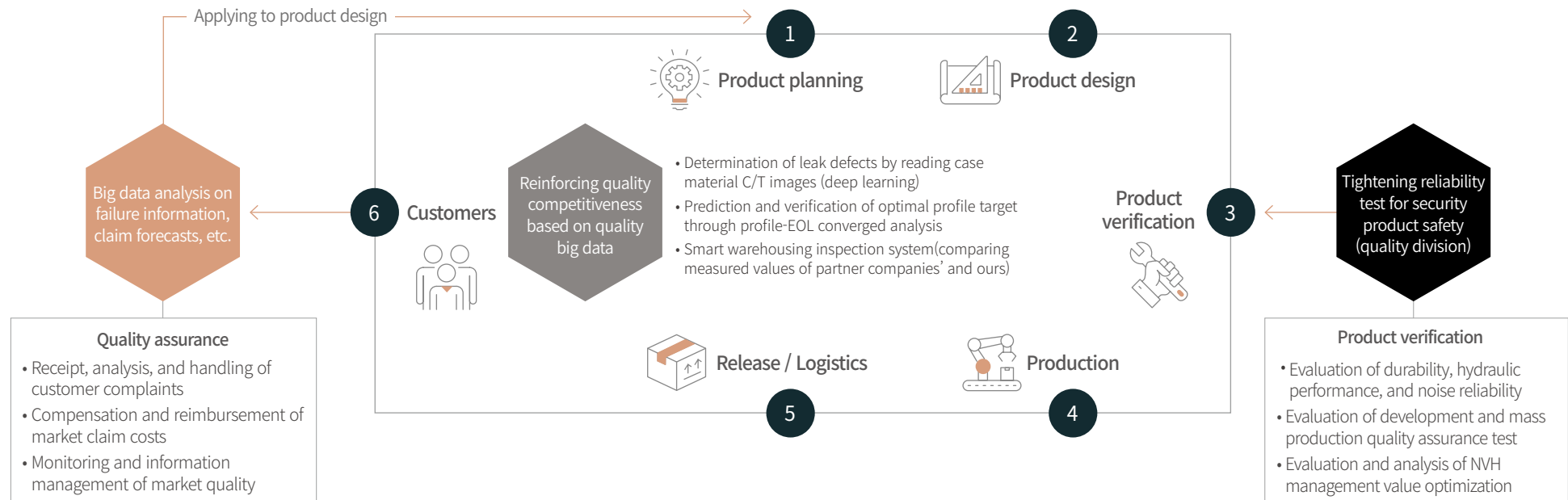


## Quality Management System

### Quality Assurance Process in the Development Stage

We aim for zero-defect quality globally by proactively forecasting future changes and carrying out industry-leading quality innovation activities. Recently, we formed a specialized organization to enhance the preliminary quality verification of new technologies and products on eco-friendly and EV engineering systems. We also integrated the management from part development for electrification applied to the world's first P1P2 hybrid system to the quality assurance of final production. In addition, we are tightening the safety of the quality process by establishing quality assurance activities and activity standards that should be followed during new product development, aiming to prevent omissions and confusion of work.

#### Quality Management Process



### Competitive Edge in Manufacturing Quality Based on Big Data

We have equipped with a big data-based smart quality system through the convergence of quality data and AI technology. With an aim to minimize quality defects, we built a leakage risk prediction system for case aluminum material and applied automatic statistical analysis through a smart warehousing inspection system. Additionally, we established an optimal tooth-form profile bible for each specification characteristic capitalizing on the big data design and interpretation techniques for transmission gears. In 2022, we will expand it to optimize gear manufacturing technology by predicting optimal processing conditions and defects. Through design and development, mass production, integrated field quality data, and real-time process factor optimization models, we will continue to step up our future quality capabilities.

### Reliability-oriented Quality Management System

In order to secure stable quality within the scheduled period, it is necessary to consider all stages, from planning to the actual use after shipment. Hyundai Transys continues to strengthen reliability tests for selection, improvement or verification of reliability, and demonstration for upgrading each stage of product reliability. In 2021, the reliability strengthening TFT was formed to train a total of 21 reliability experts. We also selected four reliability pilot projects, thereby inducing meaningful results. In 2022, reliability training is scheduled to be expanded to company-wide training. We will continuously identify the reliability improvement tasks in terms of design upgrades and test method development as well as production and process optimization.

## Quality Management Activities

### Customer Safety and User-centric Quality Verification

Car seats are sensitive to numerous information deriving from the passenger's body. For the sake of the safety and convenience of a driver, we need to comprehensively take into account a number of areas, from the small motor mounted on the functional part to the combination and positioning of the components in designing seats. Therefore, Hyundai Transys bolsters the verification of electronic parts of vehicle in consideration of driver usage conditions. We standardize all electronic parts from the development stage while continuously conducting functional inspections of the electronic parts linked with the vehicle considering the driver's usage conditions.

#### Quality Inspection

Category	Unit	2019	2020	2021
Inspection on the compliance of quality requirements	Cases	28	46	43
Improvement measures	Cases	28	46	43
Percentage of product and service categories for which health and safety impacts are assessed	%	100	100	100

### Quality Stabilization of New Electronic Part Makers

With the advent of the eco-friendly EV era, the use of electronic components is gradually growing. Against this backdrop, Hyundai Transys seeks to secure quality stability throughout the value chain by managing the quality of suppliers that supply new electronic components. We added items that require verification and identification of previous weaknesses to standardize the risk grades of parts following the analysis of new technologies and new methods for new electronic components. For electronics companies classified as high-risk, we are strengthening the part reliability verification tests and conducting differential inspections by grade.

### Company-wide TFT for Reducing Quality Costs

For quality cost reduction, we established company-wide TFT costs and promoted quality improvement activities. The TFT carried out actions by selecting 9 themes in 3 categories, including improvement of worst defects, reduction of service cost, and reinforcement of preventive quality activities. As a result, quality costs were cut by 20% compared to the previous year. Going forward, we will continuously strive to reduce quality costs by establishing mid- to long-term operation plans for the company-wide TFT.

#### Quality Workforce Development

Category	Unit	2019	2020	2021
Quality management education	Hours	32	56	152
Quality management personnel	Persons	73	37	284





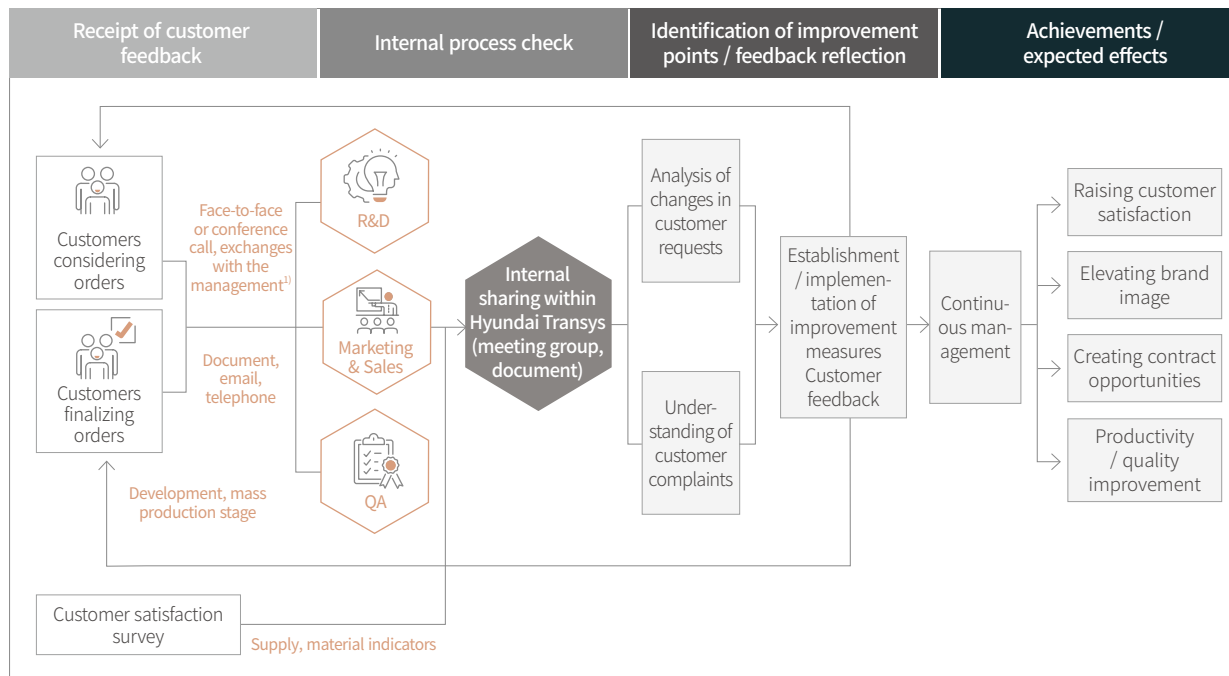
## Customer Satisfaction Management

### VOC Management

Hyundai Transys listens to customer grievances and reflects them by actively utilizing the Voice of Customer (VOC) management process. We maintain smooth communication with domestic and overseas clients by broadening the communication channels, such as face-to-face meetings, virtual conference calls, and executive meeting beyond basic communication channels, including

document, phone call, and email. Besides, we established overseas offices in China and the Americas to receive and respond to the feedback of our overseas customers on site. When receiving VOCs, we let the person in the relevant department immediately review them and conduct post-monitoring so that we can thoroughly verify if those voices are reflected for improvement.

#### VOC Management Process



1) Regular (monthly) meetings are held with key executives in procurement department or research institutes of major customers.

### Customer Satisfaction Survey

After conducting a customer satisfaction survey targeting a total of 24 clients, we received 96 points. The implications derived from the survey are shared with each relevant department. Then, we establish and execute improvement plans based on the results, thereby closing the gap of customer dissatisfaction.

#### Customer Satisfaction Survey Process



#### Customer Satisfaction Survey Result

Category	Unit	2019	2020	2021
Customers participating in the survey	Companies	24	24	24
Customer satisfaction survey score	Points	96	96	96

# Local Community

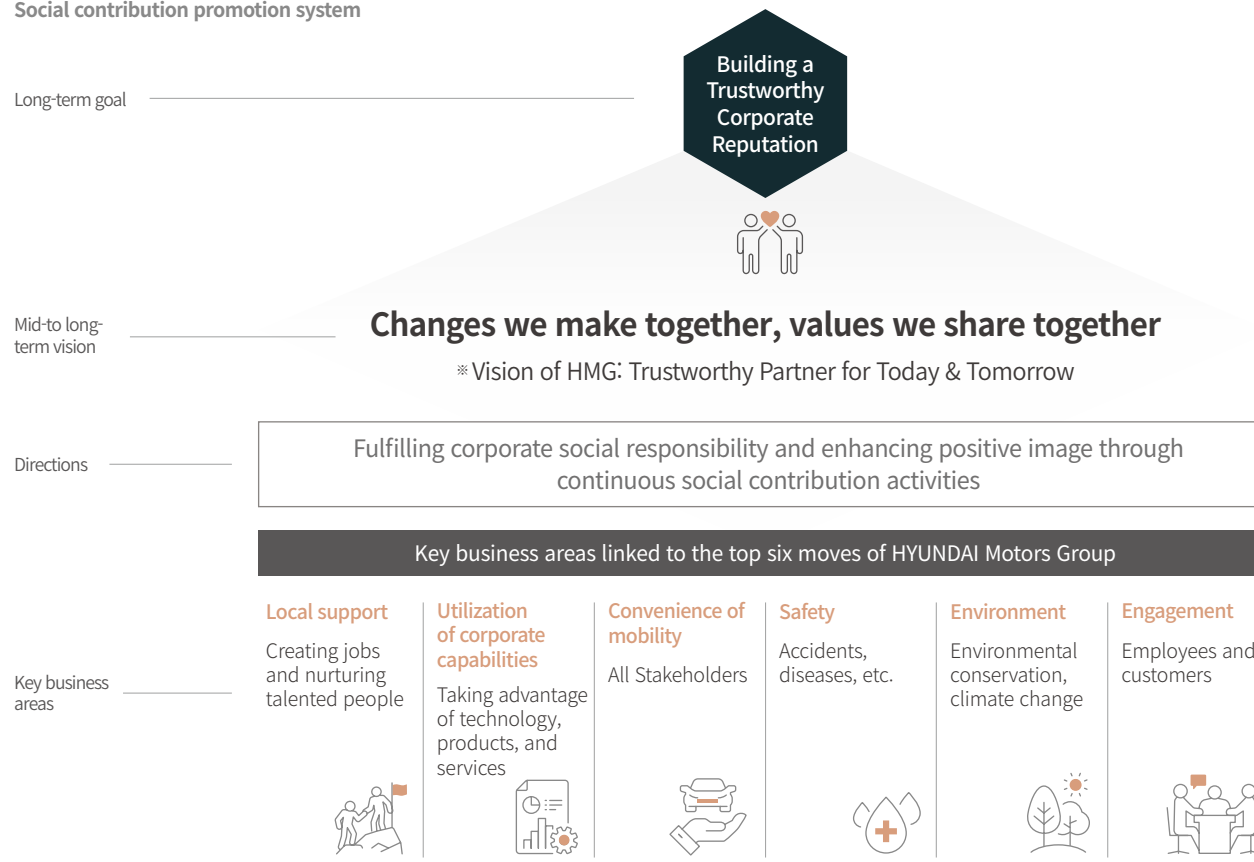
## Social Contribution

### Social Contribution Programs

Hyundai Transys endeavors to proactively fulfill its social responsibilities by selecting key business areas linked to the top six moves of HYUNDAI Motors Group, reconstructing social contribution projects and programs in addition to diverse social contribution activities in global business sites. Hyundai Transys is carrying

out a wide range of social contribution activities with a long-term goal of 'Building a Trustworthy Corporate Reputation,' and the mid-to long-term vision of 'changes made together, values shared together.'

#### Social contribution promotion system



#### Social contribution governance system



## Social Contribution Activities

### Employees' Donation with Love

A total of 93 employees of Hyundai Transys voluntarily raised KRW 15.04 million and the company sponsored the same amount as a matching grant to purchase 100 tablet PCs for children in welfare facilities to support their non-face-to-face learning. We also plan to donate vehicles equipped with our products (transmission) to local welfare facilities in establishing a close connection with them. Together with the Community Chest of Korea, we are having meetings with welfare facilities which has not received the benefits yet with an aim of providing benefits to as many facilities as possible.

A vehicle equipped with our products (transmission)



### Upcycling Project Using Scrap Leather of Seats

We are carrying out upcycling projects in which a scrap of leather generated in developing and testing car seats are transformed into bags and accessories. Moreover, jobs are created as local small business owners are collecting and processing leather and fabrics. Securing business continuity, we signed an MOU with the social enterprise '000gan' in 2021 to make our promotional items such as business card wallets with improved design and social value at the same time. In 2022, we will diversify our business by developing various leather products such as diaries and safety shoes, contributing to virtuous resource circulation.

Upcycled products



### Hope 1365

Hope 1365 is a series of projects aiming to enhancing the residential environment of the local vulnerable groups in Seosan. Professional volunteer work groups relieve the elderly's living inconveniences by talent sharing like fixing bathrooms and boilers, replacing LED lights and fire alarm, and purchasing and installing safety equipment.

#### Silver Car Delivery

We provided assistance of Silver Car<sup>1)</sup> for the elderly with mobility difficulties in the local community near Seosan Plant. In collaboration with the Seosan Volunteer Center, professional volunteer work groups purchased and assembled Silver Car as part of talent sharing. As an auto parts company, we aim to actively engage in the pedestrian traffic safety of the elderly by supporting mobility devices in connection with transportation.

1) Elderly walker

#### Silver Car





## Employee engaging Giving Tree Campaign

Hyundai Transys carried out the Giving Tree campaign to purchase and deliver Christmas gifts to unprivileged children in Seosan. For this campaign, gifts purchased by employees along with company-wide donations were delivered to 71 children at two local welfare centers to celebrate Christmas.

Giving Tree campaign



## Supporting Community's event

In order to resolve the sense of alienation and conflicts of local residents, Hyundai Transys donated to the Chuseok event held by the social welfare center in the district. Various events such as jegichagi, rubber shoes toss, dalgona making, and traditional rice cake making has been prepared for residents to participate.

Supporting community's event



## Creating a Fire Extinguisher Experience Zone at Seongyeon 119 Safety Center

Hyundai Transys installed a fire extinguisher experience zone at Seongyeon 119 Safety Center, aiming to prevent large-scale fire accidents by helping residents learn how to use fire extinguishers in case of fire, thereby building a close connection with the local community. Also the experience zone, which was installed with our sponsorship, equipped with a water fire extinguisher, a photo zone, and a mascot, and will contribute to the safety of residents in Seosan who will visit this place.

Fire extinguisher experience zone



## Mask Donation for Public Health Center

We delivered 10,000 KF94 masks to the Seosan public health center as part of our efforts to ease the burden of COVID-19 in Seosan. The delivered masks were used by staff in the public health center and local residents, contributing to preventing the spread of disease in the area.

Donating masks to public health center



## Investment and participation in social contribution

Category	Unit	2019	2020	2021
Investment in social contribution <sup>1)</sup>	M KRW	330	301	418
Employees participating in donation <sup>2)</sup>	Persons	45	99	161
Employees donations <sup>2)</sup>	100M KRW	0.02	0.06	0.17
Ratio of workplaces performing social contribution activities to all our workplaces	%	100	100	100

1) Recalculating the investments in social contribution, including company donations, social contribution funds, and in-kind support

2) The 2022 Sustainability Report uses different counting standards from that of the 2021 Sustainability Report, making changes in the data of 2019 and 2020

# Information Security

## Information Security System

### Information Security Risk Management

Hyundai Transys has established and operated its management system in accordance with various laws related to data protection (Act on Prevention of Divulgence and Protection of Industrial Technology, Defense Industry Security Work Instructions, Trade Secret Protection Act, etc.) and internal regulations. In particular, we have built differentiated systems considering the characteristics of each domestic and overseas business sites, and increased the effectiveness of our security management system by implementing inspection, improvement, and management of the physical and technical security areas for each business site. We also actively make effort to raise the security level of our partner companies by sharing security information and technology, and providing on-site instructions and guidance.

### Hyundai Transys Information Security Management System

#### 01 Prevention

Preventing security accidents through assets(personnel/systems)

- Security training and mock exercise  
: Company internal / external training for security accident prevention
- Simulated hacking and infrastructure inspection  
: Eliminating system vulnerabilities

#### 04 Action

Improving management system through security activity improvement

- Reviewing and improving security activities  
: Establishing solution, improving process
- Education and announcement for employees by issue  
: Distributing cases regarding major security threats and violations

### Operation of Information Security Management System (Security Life Cycle)

As information leakage risks increase due to rise in domestic and international cyber attacks, Hyundai Transys operates its security management system to strengthen the effectiveness of internal security control and to prevent and respond quickly to external hacking threats. In addition to the security operations center (SoC) to respond to infringement attempts, we have also signed service contracts such as Cert (infringement investigation and response team) and Threat Intelligence (T.I.) for real-time monitoring of external trends and security issues related to our company, to strengthen security against external hacking threats. We will continue to reinforce security-related activities by actively responding to external infringement attempts on intelligent information.

#### 02 Detection

Detecting security threats through inspection and monitoring

- Detecting data leakage and verifying security violation  
: User log-based inspection
- Monitoring external infringement attempts  
: 24 hours \* 365 days security control

#### 03 Counteraction

Removing security risk through counteraction to vulnerability

- Taking measures against and managing detected vulnerabilities  
: Taking measures against violations and removing vulnerabilities
- Responding to latest external threats  
: Monitoring and responding to external threats (T.I.)

### Information Security Certification

Through the establishment of an Information security management system that meets international standards, we were certified to the information security management (ISO27001) and the global information security certification (TISAX) by a third-party organization. Based on our information security management system that meets the global standards, we are continuously carrying our security-related tasks and protecting the company and customer's information.

#### ISO 27001



#### TISAX certification



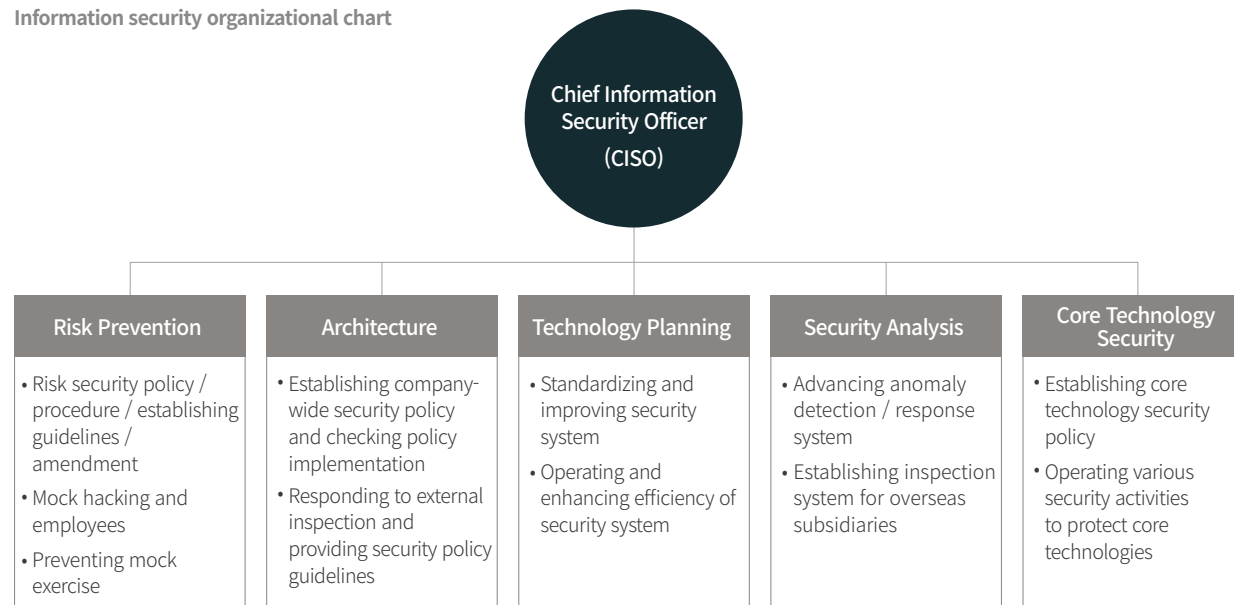
## Operation of Information Security Organization

Hyundai Transys complies with laws and regulations related to information protection. We are securing our important information such as trade secrets, national core technology, and defense technology based on information security strategies and security policies. In addition, organization dedicated to security has been built and a Chief Information Security Officer (CISO) has been designated to operate systematically.

## Council Operation

We are operating a Security Council so as to strengthen the level of company-wide security management, share issues with relevant organizations, and enhance implementation capabilities. In the presence of working-level staff and leaders, the council discusses major issues such as security policies, compliance trends, vulnerability measures, and external inspections. We have also organized and operated an in-house technology protection council to select targets for key technologies and review protection measures. In 2022, the existing council which was under the supervision of the head of the P/T project will be reorganized to be under the supervision of the head of the P/T R&D, and the operation and sharing of results will be reinforced with the participation of the Security Review Committee.

Information security organizational chart



## Personal Data Protection

Hyundai Transys has established and strictly managed a personal information management system to protect the personal information of partner companies and employees, which are one of the most important targets subject to information protection. Regarding records on consumer complaints and disputes, we store it for 3 years before deletion according to the Act on the Consumer Protection in Electronic Commerce, and we collect personal information through the personal information use consent form and pledge.

### Hyundai Transys Personal Data Management System

- Appointing chief officer for personal information protection
- Establishing in-house personal information management guidelines
- Educating staff on handling personal information and pledging for information protection
- Inspecting and improving measures to secure stability of the personal information processing system
- Compliance with domestic and international laws related to personal information (Personal Information Protection Act, Information Network Act, EU GDPR, PROC Network Security Law, etc.)

### Complaints Regarding Infringement of Customer Privacy or Personal Information

Category	2019	2020	2021
No. of complaints received from external parties and verified within the company	0 case for 3years		
No. of complaints from regulatory authorities	0 case for 3years		



## Information Security Activity

### Security Training for Employees

In order to respond to new security threats that have emerged due to the wide implementation of working from home, we carry out various programs such as developing online security training contents, to raise the employees' awareness on information security. We conduct a company-wide security training once a year, hold a customized security education and Clean Desk inspection every quarter, and security campaigns semi-annually to promote security awareness. We also share security precautions regarding telecommuting, such as malicious code infection and data leakage, through the groupware bulletin boards to prepare for security threats at all times, and by collecting opinions from the employees after the end of the training, we improve the security training contents. In 2022, we plan to expand the scope of application of security training to include executives, and enhance the level of security training completion and employee satisfaction by organizing contents that reflect the security trends at home and abroad.

#### Information security training status

Category	2019	2020	2021
No. of trainings conducted	5	5	6
Hours of training	251	251	252
No. of participants	1,667	2,294	2,448

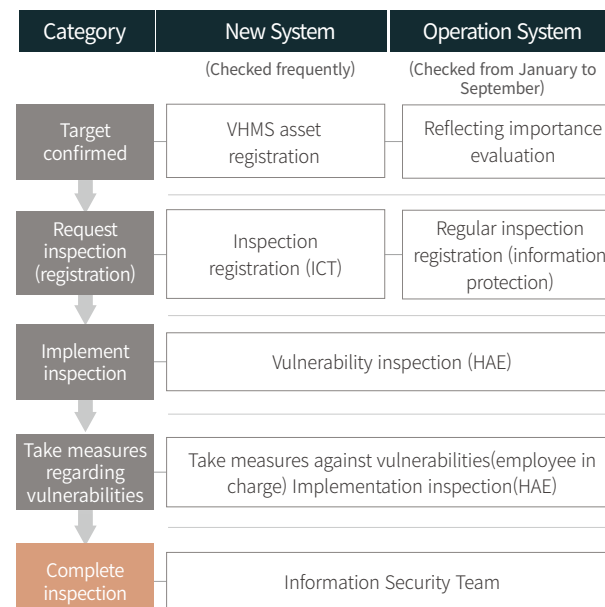
#### Information Security Training Status(2021)

Training Course	No. of Eligible Employees	No. of Participants	Participation Rate
Security training for promoted employees	108	90	83%
Employees handling key technology	292	200	68%
Employee security training	1,930	1,846	96%
Security training for new hires	157	157	100%
Security training for employees handling personal information	85	85	100%
Security training for employees who violated security policy	76	70	92%
Security training for employees who violated security policy	2,648	2,448	92%

### Vulnerability Inspection and Mock Hacking

We plan to regularly implement vulnerability inspection and mock hacking to improve vulnerabilities of our work system and preemptively respond to information leakage. We separately categorized the security level priorities by conducting an importance evaluation on 89 cases, and plan to continue inspection and strengthen our in-house security system by carrying out mock hacking and infrastructure inspection together with Hyundai AutoEver, an affiliate of the same group.

#### Vulnerability Inspection Procedure



### Security Day

Hyundai Transys has introduced the Security Day every month to raise employees' awareness on security. We check the physical work environment and various security conditions, such as clean desk inspection conducted by each department, and manage the results through the in-house security portal system. The results are notified to each department in order to take measures for improving vulnerabilities, and based on the improvement results, year-end department evaluations are conducted and rewards are given. Also, we distribute information protection education materials such as in-house information security regulations and daily life rules, to promote compliance with department level security rules.

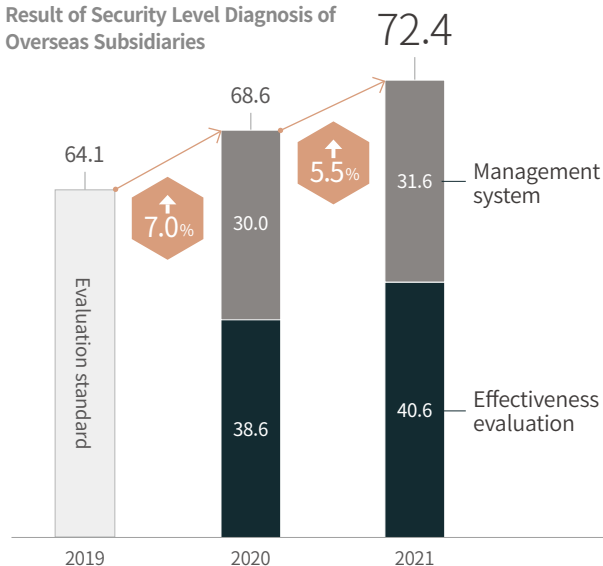
### Response Training on Phishing e-mails

Hyundai Transys has provided malicious email mock training for employees in Korea and overseas to strengthen capabilities to prevent and respond to damages caused by malicious code infection from ransomware, information leakage, and fraudulent transactions. We will continuously increase the active participation and awareness of employees through rewarding departments of excellent security and company security campaigns.

## Diagnosing Security Level and Strengthening Support for Overseas Subsidiaries

We diagnose the security level of overseas subsidiaries and when a problem is found, we manage and improve it through measures. In 2021, we carried out security diagnosis activities focused on agenda items such as access control, DB encryption, detection activities, and measures against vulnerabilities, and achieved 72 points in the evaluation goal. In 2022, we have prepared the access control standards and established the review requirements of pre-security based on our previous results, and aim to achieve 74 points in total. To improve security effectiveness verification and evaluation, we will change the existing inspection target. Also, we will internalize our own security management capabilities by conducting security inspection and trainings, establishing and implementing security roadmaps in short/medium stages to increase capacity.

Result of Security Level Diagnosis of Overseas Subsidiaries



## Support Enhancement of Major Partners' Security Level

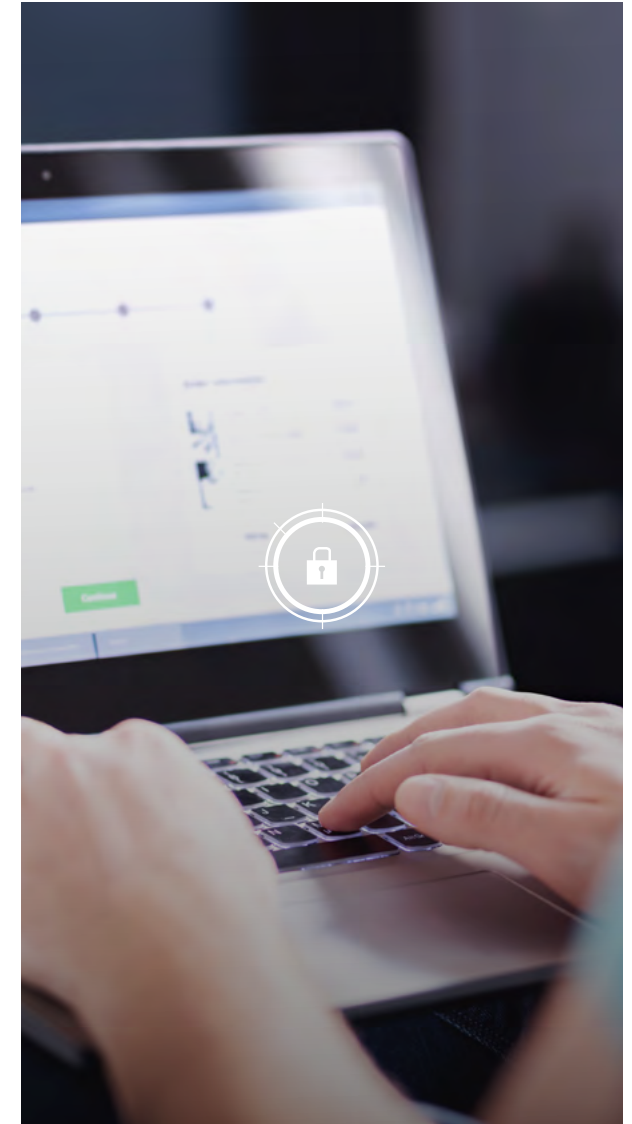
Hyundai Transys has carried out security inspection and provided support for partner companies that handle the company's core technologies to enhance the level of their security. By diagnosing the partner's security level, we identify the partner's security risks and take measures and help them improve their identified weak points. In 2021, we conducted online and offline security inspections on 15 partner companies and design contractors, and the average point of partners was 49.2. We identified the vulnerabilities of our partners in three areas, handling design drawing, design contracting, and personal information. We plan to expand on-site inspections in 2022 and contribute to improving the security level of our partner companies in various ways such as supporting the implementation of security education of our partners, carrying out status inspections through interviews, and focusing on improving the security level of items that were insufficient in the previous year.

## Security System Operation

To prevent internal information leakage and respond to hacking attacks, we operate various security solutions. We manage the security logs collected by each system through an integrated analysis system, and apply anomaly scenarios for each risk to respond to security accidents.

### Important Information Leakage Cases

Category	2019	2020	2021
No. of leakages	0	0	0



# Governance

Hyundai Transys endeavors to build a responsible business. The board of directors with independence and expertise, decides on important matters related to business management, including ESG-related agendas. In addition, the CEO concurrently serves as the CRO, and responds to internal and external management risks that hinder the achievement of mid-to long-term and short-term management goals more effectively and quickly. Furthermore, to achieve a transparent and fair organizational culture, we require all members to comply with ethical management policies and carry out various ethical management activities.

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# Board of Directors

## Composition of the Board of Directors

The Board of Directors (BOD) of Hyundai Transys serves as the highest decision-making body on commissioned items from the general meeting of shareholders, and other important items related to the company's fundamental principles and implementation, while it also supervises the directors and the manager's execution of duties. As of June 2022, the BOD consists of three internal directors (including the CEO) and two external directors. The chair of the BOD is concurrently held by the CEO for a more professional decision-making. The members' tenure is 3 years, according to the articles of association, and can be decided to be extended based on their performance evaluations during their term. The BOD chair is appointed by resolution of an agenda item of the BOD, and the term is also 3 years.

### BOD Composition

(As of June 2022)

Position	Name	Responsibility	Appointed Date	Expiration Date	Appointment Background	Gender
Internal Director	Su Dong Yeo	Hyundai Transys CEO	2019.01.02	2025.03.29	Appointed to stably carry out general management and external affairs	Male
	Sang Heun Lee	Director of Finance at Hyundai Transys	2020.03.30	2025.03.29	Appointed to stably perform related tasks as director of finance	Male
	Sangwon Hong	Director of P/T production at Hyundai Transys	2022.06.15	2025.03.29	Appointed to stably perform related tasks as director of P/T production	Male
External Director	Hyoung Jin Kim	External Director	2020.03.30	2023.03.29	Appointed as an expert in mechanical engineering to contribute in securing future mobility technology	Female
	Myung Suk Choi	External Director	2022.03.29	2025.03.29	Appointed as an expert in legal affairs to contribute in enhancing transparent management based on relevant knowledge	Male

### ESG-related Agenda Items

Date	Agenda Item	Approval
2021.01.27	Approval of the 2021 business plan and investment plan <sup>1)</sup>	Approved
	Appointment of a fair-trade self-compliance manager	Approved

1) Business plan and investment plan includes many ESG decision-making requirements

## BOD Operation

We hold regular BOD meetings on a quarterly basis, and conduct an ad-hoc directors meeting when necessary. The Chair calls for the meetings and detailed information on the items are shared in advance to facilitate an efficient BOD operation. In 2021, we held a total of 6 meetings and discussed a total of 21 items.

### BOD Meetings and Attendance

Category	Unit	2019	2020	2021
No. of BOD meetings held	Times	7	5	6
No. of agenda items	Items	21	27	21
Attendance rate	%	88	95	100
Average attendance rate of external directors	%	0	100	100

## BOD Independence and Expertise

External directors of Hyundai Transys shall meet the eligibility requirements of the Commercial Act and related regulations, and comprehensively considering the professional knowledge and practical experience in various fields, are nominated based on the recommendations by the BOD and the shareholders at the general meeting of shareholders. The independence of the BOD is guaranteed during the appointment phase according to the independence criteria of Article 382 of the Commercial Act. In addition, external directors provide monitoring and advise regarding the management from an objective perspective based on their expertise, and through free expression of opinions, we can keep them in check when necessary.

## Performance Evaluation and Remuneration

The remuneration of the BOD is decided based on Article 388 of the Commercial Act and the articles of association during the general meeting of shareholders. We provide BOD remuneration through an objective and comprehensive standard based on the basic remuneration rate of directors and on the ESG-related operating performance.

### Employee Remuneration

Category	Unit	2019	2020	2021
CEO total annual remuneration	M KRW	959	842	1,078
Average remuneration of all employees excluding the CEO	M KRW	74	80	82

## Independence of the Auditor

An auditor is appointed through the general meeting of shareholders. In case of a shareholder who owns more than 3% of the issued stocks, excluding stocks without voting rights, we limit his/her rights to vote for the excessive stocks. For efficient auditing process, ledger records and documents related to the company's accounting are accessible. The auditor may also request directors to inform business information and research the company's business and financial conditions.

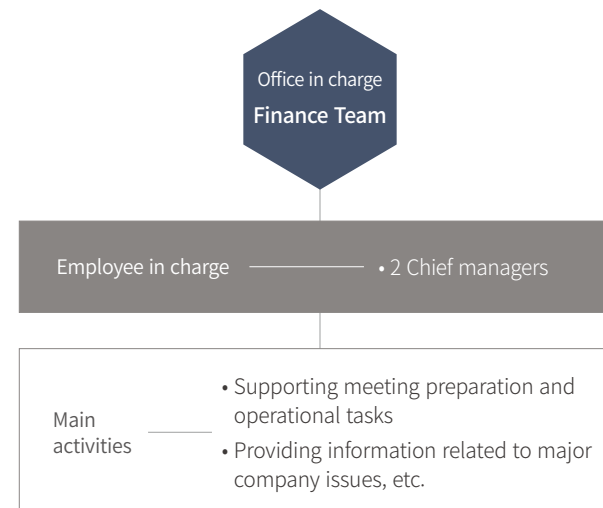
## Internal Accounting

In accordance with Article 9 of the Enforcement Decree of the Act on External Audit of Stock Companies, Hyundai Transys reports the operating status of internal accounting management system to the BOD and auditor. To reinforce control, we plan to expand the key items for control, organize a dedicated organization for internal accounting management and conduct evaluation on operation through third-party external experts. Also, we will provide relevant education for board members (registered executives), operation managers, and full-time employees.

## External Directors and Audit Support

Hanon Systems has an administrative secretary (head of financial management office, managing director) that supports the overall tasks of the BOD and smooth performance through the support of an external director that belongs to the finance team in the finance headquarters.

### External Directors and Departments Supporting Audit



## Education for External Directors

Hyundai Transys provides internal accounting management training for external directors once a year from 2022 so that they can understand the operational status of the internal accounting management system. We also plan to conduct an on-site inspection at the Jigok Plant to enhance their understanding of our safety management.

## Protecting Shareholders' Rights

Hyundai Transys makes an effort to protect the rights of the shareholders. When a general meeting of shareholders is convened, we notify each shareholder in writing or electronically of the date, place, and agenda of the meeting 2 weeks before the general meeting. In addition, in order to protect shareholders' rights to exercise their voting rights, we allow them to exercise their voting rights by proxy.

### Composition of Shareholders(Ratio)

Category	Unit	2019	2020	2021
Hyundai Motors	%	41.13	41.13	41.13
Kia	%	40.43	40.43	40.43
Hyundai Mobis	%	15.74	15.74	15.74
Hyundai WIA	%	1.88	1.88	1.88
Others	%	0.82	0.82	0.82
Total	%	100	100	100

### Distribution of Economic Value<sup>1)</sup>

Category	Unit	2019	2020	2021
Employee salary and welfare <sup>2)</sup>	M KRW	451,285	428,396	498,179
Shareholder and investor payments (interest expense)	M KRW	35,275	37,278	38,584
Corporate tax	M KRW	45,214	14,765	13,689
Cost of raw materials purchased by partners	M KRW	6,129,351	5,961,608	6,660,658
Community donations	M KRW	330	301	418
Total	M KRW	6,661,455	6,442,348	7,211,528

1) Consolidation basis

2) Change in report items from 2021 Sustainability Report

# Risk Management

## Integrated Risk Management

Hyundai Transys regularly and frequently monitors the internal and external management risks that impede the achievement of our mid- to long-term management goals and related short-term management goals. We analyze the impact of the risk factors and accordingly establish countermeasures through consultation with relevant sectors and continuously carry out improvement and monitoring activities until the risk impact is reduced. There is no disruption in achieving management goals. Upon the occurrence of a serious risk, we operate the Emergency Response Committee, comprising of the CEO, the 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.

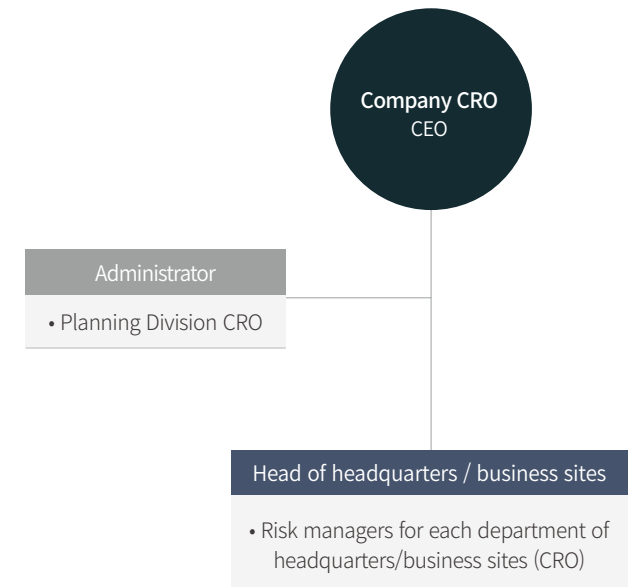
## Risk Management Process



## Risk Management Organization

Hyundai Transys arranged an organization composed of the heads of each headquarter / department and departments in charge of each headquarter / department, including the CEO as the Chief Risk Officer (CRO). Through this, we efficiently identify and derive risks that may occur in the relevant areas and respond rapidly. In addition, significant risks and the management status are required to be reported to the Board of Directors twice a year, ensuring risk management governance.

## Risk Management Structure





## Measures for Major Risks

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

### Response Measures for Each Major Risk

Business Environment	Management Point	Response Plan
<b>Transition to core / future business</b>	Transition to the electrification of the automobile market	<ul style="list-style-type: none"> <li>• Developing the group's next-generation HEV</li> <li>• Developing other OE electrified products and promoting orders</li> <li>• Expanding group's EV PE module business</li> </ul>
	Expansion of parts supplier capacity / role	<ul style="list-style-type: none"> <li>• Developing mass production of seat modular architecture</li> </ul>
	Shift/expansion of business paradigm	<ul style="list-style-type: none"> <li>• Accelerating group-connected businesses such as UAM and robots</li> </ul>
<b>Intensified competition in future technology</b>	Securing mobility core technology competitiveness	<ul style="list-style-type: none"> <li>• Promoting future mobility powertrain, internalizing seat core technology</li> </ul>
	Strengthening SW centered development process	<ul style="list-style-type: none"> <li>• Establishing and operating a global level company-wide process-oriented business system</li> <li>• Collaborating strategically in the core parts sector and strengthening basic capacity for future mobility</li> </ul>
<b>Sluggish growth of traditional automobile market</b>	Securing stable production and operation capability	<ul style="list-style-type: none"> <li>• Stabilizing mass production of new projects</li> <li>• Increasing facility operation efficiency by business rationalization</li> <li>• Securing quantity through expanding business of existing products</li> </ul>
	Reducing costs regarding quality / defects	<ul style="list-style-type: none"> <li>• Stabilizing mass production of new projects</li> <li>• Promoting cost reduction through establishing quality security system</li> <li>• Establishing quality security system with other OE parts suppliers</li> </ul>
	Reducing manufacturing cost	<ul style="list-style-type: none"> <li>• Strengthening inspection on step-by-step achievement of target cost development</li> </ul>
	Deteriorating profitability and aging	<ul style="list-style-type: none"> <li>• Business rationalization</li> </ul>
<b>Increase in social demand for ESG system</b>	Advancing ESG execution system	<ul style="list-style-type: none"> <li>• ESG strategy execution system operation and non-financial risk management</li> </ul>
	Safety response	<ul style="list-style-type: none"> <li>• Reinforcing prevention of serious safety accidents</li> </ul>
<b>Changes in internal customer management trends</b>	Work smart innovation	<ul style="list-style-type: none"> <li>• Promoting creative work by changing work methods</li> <li>• Developing an advanced labor-management culture</li> <li>• Establishing a fair compensation system</li> </ul>
<b>Volatility in the financial market</b>	Risks of fluctuation in interest rate and exchange rate	<ul style="list-style-type: none"> <li>• Monitoring financial market and liquidity, establishing hedging strategy and countermeasures</li> </ul>
<b>Compliance risk</b>	Complying with relevant laws and regulations	<ul style="list-style-type: none"> <li>• Continuing to carry out compliance checks, improvement activities, training, and campaigns</li> </ul>

## Financial Risk Management

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

### Profitability Risk

Hyundai Transys manages the profitability risks by categorizing them into long and short-term, considering the long-term product lifecycle. From the long-term perspective, we promote activities to secure continuous profits and future competitiveness through project-level profitability management. The profit and loss risks due to short-term factors are managed by a company-wide meeting group operated monthly, which conducts checks on profitability risks and identifies opportunity factors that have an impact on the achievement of annual business plans.

### Liquidity Risk

We regularly check the liquidity, borrowing, and contract limits to prevent disruptions due to financial liquidity in domestic and foreign business sales, finance, and investment. To enhance the application of liquidity, we have introduced and are operating the Cash Management System that enables us to share liquidity among overseas subsidiaries by region. As of the first quarter of 2022, we have completed the system establishment for subsidiaries in Europe and China, and we plan to complete system establishment for subsidiaries in North America.

### Foreign Exchange Rate Fluctuation Risk

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

## Tax Risk Management

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






### Tax Policy





Hyundai Transys places the highest priority on fulfilling its corporate social responsibilities in tax policy by faithfully fulfilling strict compliance with laws and payment obligations. As we highly recognize that the key to sustainable management is compliance with laws and regulations, we ensure that all transactions at home and abroad are carried out accordingly, and also, we systematically manage tax risks related to important business changes such as new businesses and transaction structure changes. To this end, based on our understanding and review of domestic and foreign tax laws, we have established and implemented internal regulations, and we are building a cooperative trust relationship with tax authorities as well as continuous cooperation with tax experts.

### Fulfilling Overseas Tax Obligations

Hyundai Transys complies with domestic tax laws and transfer price guidelines for cross-border transactions, and meets global standards by fulfilling overseas tax obligations. We do not use tax structures for tax avoidance purposes or without commercial substance, and do not use tax havens for offshore tax evasion. We carry out business activities in each country based on a regular tax structure and implement legitimate tax obligations.

### Tax Payment in Main Business Areas<sup>1)</sup>

Business sites	Category	Unit	2019	2020
 Korea	Number of employees	Persons	3,896	3,856
	Revenue	M KRW	6,030,828	5,869,829
	Profit (Loss) before tax	M KRW	179,485	10,205
	Income tax accrued (current year)	M KRW	32,328	3,083
	Income tax paid	M KRW	8,006	-
 Czech Republic	Number of employees	Persons	509	529
	Revenue	M KRW	344,013	288,701
	Profit (Loss) before tax	M KRW	11,407	6,898
	Income tax accrued (current year)	M KRW	2,387	2,089
	Income tax paid	M KRW	4,369	637
 Slovakia	Number of employees	Persons	364	309
	Revenue	M KRW	222,678	170,248
	Profit (Loss) before tax	M KRW	8,369	6,090
	Income tax accrued (current year)	M KRW	1,782	1,418
	Income tax paid	M KRW	1,543	1,572
 India	Number of employees	Persons	904	749
	Revenue	M KRW	310,475	345,489
	Profit (Loss) before tax	M KRW	-8,478	18,441
	Income tax accrued (current year)	M KRW	4,631	3,316
	Income tax paid	M KRW	6,952	3,817
 China	Number of employees	Persons	1,415	1,706
	Revenue	M KRW	1,744,696	1,305,485
	Profit (Loss) before tax	M KRW	-66,877	-18,290
	Income tax accrued (current year)	M KRW	-13,161	5,673
	Income tax paid	M KRW	-	-

Business sites	Category	Unit	2019	2020
 Indonesia <sup>2)</sup>	Number of employees	Persons	-	14
	Revenue	M KRW	-	-
	Profit (Loss) before tax	M KRW	-	-388
	Income tax accrued (current year)	M KRW	-	-
	Income tax paid	M KRW	-	-
 U.S.A	Number of employees	Persons	847	715
	Revenue	M KRW	1,243,065	1,029,894
	Profit (Loss) before tax	M KRW	-45	-1,724
	Income tax accrued (current year)	M KRW	8,855	3,281
	Income tax paid	M KRW	2,025	7,139
 Mexico	Number of employees	Persons	1,188	974
	Revenue	M KRW	577,665	448,568
	Profit (Loss) before tax	M KRW	-13,417	-28,106
	Income tax accrued (current year)	M KRW	317	30
	Income tax paid	M KRW	3,340	-
 Brazil	Number of employees	Persons	187	182
	Revenue	M KRW	98,678	69,662
	Profit (Loss) before tax	M KRW	251	-783
	Income tax accrued (current year)	M KRW	52	206
	Income tax paid	M KRW	52	206

1) Based on separate criteria, 2021 data will be disclosed later before the final reflection of tax adjustments according to each region's tax laws.

2) Established July 6, 2020

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

Category	Unit	2019	2020
Corporate income taxes	M KRW	8,006	-
Property taxes	M KRW	1,419	1,500
Non-creditable VAT and other sales taxes	M KRW	-104,700	-112,300
Employer-paid payroll taxes	M KRW	26,700	29,000
Other taxes that constitute costs to the company, by category of taxes	M KRW	4,758	2,700

1) Based on separate criteria, 2021 data will be disclosed later before the final reflection of tax adjustments according to each region's tax laws.


# Ethics

## Ethics and Anti-corruption Management System


### Ethics Policy

To become a trusted partner to various stakeholders and increase customer value, Hyundai Transys has established and continuously revised the ethical management policy regulations. In accordance with the ethical management policy regulations amended in July 2020, all Hyundai Transys members must comply with the ethics charter and practicing guidelines within the policy. This applies to Hyundai Transys' domestic and foreign production and sales subsidiaries, affiliated companies, sub-subsidiaries, and joint ventures. All employees must abide by the ethics charter and practicing guidelines when dealing with suppliers, sales, and service organizations. Also, all employees subject to the ethics charter and practicing guidelines must comply with the laws of the respective country and perform duties in accordance with the ethics charter and practicing guidelines. Hyundai Transys encourages all relevant stakeholders of our business relationship to respect this code of ethics and practicing guidelines.

#### Hyundai Transys' 5 Ethics Charter



### Hyundai Transys Ethics Policy and Practicing Guidelines



1. We shall carry out our work with clear and transparent standards and fulfill our responsibilities in good faith and best efforts.
2. We shall fairly compete in the market, and fairly trade with the other party in contractual relations.
3. We shall provide safe products, best service, correct information to realize customer value and thoroughly protect personal information.
4. We shall respect each member as an independent individual and provide fair working conditions and safe working environment.
5. We, as global corporate citizens, shall contribute to the realization of sustainable development in which various stakeholders can prosper together by the fulfillment of social responsibility.

### Anti-corruption and Prevention of Bribery

Hyundai Transys establishes and complies with the employee ethical regulations, including prohibiting bribery, solicitation, avoidance of conflict of interest, prohibition of insider trading, and prohibition of abuse of authority within the ethical manage-

ment policy. Based on this, our employees perform their work with clear and transparent standards and endeavor to maintain the highest level of honesty in the business relationship.

#### Regulations on Anti-corruption and Prevention of Bribery

##### 1. Solicitation

We prohibit illegal solicitation between employees and stakeholders, or between internal employees, and carry out monitoring and enforcement procedures and voluntarily comply with anti-corruption laws.

##### 2. Conflict of interest

We prohibit any act that is deemed likely to cause a conflict of interest between the company and the individual. When conflict of interest between the company and individual is inevitable, we act in the best interest of the company and customers within the legal scope. If it is determined necessary to confirm such conflict of interest situation, we will seek consultation from the compliance support department in advance.

##### 3. Insider trading

Any secret, knowledge, information obtained directly or indirectly during work shall not be used or leaked to pursue individual interest.

##### 4. Workplace ethics

Employees must fulfill their responsibilities while performing their work, regardless of time or space, and the company's assets and facilities shall be only used for business purposes.

##### 5. Abuse of authority

We shall not exert undue influence through abuse of authority or position, or pursue illegal interest of the company or individual.

##### 6. Documentation and reporting

We shall not prepare or report documents based on forged content such as concealment, reduction, exaggeration, or false content, or share them with internal or external stakeholders.

##### 7. Bribery

Employees shall not accept, provide, or promise to provide any form of illegal or unethical profit or bribe, whether monetary or non-monetary, from stakeholders.

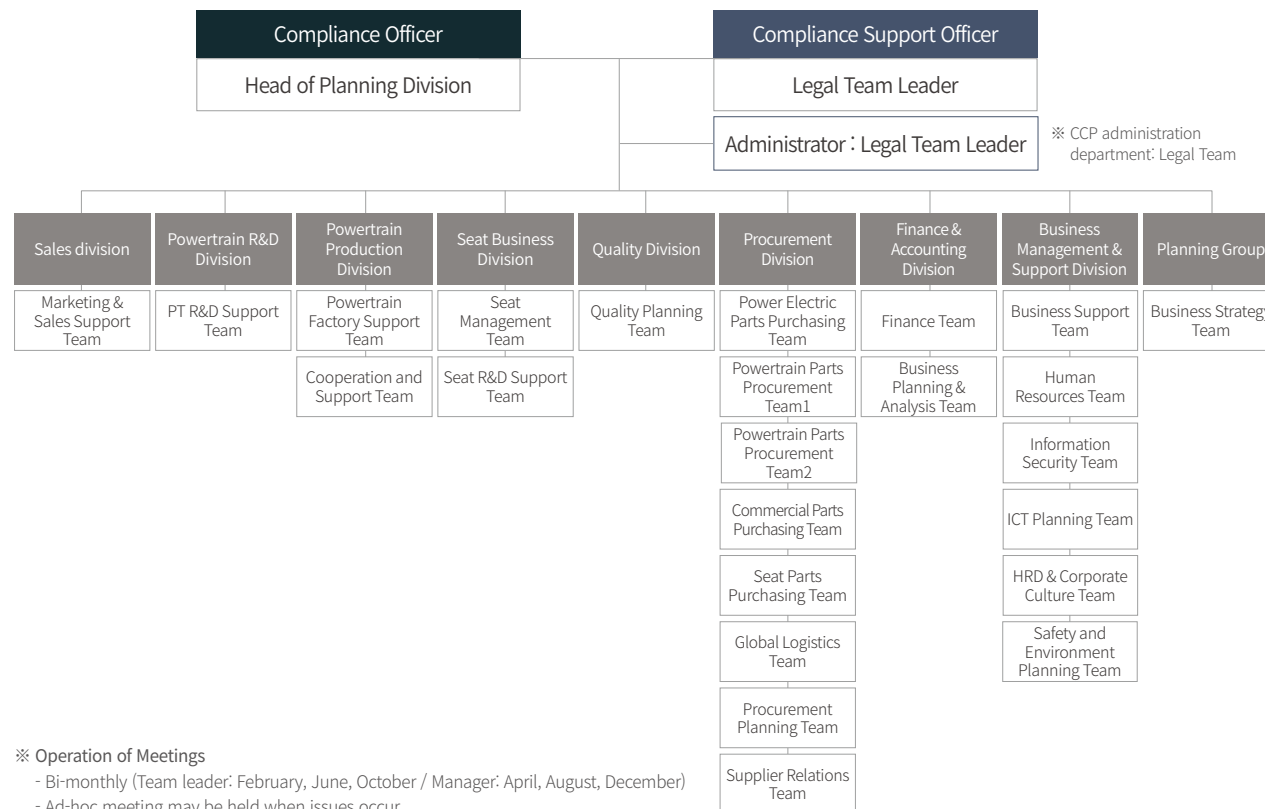




## Ethical Compliance Management Organization

Acknowledging the significance of ethical compliance management in future business competitive power, Hyundai Transys establishes and promotes step-by-step plans to build and operate the ethical compliance management system. The ethical compliance management organization is operated by appointing a compliance officer and compliance support officer.

### Organization for Ethical Compliance Management



## Meetings for Ethical Compliance Management

The ethical compliance management organization of Hyundai Transys is operated by appointing a compliance officer and compliance supporter. In addition, through the BOD, a compliance officer for each sector is appointed to conduct self-compliance diagnosis and implement support.

## Anti-corruption Management Certification

Hyundai Transys obtained ISO 37001 certification in September 2021 and has minimized organizational risks caused by corruption and bribery. We operate various anti-corruption programs in accordance with global standards to increase employees' ethical awareness and enhance management transparency and trust. We plan to establish and reinforce our management system for anti-corruption management to enable transparent and fair business activities.

### ISO 37001 Certification



### Violation of Laws and Regulations and Fines Imposed

Category	2019	2020	2021
Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No violations of laws and regulations or fines imposed for 3 years		
Corruption and bribery	No violations of laws and regulations or fines imposed for 3 years		
Non-compliance with environmental laws and regulations	No violations of laws and regulations or fines imposed for 3 years		
Incidents of non-compliance concerning the health and safety impacts of products and services	No violations of laws and regulations or fines imposed for 3 years		
Breaches of customer privacy and losses of customer data	No violations of laws and regulations or fines imposed for 3 years		
Non-compliance with laws and regulations in the social and economic area	No violations of laws and regulations or fines imposed for 3 years		

## Ethical Management Activities

### Establishing Consensus on Ethical Compliance Management

Employees express their willingness for self-compliance with ethical compliance management. We conducted self-inspection on the compliance with the Improper Solicitation and Graft Act, and also carried out a company-wide online education regarding anti-corruption to assist employees in being cautious when performing their work. In June 2022, we established and announced the guidelines on the Personal Information Act to our employees.

#### Corporate Code of Conduct and Education on Ethics and Compliance Management

Category	Unit	2019	2020	2021
Percentage of ethics / compliance management education including anti-corruption policy / procedure training provision <sup>1)</sup>	%	0	50	51
Education hours <sup>2)</sup>	Hours	1	1	1
No. of employees who received education <sup>3)</sup>	Persons	660	4,763	3,646
Education completion rate	%	66	82	84

1) Based on employees

2) Average hours of education per person

3) Accumulated number of employees who received education



### Compliance and Compliance Check

Hyundai Transys appointed a compliance officer in 2020 to constantly check compliance, and to check the transaction of affiliated companies in advance. We carry out self-inspections on compliance and ethics for team leaders, and by issuing technical data requests, we also prevent risks caused by changes in law, including the Fair Trade Act and the Subcontracting Act. We plan to conduct compliance checks for our major overseas subsidiaries in the second half of 2022. To internalize the necessity for compliance management, we use legal advice for the human resources, labor, and safety field at all times. Furthermore, we prevent legal violations in advance by thoroughly reviewing contracts for each sector of the entire company.

#### Ethics / Compliance Management Evaluation and Receipt / Measures of Violation Reports

Category	Unit	2019	2020	2021
<b>Business sites that evaluated corruption risk (domestic)<sup>1)</sup></b>				
No. of sites	Sites	0	0	5
Rate	%	0	0	100
<b>Confirmed corruption cases and measures taken</b>				
Reports and tip-offs	No. of corruption cases confirmed this year among cases occurred in the past	Cases	0	0
	No. of corruption cases confirmed this year among cases occurred this year	Cases	3	1
Completion of measures such as disciplinary action, etc.		Cases	3	1

1) Implemented since 2021

#### Ethical Compliance Activities

Category	Unit	2019	2020	2021
Informant investigation (transparent audit)	Cases	14	16	7
Compliance self-inspection on corruption	Cases	0	1	1

### Reporting Channel(Sinmungo)

To actualize ethical management based on our transparent and fair organization culture, Hyundai Transys operates the Cyber Sinmungo. All the stakeholders, including employees, customers, partners, and residents of the local community are able to freely leave their suggestions, criticism, and opinions on various corruption and unreasonable systems. The relevant departments conduct fact checks and investigations depending on the contents, and the details of the content and the informant's identity are kept strictly confidential. It generally takes about 15 to 20 days for the information submitted to the Cyber Sinmungo to be processed, including the procedure of checking by the relevant department, and the informant can check the progress and processing results.

### Informant Protection

We protect the informant's identity with a stable security system. In addition, the processing of reports and counseling are carried out by only a limited number of people who have pledged confidentiality.

#### Items for Informant Protection

<p><b>Confidentiality</b></p> <p>Any action of disclosing or implying the identity of the informant without the informant's consent is prohibited.</p>	<p><b>Guarantee of Status</b></p> <p>Any disadvantages or discrimination action regarding the department or business relationship due to a report or tip-off is protected.</p>	<p><b>Responsibility Reduction</b></p> <p>If the informant's own negligence or errors related to the informant are found, disciplinary action against the informant may be reduced or exempted.</p>
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#### Type of Report

<ul style="list-style-type: none"> <li>• Unfair transactions due to academic or regionalism ties</li> <li>• Unjust request or provision of money, valuables, or entertainment</li> <li>• Misuse and abuse of authority and solicitation</li> <li>• Suggesting improvement for unreasonable practices</li> </ul>	<ul style="list-style-type: none"> <li>• Other actions that violate the code of ethics</li> <li>• Suggesting improvement of fair-trade related system or law violations</li> <li>• Suggesting improvement of the internal accounting management system or violations</li> </ul>
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- **Materiality Assessment**
- ESG Disclosure Index
- Financial Data
- Independent Assurance Statement
- GHG Emissions Assurance Statement
- Awards & Membership Status

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# Materiality Assessment

## Stakeholder Engagement

### Communication with Stakeholders

In every single sector of management, we are making ceaseless effort to bolster communication with stakeholders, including employees, customers, business partners, local communities, the government, and shareholders and investors. In terms of ESG management, we are keep identifying expectations through the communication channels by group to actively incorporate them into our management.

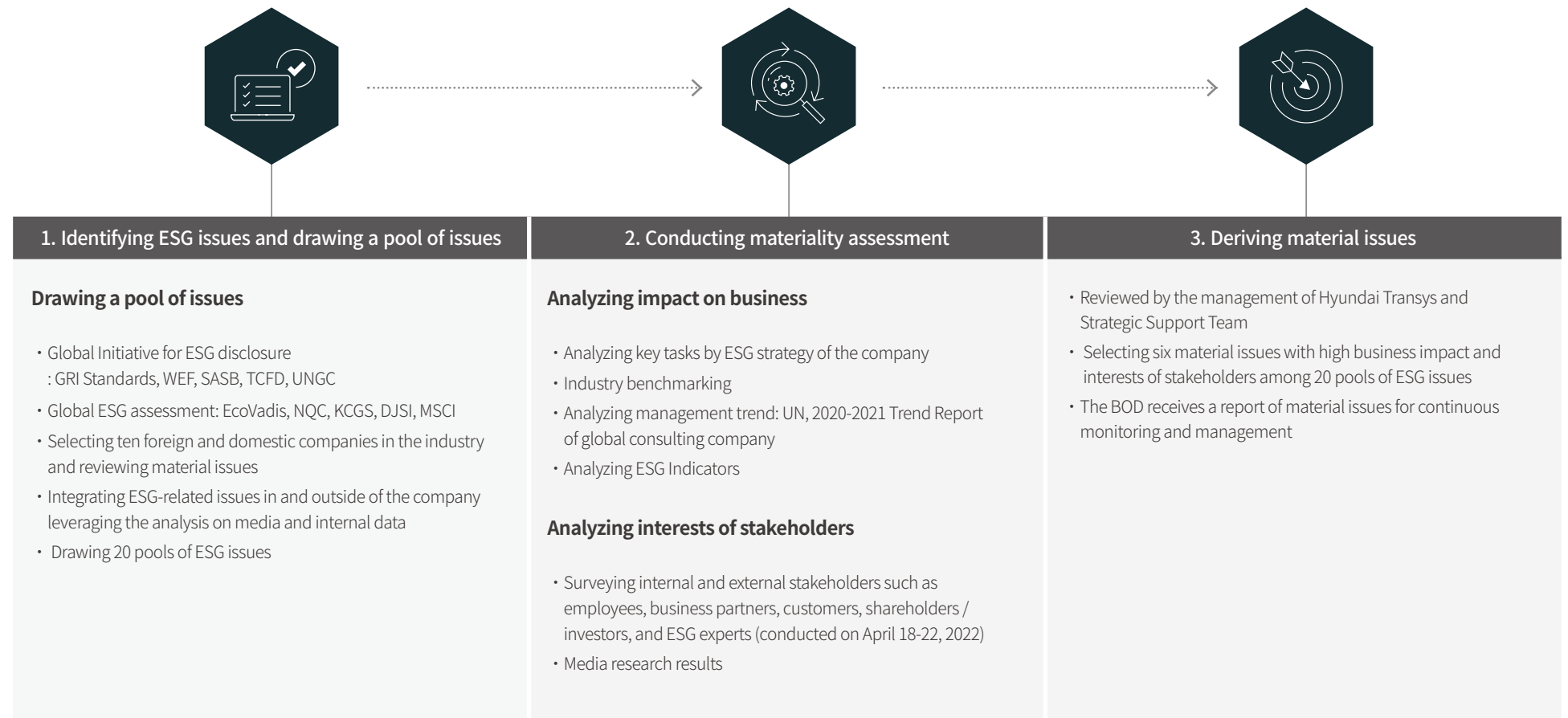
### Communication Channels for Stakeholders

	 Employee	 Business Partner	 Customer	 Local community	 Government	 Shareholders / Investors
➔ <b>Definition of Stakeholder by Group</b>	<ul style="list-style-type: none"> <li>Conducting investment, sales, and financial activities as a member of the company</li> </ul>	<ul style="list-style-type: none"> <li>Supplying suitable parts or materials essential to the contractor for producing eco-friendly and high-quality products</li> </ul>	<ul style="list-style-type: none"> <li>Making decisions based on information regarding the company and its products and services made</li> </ul>	<ul style="list-style-type: none"> <li>Local communities affected by our business activities in the proximity of our business sites</li> </ul>	<ul style="list-style-type: none"> <li>Enacting laws and regulations governing the automobile and auto parts industry</li> <li>Determining regulatory level for business operation</li> </ul>	<ul style="list-style-type: none"> <li>Providing financial capital necessary to conduct business and sustain growth engine</li> </ul>
➔ <b>Interests</b>	<ul style="list-style-type: none"> <li>Safety and health in the workplace and health management of employees</li> <li>Human rights protection</li> <li>Generating economic performance</li> </ul>	<ul style="list-style-type: none"> <li>Fair trade and shared growth</li> <li>ESG management of partner companies</li> <li>Human rights protection</li> <li>Conflict minerals management</li> </ul>	<ul style="list-style-type: none"> <li>Action on climate change</li> <li>Diversification of eco-friendly products and services</li> <li>Environmental impact mitigation</li> <li>ESG management system</li> <li>R&amp;D</li> <li>Quality and safety of products</li> </ul>	<ul style="list-style-type: none"> <li>More engagement with local communities</li> <li>Human rights protection</li> <li>Environmental impact reduction</li> </ul>	<ul style="list-style-type: none"> <li>Action on climate change</li> <li>Environmental impact reduction</li> <li>Safety and health in the workplace and health management of employees</li> <li>Human rights protection</li> </ul>	<ul style="list-style-type: none"> <li>Action on climate change</li> <li>Diversification of eco-friendly products and services</li> <li>ESG management system</li> <li>Integrated Risk Management</li> <li>Generating economic performance</li> </ul>
➔ <b>Communication channels by group</b>	<ul style="list-style-type: none"> <li>Portal for employees</li> <li>New Year Talk with the CEO</li> <li>Mind Protection program</li> <li>Labor-management Council, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Association of Hyundai Transys Partners</li> <li>Portal for shared growth</li> <li>Purchase consultation meeting for foreign buyers, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Corporate brochures</li> <li>Business report</li> <li>Business information disclosure, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Community contribution program</li> <li>Meeting with residents, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Hearings</li> <li>Meetings</li> <li>Press release</li> <li>Seminars, etc.</li> </ul>	<ul style="list-style-type: none"> <li>IR activities</li> <li>Business report</li> <li>Business information disclosure, etc.</li> </ul>

## Materiality Assessment

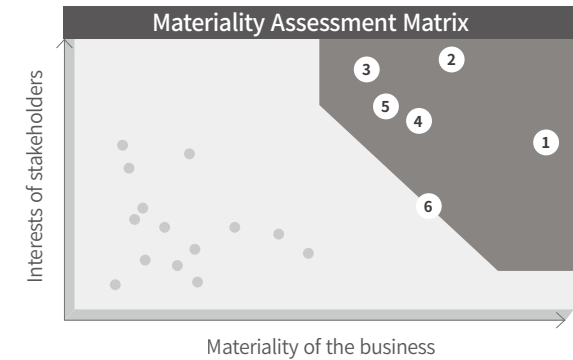
### Deriving Material Issues





Hyundai Transys conducts an annual materiality assessment to identify various issues that stakeholders are interested in related to ESG management, aiming to fully reflect the results in our management. This report discloses the activities and performance of material issues between 2021 and 2022, drawn by the materiality assessment of which process is as follows.



## Results of Materiality Assessment

According to the results of the materiality assessment in 2022, 'Climate action,' 'Diverse eco-friendly products and services,' and 'R&D' were selected as the top material issues, which shows continuity with that of 2021. The significance of tightened regulations such as the Serious Accident Punishment Act and the elevated interests of stakeholders drew out 'Safety and health at workplace and health management of employees' as a new salient issue where we are taking preemptive measures to create a safe workplace.



Material issue	Hyundai Transys' Management Approach	Stakeholder	GRI	Report page
 <b>1 Climate action</b> <b>2 Diverse eco-friendly products and services</b>	The international community is forming a consensus on the need for climate action to confront global warming while global investment groups and the growing number of companies are joining in this movement. In this regard, we have established a RE100 transition strategy to achieve 100% use of renewable energy in all business sites by 2040, developing eco-friendly products with an aim of reducing GHG emissions and energy consumption.	Customers, local communities, government, shareholders, investors	201-2, 302-1, 302-3, 302-4, 302-5, 305-1, 305-2, 305-4, 305-5, 305-7	19, 26~29, 34~36
 <b>3 R&amp;D reinforcement</b>	Amid the accelerating paradigm shift in the auto parts industry from internal combustion engine vehicles to eco-friendly autonomous vehicles, we are witnessing fierce competition. As a creative leader in future mobility innovation, Hyundai Transys will strive to produce eco-friendly and safe products with our employees to realize customer and shareholder value.	Employees, customers, shareholders, investors	R&D investment (our own indicator)	35~36
 <b>4 Safety and health at the workplace and health management of employees*</b>	Productivity is intricately linked to the safety and health of employees, which directly leads to the company's competitiveness. Implementing systematic and diverse activities for safety and health management, we aim to achieve an accident-free environment worldwide.	Employees, customers, government, shareholders, investors	403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-9, 403-10	47~53
 <b>5 Fair trade and shared growth</b> <b>6 ESG management of partner companies</b>	Partners grow together with Hyundai Transys. We endeavor to realize sustainable shared growth with our partners by selecting partners through a fair process and supporting their ESG management.	Business Partners, customers, government, shareholders, investors	308-2, 414-2	54~58

\* New material issues in 2022



# ESG Disclosure Index

## GRI Standards

### Universal Standards

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## Universal Standards

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	302-3	Energy intensity	27
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<b>④ Safety and health at the workplace and health management of employees</b>	403-1	Occupational health and safety management system	47
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	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	50~53
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<b>⑤ Fair trade and shared growth</b>	308-2	Negative environmental impacts in the supply chain and actions taken	54~55
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	205-2	Communication and training about anti-corruption policies and procedures	78
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Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	77
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	207-2	Tax governance, control, and risk management	75
	207-4	Country-by-country reporting	75
Water	303-2	Management of water discharge-related impacts	31
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	404-2	Programs for upgrading employee skills and transition assistance programs	42
	404-3	Percentage of employees receiving regular performance and career development reviews	41
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	71
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	61
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	77
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	66
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	77

## WEF IBC Stakeholder Capitalism Metrics

Category	Theme	Indicator	Our Response
Principles of Governance	Setting purpose	Setting purpose	With the aim of fulfilling its social responsibilities in our business operations, Hyundai Transys has set up its ESG vision, 'transition to a sustainable mobility,' with the selection of future directions by business area and core tasks. Based on the systematic process, we have delivered core tasks, monitored the implementation and progress, and transparently disclosed the developments and outcomes to constantly communicate with stakeholders.
	Quality of governing body	Governance body composition	Refer to the section entitled "Board of Directors" in our 2022 Sustainability Report.
	Stakeholder engagement	Material issues impacting stakeholders	Refer to the section entitled "Materiality Assessment" in our 2022 Sustainability Report.
	Ethical behaviour	Anti-corruption	Refer to the section entitled "Ethics" in our 2022 Sustainability Report.
		Protected ethics advice and reporting mechanisms	Refer to the section entitled "Meetings for Ethical Compliance Management", "Compliance and Compliance Check", "Cyber Reporting Channel(Sinmungo)" in our 2022 Sustainability Report.
	Risk and Opportunity Oversight	Integrating risk and opportunity into business process	Hyundai Transys has analyzed its internal and external risks and opportunities including climate change-related ones, followed by the disclosure. * More details are available in the sections of 'Measures for Major Risks' and 'TCFD Framework' of HYUDAI TRANSYS Sustainability Report 2022.
Planet	Climate change	Greenhouse gas (GHG) emissions	Scope 1: 24,571 tCO <sub>2</sub> eq(Domestic business sites : 20,908 tCO <sub>2</sub> eq / Overseas business sites : 3,663 tCO <sub>2</sub> eq) Scope 2: 259,580 tCO <sub>2</sub> eq(Domestic business sites : 166,323 tCO <sub>2</sub> eq / Overseas business sites : 93,257 tCO <sub>2</sub> eq) * Based on 2021 emissions.
		TCFD implementation	Hyundai Transys aims to achieve 100% transition to renewable energy to power all business sites by 2040. In an effort to mitigate our environmental impact and respond to the government's regulations and risks posed by climate change, we have set up the target of reducing our GHG emissions, based on which a range of activities are being carried out. In addition, we have our GHG emissions verified every year, and based on the certified emissions, our own targets have been established and reduction projects are now being conducted to manage our GHG emissions. * More information is available in the 'TCFD Framework' section of HYUDAI TRANSYS Sustainability Report 2022.
	Nature loss	Land use and ecological sensitivity	Hyundai Transys makes it mandatory to inspect facilities subject to soil contamination management every half year and conduct soil examinations to check the contamination status for prevention.
	Freshwater availability	Water consumption and withdrawal in water-stressed areas	Our water intake in 2021 was 269 tons at the domestic sites and water consumption amounted to 200 tons, a 20% increase from the level of the previous year, 160 tons. The waste stress levels in Rizhao and Cangzhou where our Chinese subsidiaries are located are at High (40-80%) while the levels of the regions where our Chennai subsidiary in India and Monterrey subsidiary in Mexico are operated are at Extremely High (>80%). * More details are available in the section of 'Reducing Water Consumption' of HYUDAI TRANSYS Sustainability Report 2022.

Category	Theme	Indicator	Our Response					
Planet	Freshwater availability	Water consumption and withdrawal in water-stressed areas	Plant		Unit	2019	2020	2021
			Beijing PT Plant	Megalitres of water withdrawn	1,000 tons	80.6	83.9	82.0
				Percentage of water withdrawn	%	9.5	10.7	8.9
				Megalitres of water consumed	1,000 tons	77.0	80.0	78.4
				Percentage of water consumed	%	12.6	14.4	11.9
			Rizhao Plant	Megalitres of water withdrawn	1,000 tons	185.0	147.0	210.0
				Percentage of water withdrawn	%	21.8	18.7	22.9
				Megalitres of water consumed	1,000 tons	0	0	0
				Percentage of water consumed	%	0.04	0.06	0.07
			Beijing seat Plant	Megalitres of water withdrawn	1,000 tons	5.80	5.97	3.52
				Percentage of water withdrawn	%	0.7	0.8	0.4
				Megalitres of water consumed	1,000 tons	0	0	0
				Percentage of water consumed	%	0	0	0
			Changzhou Plant	Megalitres of water withdrawn	1,000 tons	10	8	7
				Percentage of water withdrawn	%	1.2	1.0	0.7
				Megalitres of water consumed	1,000 tons	3	2	2
				Percentage of water consumed	%	0.44	0.37	0.28
			AP Plant	Megalitres of water withdrawn	1,000 tons	15	30	38
				Percentage of water withdrawn	%	1.8	3.8	4.1
				Megalitres of water consumed	1,000 tons	6	13	15
				Percentage of water consumed	%	0.96	2.42	2.26
			Chennai Plant	Megalitres of water withdrawn	1,000 tons	35	26	28
				Percentage of water withdrawn	%	4.1	3.3	3.0
				Megalitres of water consumed	1,000 tons	35	26	28
				Percentage of water consumed	%	5.63	4.66	4.24
			Monterrey PT Plant&Monterrey seat Plant	Megalitres of water withdrawn	1,000 tons	139	111	113
				Percentage of water withdrawn	%	16.4	14.1	12.3
				Megalitres of water consumed	1,000 tons	114	88	82
				Percentage of water consumed	%	18.67	15.84	12.50









Category	Theme	Indicator	Our Response
People	Freshwater availability	Diversity and Inclusion	Refer to the section entitled “Securing Diverse Human Resources through Transparent Recruitment Process” in our 2022 Sustainability Report.
		Pay equality	Refer to the section entitled “Performance Evaluation Principles” in our 2022 Sustainability Report.
		Wage level	Refer to the section entitled “Performance Evaluation Principles”, “Performance Evaluation Process” in our 2022 Sustainability Report.
		Risk for incidents of child, forced or compulsory labour	Hyundai Transys complies with international human rights and labor standards and guidelines, stipulating seven human rights principles in its human rights policy. We also strictly ban children and forced labor in our partner companies by establishing the Supplier Code of Conduct. We conduct ESG evaluations on our partner companies to manage child and forced labor risks. * Refer to the 'Hyundai Transys Human Rights Principles' and the 'Supplier Code of Conduct' in our 2022 Sustainability Report
	Health and well-being	Health and safety	Refer to the section entitled “Safety Monitoring” in our 2022 Sustainability Report.
	Skills for the future	Training Provided	Refer to the section entitled “Training for employees” in our 2022 Sustainability Report.
Prosperity	Employment and wealth generation	Absolute number and rate of employment	Refer to the section entitled “Recruitment”, “Turnover” in our 2022 Sustainability Report.
		Economic contribution	Revenue : 8.1T KRW Profit before income tax : 95B KRW Employee salary and welfare : 498B KRW Corporate tax : 14B KRW Community donations : 418M KRW * Consolidation basis (2021)
		Financial investment contribution	Total capital expenditure minus depreciation: 229B KRW Amount of treasury stock purchase plus dividend payment: 0 KRW
	Innovation of better products and services	Total R&D expenses	Hyundai Transys invested KRW 249.3 billion in research and development, aiming to become an eco-friendly company through the development of human and nature-friendly ECO seats and take part in future mobility innovation. * Refer to ‘R&D Investment Status’ in our 2022 Sustainability Report ** Consolidation basis (2021)
	Community and social vitality	Total tax paid	Refer to the section entitled “Tax Risk Management” in our 2022 Sustainability Report. * In the case of 2021 data, it will be announced later as the final reflection of tax adjustment according to each region's tax laws.

## SASB Index

Topic&Accounting Metric			Our Response				
Energy Management	TR-AP-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Total energy consumption : 5,861.9 TJ Percentage grid electricity : 88% Percentage renewables : 0.06%				
Waste Management	TR-AP-150a.1	(1) Total amount of waste from manufacturing, (2) percentage hazardous, (3) percentage recycled	Waste generation : 4,772 tons Hazardous waste rate : 57% Recycling rate : 59%				
Product Safety	TR-AP-250a.1	Number of recalls issued, total units recalled	There were zero recalls ordered by the Ministry of Land, Infrastructure and Transport, while about 280,000 recalls occurred in relation to internal campaigns and pre-inspections conducted by Hyundai Transys to improve quality and product safety.				
Design for Fuel Efficiency	TR-AP-410a.1.	Revenue from products designed to increase fuel efficiency and/or reduce emissions	Category	Unit	2019	2020	2021
			Revenue from products designed to increase fuel efficiency and/or reduce emissions	100M KRW	2,789	3,181	5,754
Materials Sourcing	TR-AP-440a.1.	Description of the management of risks associated with the use of critical materials	Hyundai Transys is aware of human rights violations and environmental destruction issues that occurred in the course of mining minerals in conflict zones in Africa. We have set out a conflict minerals management process for legal compliance in line with international standards regulating conflict minerals. On top of that, we request our partner companies to submit the questionnaire reports and written document stating that conflict minerals are not used, aiming to establish a reliable supply chain management system.				
Materials Efficiency	TR-AP-440b.1	Percentage of products sold that are recyclable	Category	Unit	2019	2020	2021
			Percentage of products sold that are recyclable	%	68.8	67.7	69.2
	TR-AP-440b.2	Percentage of input materials from recycled or remanufactured content	In terms of wastes generated during business activities, Hyundai Transys raises the recycling rate by adopting various measures, such as changing the waste disposal company from incineration and landfill disposal companies to recycling companies.				
Competitive Behavior	TR-AP-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	Hyundai Transys has not violated any legal procedures concerning unfair competition for the past three years.				
Activity Metrics	TR-AP-000.A	Number of parts produced	Hyundai Transys produced 4.72 million products and parts related to powertrain and 2.09 million products and parts related to seats.				
	TR-AP-000.C	Area of manufacturing plants	Business sites	Unit	Area of manufacturing plants		
			Korea	m <sup>2</sup>	400,631		
			China	m <sup>2</sup>	325,388		
			India	m <sup>2</sup>	70,479		
			Indonesia	m <sup>2</sup>	15,471		
			Europe	m <sup>2</sup>	53,068		
			Americas	m <sup>2</sup>	177,614		

## UN SDGs

SDGs		Our Response	Page	ESG Strategies Associated with Goals
	<b>SDGs6.</b> <b>Ensure availability and sustainable management of water and sanitation for all</b> 6.3 Improve water quality by reducing pollution	<ul style="list-style-type: none"> <li>100% recycling of effluent for industrial purposes through water purification (Jigok Plant)</li> </ul>	31	<ul style="list-style-type: none"> <li><b>Minimizing environmental impacts</b> (management of wastewater, waste, chemicals, etc.)</li> </ul>
	<b>SDGs7.</b> <b>Ensure access to affordable, reliable, sustainable and modern energy for all</b> 7.2 Increase substantially the share of renewable energy in the global energy mix	<ul style="list-style-type: none"> <li>Setting a target of a 100% transition into renewable energy in all business sites by 2040</li> </ul>	19, 27~28	<ul style="list-style-type: none"> <li><b>Reinforcing GHG emissions management</b> (enhanced management systems for the RE100 initiative and climate risks)</li> </ul>
	<b>SDGs8.</b> <b>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</b> 8.8 Promote safe and secure working environments	<ul style="list-style-type: none"> <li>Refining the safety and health management system based on the Serious Accident Punishment Act</li> <li>Operating a labor union, ensuring the right to organize and the right to collective bargaining</li> </ul>	46~49	<ul style="list-style-type: none"> <li><b>Building ESG governance</b> (reestablishment of role &amp; responsibility, strengthened global ESG data management)</li> </ul>
	<b>SDGs11.</b> <b>Make cities and human settlements inclusive, safe, resilient and sustainable</b> 11.2 Expand public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons	<ul style="list-style-type: none"> <li>Donating five vehicles to welfare facilities</li> <li>Supporting 800 Silver Cars (elderly walking assistance) and 20 wheelchairs</li> <li>* 2Accumulated since 2020</li> </ul>	18, 64	<ul style="list-style-type: none"> <li><b>Enhancing social contribution strategies</b> (reestablishment of social contribution strategies, and promotion of employee activities)</li> </ul>
	<b>SDGs12.</b> <b>Ensure sustainable consumption and production patterns</b> 12.4 Reduce waste release to air, water and soil 12.5 Reduce waste generation through prevention, reduction, recycling and reuse 12.6 Publish sustainability reports	<ul style="list-style-type: none"> <li>Reducing emissions of toxic chemicals based on Transys Hazardous Chemical Management System (THCMS)</li> <li>Increasing recycling rate by entrusting waste treatment to the recycling-specialized companies</li> <li>Issuing the annual Sustainability Report Since the first publication in 2020</li> </ul>	32~33	<ul style="list-style-type: none"> <li><b>Establishing product environmental performance management systems</b> (application of life cycle assessment, development of eco-friendly products, and implementation of product recall management)</li> <li><b>Building ESG governance</b> (reestablishment of role &amp; responsibility, strengthened global ESG data management)</li> </ul>
	<b>SDGs16.</b> <b>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</b> 16.5 Reduce corruption and bribery in all their forms	<ul style="list-style-type: none"> <li>No violation of laws and fines pertaining to unfair trade or corruption and bribery for the last 3 years</li> </ul>	77	<ul style="list-style-type: none"> <li><b>Embodying responsible supply chains</b> (establishment of management system for conflict minerals and ESG management of partners)</li> </ul>

# Financial Data

 
 DART homepage

## Summary Consolidated Financial Statements

(Unit: M KRW)

Title of Account	2019	2020	2021
<b>I. Assets</b>			
Current assets	2,980,553	3,279,222	3,581,990
Non-current assets	2,775,576	2,747,382	3,054,728
Total assets	5,756,129	6,026,604	6,636,718
<b>II. Liabilities</b>			
Current liabilities	2,088,909	2,213,914	2,160,129
Non-current liabilities	1,207,603	1,368,050	1,790,572
Total liabilities	3,296,512	3,581,964	3,950,701
<b>II. Equity</b>			
Equity attributable to the parent	2,455,453	2,444,424	2,599,478
Capital stock	409,489	409,489	409,489
Other paid-in capital	1,155,202	1,141,514	1,186,154
Retained earnings	890,762	893,421	1,003,835
Non-controlling interest	4,164	216	86,539
Total equity	2,459,617	2,444,640	2,686,017
Total equity and liabilities	5,756,129	6,026,604	6,636,718

## Consolidated Statement of Comprehensive Income

(Unit: M KRW)

Title of Account	2019	2020	2021
Revenue	7,678,096	7,253,615	8,143,951
Cost of goods sold	7,232,219	6,920,638	7,745,247
Gross margin	445,877	332,977	398,704
Selling and administrative expense	273,861	276,390	303,688
Operating Profit	172,016	56,587	95,016
Profit before income taxes	175,399	9,601	104,312
Income tax expense	45,214	14,765	13,689
Consolidated net profit (loss)	130,185	(5,164)	90,623
Consolidated total comprehensive income (loss)	146,956	(14,977)	157,035

## Summary Consolidated Statement of Cash Flow

(Unit: M KRW)

Title of Account	2019	2020	2021
Cash flow from operating activities	193,206	178,197	265,610
Cash flows from investing activities	(510,356)	(196,767)	(364,935)
Cash flows from financing activities	146,295	231,822	81,871
Net Increase / decrease in cash and cash equivalents	(170,855)	213,252	(17,454)
Cash and cash equivalents at beginning of period	433,705	265,834	458,365
Effect of exchange rate in cash and cash equivalents	2,984	(20,721)	52,374
Cash and cash equivalents at end of period	265,834	458,365	493,285



# Independent Assurance Statement

To readers of Hyundai Transys sustainability Report 2022

## Introduction

Korea Management Registrar (KMR) was commissioned by Hyundai Transys to conduct an independent assurance of its SUSTAINABILITY Report 2022 (the “Report”). The data and its presentation in the Report is the sole responsibility of the management of Hyundai Transys. KMR’s responsibility is to perform an assurance engagement as agreed upon in our agreement with Hyundai Transys and issue an assurance statement.

## Scope and Standards

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

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

- GRI Sustainability Reporting Standards
- Universal standards
- Topic specific standards
  - Management approach of Topic Specific Standards
  - GRI 201: Economic Performance
  - GRI 302: Energy
  - GRI 305: Emissions
  - GRI 308: Supplier Environmental Assessment
  - GRI 403: Occupational Health and Safety
  - GRI 414: Supplier Social Assessment

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

## KMR’s Approach

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

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

## Limitations and Recommendations

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

## Conclusion and Opinion

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

### Inclusivity

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

### Materiality

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

### Responsiveness

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

### Impact

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

### Reliability of Specific Sustainability Performance Information

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

### Competence and Independence

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

July 2022 Seoul, Korea

E. J. Hwang

# Greenhouse Gas Emissions Assurance Statment

## DNV BUSINESS ASSURANCE

No.: PRJN-348885-2022-AST-KOR

### Introduction

DNV Business Assurance Korea Ltd. (“DNV”) was commissioned by HYUNDAI TRANSYS INC (“HYUNDAI TRANSYS”) to verify the HYUNDAI TRANSYS’ Greenhouse Gas Inventory Report for the calendar year 2021 (“the report”) based upon a reasonable level of assurance. HYUNDAI TRANSYS is responsible for the preparation of the GHG emissions and Energy consumption data on the basis set out within the guidelines on the operation of GHG emission trading scheme (“ETS”) (Notification No. 2021-278 of Ministry of Environment). Our responsibility in performing this work is to the management of HYUNDAI TRANSYS only and in accordance with terms of reference agreed with them. DNV expressly disclaims any liability or responsibility for any decisions, whether investment or otherwise, based upon this assurance statement.

### Scope of Assurance

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

- Organizational boundary for reporting: Domestic business sites of HYUNDAI TRANSYS
- GHG emissions under verification: GHG emissions & energy consumption from 2021

### Verification Approach

The verification has been conducted by DNV on February to March 2022 and performed in accordance with the verification principles and tasks outlined in the guidelines on the operation of GHG ETS (Notification No. 2021-278, Korean Ministry of Environment) and the verification guideline for GHG ETS (Notification No. 2021-115, Korean Ministry of Environment). We planned and performed our work to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a reasonable verification opinion concerning the completeness of the emission inventory as well as the reported emission figures in ton CO<sub>2</sub> equivalent. As part of the verification process.

- We have reviewed and verified the GHG emissions and energy consumption report for the calendar year 2021
- We have reviewed and verified the process to generate, aggregate and report the emissions and energy data

### Conclusions

As a result of the work described above, in our opinion nothing has come to our attention that would cause us to believe that the GHG emissions and energy consumption set out in HYUNDAI TRANSYS’ report are not fairly stated. The GHG emissions and energy consumption of HYUNDAI TRANSYS for the year 2021 were confirmed as below.

### Greenhouse Gas Emissions and Energy Consumption of HYUNDAI TRANSYS for Yr 2021

(Unit : ton CO<sub>2</sub>e, TJ)

HYUNDAI TRANSYS	GHG Emissions (ton-CO <sub>2</sub> equivalent)			Energy Consumption (Terajoule, TJ)		
	Scope1	Scope2	Total	Fuel	Electricity & Steam	Total
Year 2021	20,908	166,323	187,229	404	3,476	3,878

※ 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.

June 2022  
Seoul, Korea



Jang-Sub Lee

Country Manager  
DNV Business Assurance Korea Ltd

This Assurance Statement is valid as of the date of the issuance 2 June 2022. Please note that this Assurance statement would be revised if any material discrepancy which may impact on the Greenhouse Gas Emissions of HYUNDAI TRANSYS is subsequently brought to our attention. In the event of ambiguity or contradiction in this statement between English version and Korean version, Korean shall be given precedent.

# Awards & Membership Status

## Awards

Award	Content	Organization
Best company in the Shared Growth Index	Earned the highest grade in the Shared Growth Index evaluation	Shared Growth Committee
Best company in the Fair-Trade Agreement	Winning the highest grade in the Fair-Trade Agreement evaluation	Fair Trade Commission
Paper of Excellent Presentation at Fall Conference by Korea Society of Automotive Engineers (KSAE)	Sharing automobile-related academic technology for technology development	Korea Society of Automotive Engineers (KSAE)
Certified Reliability Engineer (CRE)	Developing work progress and conducting business pertaining to reliability	ASQ
ISO18436-2 Cat.2 Certification	Capacity building and enhancing technical competencies in the vibration sector	Korea Certification Institute for Machine Diagnostics
ISO18436-7 level1 Certification	Capacity building and enhancing technical competencies in the infrared thermography sector	Korea Certification Institute for Machine Diagnostics
ITC Category 1	Capacity building and enhancing technical competencies in the infrared thermography sector	ITC (Infrared Training Center)
NET new technology certification	Moving console technology for innovative space interior of autonomous vehicles	Korea Industrial technology (KOITA)
ISO 37001	Anti-Corruption Management System	ISO
ISO 27001	International standard of information security management system	ISO
TISAX(AL3)	German Automobile Information Security Certificate	VDA
ISO 45001 (Jigok/Seongyeon/Dongtan/Hwaseong)	Safety and Health Management System	ISO
ISO 14001 (Jigok/Seongyeon/Dongtan/Hwaseong)	Environmental management system	ISO
KDS 0050-9000-4	Defense Quality Management System	Defense Agency for Technology and Quality

## Membership

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

\*Data on this page is as of 2021 and the first half of 2022.



**Contributors to  
the Disclosure  
of This Report**



Strategic Support Team



Environmental Disaster Prevention Team

Infrastructure Support Team

PT R&D Support Team

Seat R&D Support Team



Human Resources Team

Employment Relations Team 1

Employment Relations Team 2

Safety and Environment Planning Team

HRD & Corporate Culture Team

Business Support Team

Legal Team

Information Security Team

Procurement Planning Team

Supplier Relations Team

Global Logistics Team

Marketing & Sales Support Team

Quality Planning Team



Finance Team

Audit Team

Strategic Support Team



Business Strategy Team

Finance Team

Accounting Team

Tax Team

Public Relations Team



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