Road to Sustainability

2024 Sustainability Report

HYUNDAI

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Interactive PDF

This report has been published as an interactive PDF, allowing readers to move quickly and easily to pages in the report, and including shortcuts to the related web pages.

CEO Message

On behalf of Hyundai Motor Company,
I would like to express my heartfelt gratitude to everyone for their unwavering support.

2023 was a year of great accomplishments for Hyundai Motor Company. Amid growing geopolitical risks and protectionist moves worldwide, our company sold more than 4.217 million vehicles around the world – an increase of 10.6% in domestic sales and 6.2% in overseas sales compared to the previous year. In terms of revenue, we achieved KRW 162.7 trillion (approx. USD 135.6 billion), and in terms of operating profit, KRW 15.1 trillion (USD 12.6 billion). These are record achievements in our company's history in both quantitative and qualitative terms. On the back of our enhanced product competitiveness and financial soundness, we received an upgraded credit rating of "A" (A3/A-) from the previous "B" (Baa1/BBB+) by global credit rating agencies Moody's and Fitch. This meaningful result reflects our improved credibility and competitiveness.

Meanwhile, Hyundai Motor Company is making comprehensive efforts to identify and mitigate potential risks that lie ahead, responding to the rising external expectations for ESG (Environmental, Social, and Governance) management. In the Environmental realm, our sales of electric vehicles increased by 28% from 2022, reaching approximately 270,000 units. Following our Nošovice manufacturing plant in the Czech Republic, our Kota Deltamas plant in Indonesia also achieved RE100 by converting to 100-percent renewable energy in its operation. These actions aim to reduce any potential negative environmental impacts that might arise from our corporate activities.In the Social realm, our company strengthened its human rights management by revising its Human Rights Charter and expanding human rights due diligence. We have actively supported the identification and mitigation of ESG-related risks from our suppliers to promote sustainable growth together. Furthermore, steady attention and efforts have been directed toward safety and health management, creating a healthier organizational culture and work environment. In the Governance realm, we have worked to establish a transparent and advanced governance structure by enhancing the diversity of the Board of Directors and disclosing its Board Competency Matrix. Equally importantly, diverse policies and systems have been incorporated to enhance shareholder value and convenience, thereby elevating shareholder rights.

Looking ahead, the automotive industry is expected to face a challenging business environment marked by political and economic instabilities, including slowing demand for electric vehicles, heightening global competition, and rising geopolitical risks. Additionally, with the mandatory disclosure of ESG information and proliferation of various environmental and human rights regulations, the importance of ESG management for corporate survival and sustainable growth is increasing. In order to smoothly navigate this evolving landscape, Hyundai Motor Company will not stay complacent about its positive market performance and achievements so far. We will redouble our efforts for continued sustainable growth, and deliver on the expectations and faith entrusted upon us through the following endeavors.

First and foremost, our company will continue to pursue the "customer-centric quality management" as the greatest source of our strength. We will focus on enhancing safety and quality, and channel all our resources into garnering greater customer satisfaction and trust by ceaselessly challenging and innovating ourselves. Secondly, our company will solidify the foundation for sustainable growth and ensure that our decisions and activities contribute to a better future. This will be based on a strong sense of responsibility and corporate citizenship. Of particular importance, special attention will be given to minimizing human rights risks in adherence to international human rights norms and principles. We will also accelerate our commitment to carbon neutrality by promoting circular economic ecosystems around the world using our advanced electrification and hydrogen technologies.

Lastly, our company will reinforce the practice of ethical management, recognizing it as the cornerstone of sustainable growth. We will take the initiative to elevate compliance awareness among employees through activities that promote self-compliance with fair trade practices and the vigorous application of transparent management.

Dear friends and partners of Hyundai Motor Company,
You have tirelessly supported us and I express my deepest gratitude once again. Going forward, I cordially ask for your steady interest and encouragement, so that Hyundai Motor Company can continue to dedicate itself toward creating a healthier environment for our planet and humanity.

Thank you.

Jaehoon Chang
President and CEO, Hyundai Motor Company

In the pursuit of our corporate vision "Progress for Humanity," Hyundai Motor Company will continue to embrace challenges and spearhead innovation.

Company Overview

Hyundai Motor Company has been providing customers with the best products and services possible ever since its establishment in 1967. We will continue to strengthen our business capabilities with the goal of growing into a “smart mobility solution provider” based on sustainability management. Moreover, we build customer trust through “quality” and based on that, we will provide “SMART”, sustainable mobility experiences as our differentiators, and thus realize our brand vision of connecting people with quality time.

Overview of Hyundai Motor Company

Company Name	Hyundai Motor Company
Date of Establishment	Dec. 29, 1967
Date of IPO	Jun. 28, 1974
Headquarters	12, Heolleung-ro, Seocho-gu, Seoul, 06797, Korea
CEOs	Euisun Chung, Jaehoon Chang, Dong Seock Lee
Key Business Area	Automobile manufacturing
Stock Exchange	Korea Exchange (KRX) stock market

Credit Ratings

DOMESTIC		OVERSEAS	
Korea Ratings	AA+	Moody’s	A3
NICE Investors Service	AA+	S&P	BBB+
Korea Investors Service	AA+	Fitch	A-

* As of Dec. 31, 2023

* As of Mar. 31, 2024

Key Financial Figures

(Unit: KRW billion)

SALES REVENUE

116,448.2
142,151.5
162,663.6

KRW 162,663.6 billion

OPERATING PROFIT

6,526.5
9,824.9
15,126.9

KRW 15,126.9 billion

NET PROFIT

5,693.1
7,983.6
12,272.3

KRW 12,272.3 billion

TOTAL ASSETS

233,946.4
255,742.5
282,463.4

KRW 282,463.4 billion

TOTAL EQUITY

82,615.8
90,896.5
101,809.4

KRW 101,809.4 billion

* As of Dec. 31, 2023; Based on K-IFRS consolidated financial statements

Global Best-selling Models

(Unit: Vehicles)

Tucson

656,867

Elantra (AVANTE)

401,894

Creta

327,625

i10

323,657

Kona

279,862

* As of Dec. 31, 2023

Global Network

Hyundai operates production plants, technology research institutes, and design centers in major overseas markets. We enable our customers across the globe to enjoy their car life, with around 6,200 sales networks in approximately 184 countries.

Asia & Pacific

1 Hyundai Motor Group (China) Ltd.
2 Beijing Hyundai Motor Company
3 Hyundai Motor Technology And Engineering Center (China), Ltd.
4 Hyundai Truck & Bus (China)
5 Beijing Jingxian Motor Safeguard Service Co., Ltd.
6 Hyundai Top Selection Used Car Co., Ltd.
7 Hyundai Motor Global Tooling in China CO., Ltd.
8 Genesis Motor China
9 Hyundai Motor Japan R&D Center
10 Hyundai Motor Japan
11 Hyundai Motor India Headquarters
12 Hyundai Motor India Engineering Center
13 Hyundai Thanh Cong Commercial Vehicle Joint Stock Company
14 Hyundai Motor Asia Pacific Headquarters
15 Hyundai Motor Manufacturing Indonesia
16 Hyundai Motor Indonesia
17 HLI Greenpower
18 Hyundai Thanh Cong Manufacturing Vietnam
19 Hyundai Motor Oceania Headquarters
20 Hyundai Motor Group Innovation Center in Singapore
21 HTWO Guangzhou
22 Hyundai Thanh Cong Vietnam Joint Stock Company
23 Advanced & Digital R&D Center China
24 China Commercial Vehicle R&D Center
25 Hyundai Motor Thailand, Inc.
26 Hyundai Motor Philippines, Inc.

Middle East & Africa

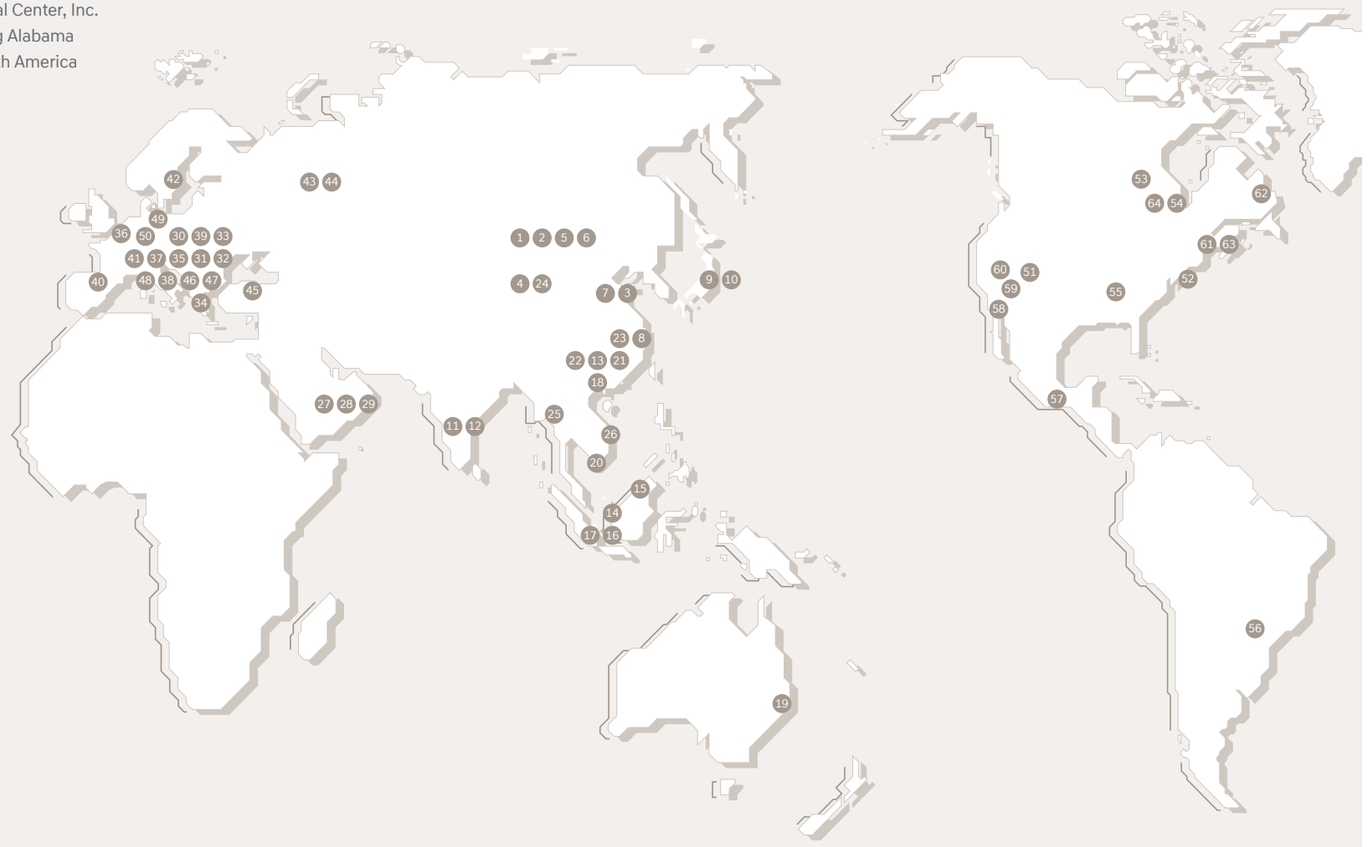
27 Hyundai Motor M.East & Africa Headquarters
28 Africa & Middle East Quality Center
29 Genesis Middle East & Africa

Europe

30 Hyundai Motor Europe Headquarters
31 Hyundai Motor Manufacturing Czech
32 Hyundai Motor Czech
33 Hyundai Motorsport Gmbh
34 Hyundai Motor Company Italy
35 Hyundai Motor Deutschland Gmbh
36 Hyundai Motor United Kingdom
37 Hyundai Motor France
38 Hyundai Motor Europe Technical Center
39 Hyundai Motor Poland
40 Hyundai Motor Espana
41 Hyundai Motor Netherlands B.V.
42 Hyundai Motor Sweden AB
43 Hyundai Motor Commonwealth Of Independent States
44 Hyundai Truck & Bus Russia
45 Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S.
46 Genesis Motor Europe
47 Hyundai Hydrogen Mobility
48 Europe Quality Center
49 Hyundai Motor Company Brussels Office
50 HTWO Europe Office

North America, Central & South America

51 Hyundai Motor North America Headquarters
52 Hyundai Motor Group Metaplant America
53 Hyundai Auto Canada Corp.
54 Hyundai·Kia America Technical Center, Inc.
55 Hyundai Motor Manufacturing Alabama
56 Hyundai Motor Central & South America Headquarters
57 Hyundai Motor de Mexico
58 Hyundai de Mexico
59 Hyundai Translead
60 Hyundai Motor America
61 Motional
62 Supernal
63 North America Quality Center
64 Boston Dynamics



* As of March 2024

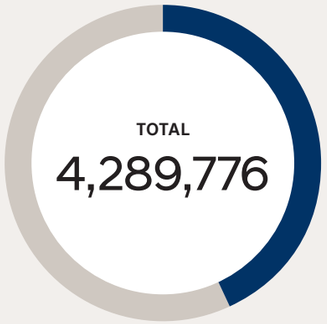
Business Performance

Hyundai sells vehicles through directly-operated branches and dealerships nationwide. To boost sales, we prioritize customer-first management, develop marketing strategies to enhance Hyundai's brand value, and conduct on-site customized promotions. In response to changes in domestic consumer trends, we make continuous efforts to develop new mobility-oriented businesses to meet newly emerging consumer needs. In overseas markets, we have our local subsidiaries implement differentiated sales strategies that reflect the specific market conditions of each location. Given the increasingly fierce competition, Hyundai is focusing on developing and selling eco-friendly vehicles in alignment with global trends, pursuing qualitative growth centered on technology and design, strengthening its brand image through brand campaigns, expanding its sales network with quality dealers, and enhancing its brand power through online marketing and Creating Shared Value (CSV) activities.

Production and Sales

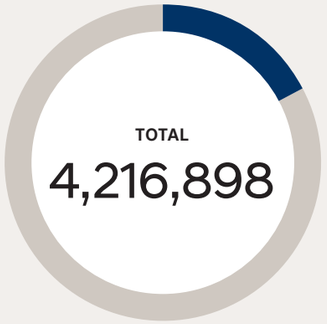
(Unit: Vehicles)

PRODUCTION



Domestic **1,947,351** Overseas **2,342,425**

SALES

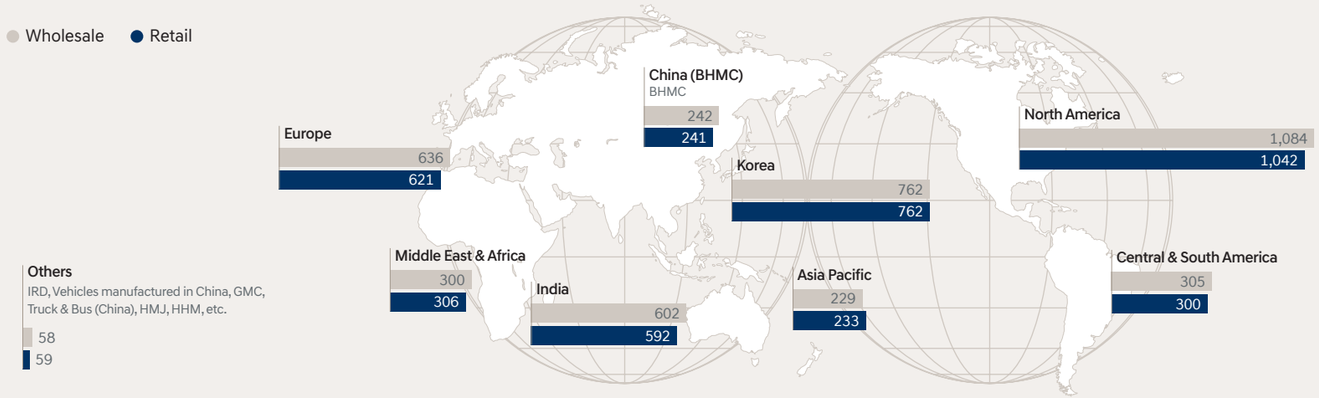


Domestic **762,077** Overseas **3,454,821**

* Based on wholesale

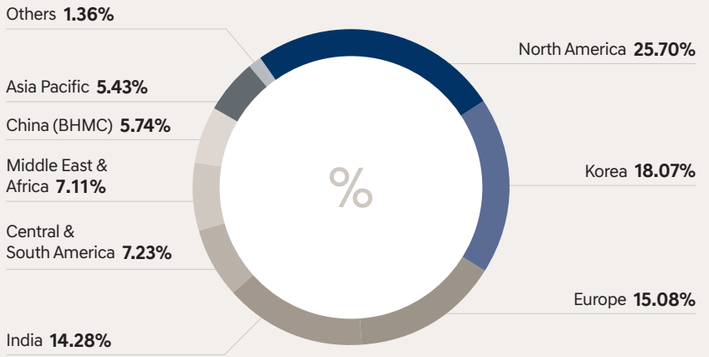
Sales by Major Market

(Unit: 1,000 Vehicles)



* As of 2023

Sales Breakdown by Major Market



* As of 2023; Based on wholesale

Sales of Eco-friendly Cars

(Unit: Vehicles)

TOTAL SALES VOLUME

EV, HEV, PHEV, FCEV
695,382

GLOBAL SALES

Domestic
204,656

Overseas
490,726

SALES BY MODEL

EV
268,785

HEV, PHEV
421,549

FCEV
5,048

* As of 2023; Based on wholesale

Business Performance

Business Review in Major Markets

Korean Market

Market Condition

In the Korean market, 1.73 million new vehicles were sold in 2021, down 8.4% from 2020, due to automotive semiconductor supply and demand issues caused by disruptions of the global supply chain. In 2022, the supply chain unrest continued, resulting in a 2.3% year-on-year decrease in sales to 1.69 million vehicles. Despite the challenging market conditions in 2023, including high interest rates that dampened consumer sentiment, global supply issues improved in the first half of the year, leading to sales of 1.75 million units, a 2.9% increase over 2022.

Business Review

In 2023, Hyundai sold 762,077 units in Korea, up 10.6% from the previous year, boosted by the introduction of the new Santa Fe and Grandeur models. Hyundai continues to prioritize customer satisfaction through product development, pricing policies, and services, despite the increasingly stiff competition. As part of these efforts, we have been leading the development and sales of eco-friendly vehicles, with Grandeur Hybrid being named the “2023 Car of the Year” by the Korea Automobile Journalists Association, a testament to its superior quality.

Market share 43.6%

Hyundai’s total sales 762,077 units

Sales of eco-friendly cars 204,656 units

US Market

Market Condition

In 2023, the U.S. market saw total sales of 15.608 million new vehicles, a 12.3% increase compared to 2022. This increase was fueled by improved inventory levels as production normalized and the favorable economic conditions persisted, despite the high interest rates and the high level of inflation.

Business Review

Hyundai sold 870,370 units in the U.S. in 2023, a year-on-year increase of 11.5%, recording 5.6% of the U.S. market share. Annual sales of the Tucson exceeded 200,000 units for the first time, establishing a new record, backed by a robust SUV portfolio. In addition, the IONIQ 6 earned Car and Driver’s 2023 EV of the Year and won in three categories at the 2023 World Car Awards – World Car of the Year, World Electric Vehicle and World Car Design of the Year – showcasing its product excellence.

Market share 5.6%

Hyundai’s total sales 870,370 units

Sales of eco-friendly cars 159,549 units

* Retail basis

Asian Market

Market Condition

In 2023, 21.933 million vehicles were sold in the Chinese market, an increase of 4.2% over the previous year, despite the economic slowdown, mainly attributable to the growth in the low-speed electric vehicle market (31.1% year-on-year) and governmental support. Meanwhile, the Indian market recorded its highest-ever sales figure with 4.133 million vehicles sold, up 8.2% from 2022, backed by the launch of a variety of new vehicles, increased supply of parts, and strong demand for SUVs.

Business Review

In the Chinese market, Hyundai sold 242,000 units (wholesale basis) in 2023, down 3.4% year-on-year, with a market share of 1.1%. While some flagship models enjoyed increased sales, overall sales decreased due to the weak performance of most models. In India, however, we sold 602,111 units in 2023, up 9% year-on-year, with a market share of 14.6%, thanks to the launch of the EXTER, our new compact SUV, and increased sales of key SUV models. In Asia, we make continuous efforts to achieve balanced growth of sales, services, and brands.

Market share CHINA 1.1% INDIA 14.6%

Hyundai’s total sales

CHINA 242,000 units

INDIA 602,111 units

* Wholesale basis

European Market

Market Condition

European market sales declined for three consecutive years from 2020 to 2022 due to production and sales disruptions and deteriorating consumer sentiment resulting from the COVID-19 pandemic. However, in 2023 a total of 15.916 million vehicles were sold in Europe, up 15.3% year-on-year, as supply issues eased.

Business Review

In 2023, Hyundai sold 620,737 units in Europe, an increase of 5.8% year-on-year, driven by increased sales of the i20 and Tucson. We do not offer excessive customer incentives and focus on securing profitability, enabling qualitative growth reinforced by substance rather than growth centered solely on outward expansion. In terms of quality, the Genesis GV60 was named the German Premium Car of the Year 2023, demonstrating our growing presence in the conservative European market based on our excellence in technology and design.

Market share 3.9%

Hyundai’s total sales 620,737 units

Sales of eco-friendly cars 213,371 units

* Retail basis

Sustainability Management Direction of Hyundai Motor Group

Guided by Hyundai Motor Group's social responsibility message "The Right Move for the Right Future" which includes the Group's ESG management commitment and mid- to long-term direction, we share a story of a sustainable future for humanity, the environment, and society. A sustainable future is an obligation we should pursue for the next generation, a basic right that everyone on Earth should be able to enjoy, and a desirable future that everyone dreams of. The Group's social responsibility message incorporates the Group's commitment to lead the right "move" through the "right" action to this end. For this commitment to lead to actual change, there is a need to clearly set internal and external ESG requirements and key management indexes per major agenda item. To this end, Hyundai Motor Group clearly presents a direction for change through three major mid- to long-term directions – "Move for Our Planet, People, Community" – and 15 key management areas. Starting in 2023, we have developed and applied the HMG ESG Index, the Group's common management index, based on 15 key management areas. Going forward, we will continue to build a culture of sustainability in our organization and improve ESG performance.

Social Responsibility System of Hyundai Motor Group

The Right Move
for the Right Future

Move for
Our Planet

Global Environment
The Right Move for Our Planet

Carbon Neutrality & Energy Transition
Circularity
Clean Tech Products & Services
Operational Eco-efficiency
Natural Capital Conservation

Move for
Our People

Internal Stakeholders
The Right Way for Our Growth

Diversity & Inclusion
Human Right
Corporate Culture Innovation
Talent Growth Experiences
Occupational Health & Safety

Move for
Our Community

External Stakeholders
The Right Change for Our Society

Social Impact
Customer Experience Innovation
Product Quality & Safety
Sustainable Supply Chain
Job Creation for the Future

Move
Hyundai Motor Group has been helping people to "move" and creating the world's "movement" since its founding. "Move" is therefore a heritage of the Group and it also services as a pivot that connects the past, present, and future into one.

Right
Hyundai Motor Group thinks and acts in a "right" way in the pursuit of progress for sustainable environment and humanity. "Right" therefore symbolizes the Group's sustainable philosophy.

Sustainability Governance

Hyundai is strengthening management activities to preemptively identify and remove risk factors related to ESG, and explores new business opportunities and strives to secure a new competitive edge by strategically using various ESG factors. Based on our sustainability governance, we discuss pending issues at the Sustainability Management Committee under the BOD, the highest decision-making body, and the ESG Committee. In addition, we encourage each organization to autonomously strive for ESG improvement by establishing a performance goal for each working-level division and reflecting the performance in KPIs, thereby building a culture of ESG.

Sustainability-Centered Decision-Making and Communication

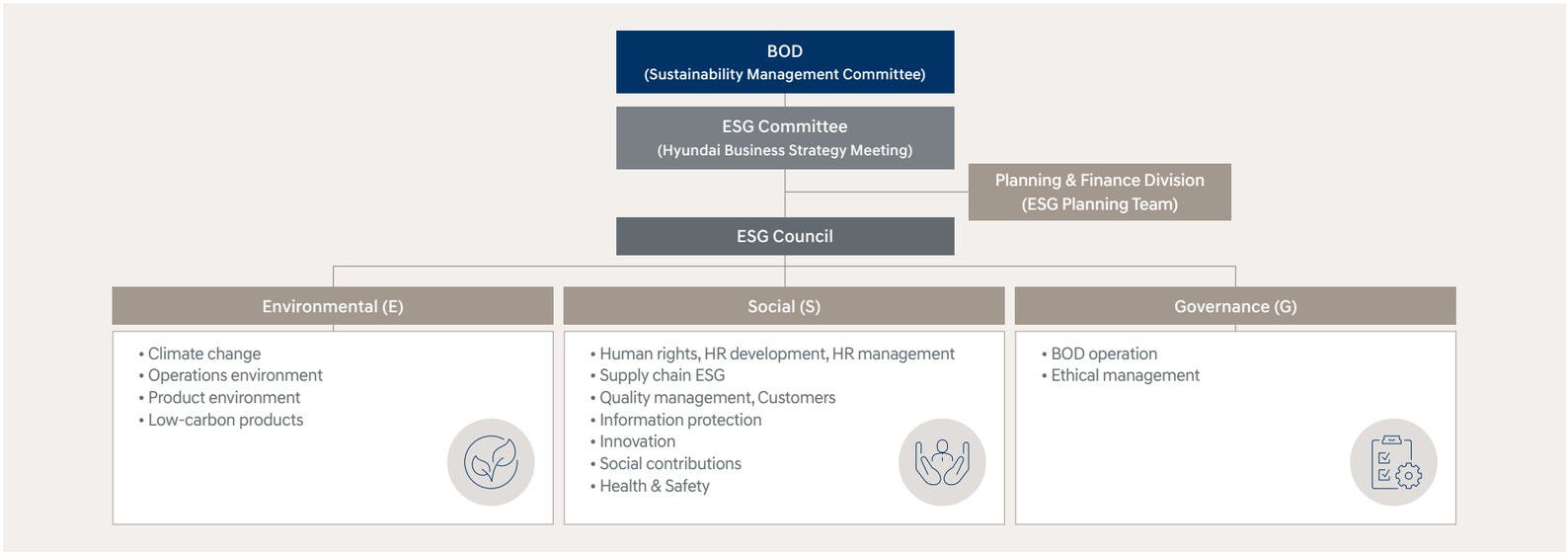
Establishment of Sustainability Governance

In line with the ESG paradigm, where ESG management has become a prerequisite for sustainable growth, Hyundai established sustainability governance for strengthened ESG-centered decision-making and cooperative relations, and operates the Sustainability Management Committee and the ESG Committee, a small meeting group within the Hyundai Business Strategy Meeting that is participated in by top management. We also operate the ESG Council, in which business divisions related to major pending ESG issues participate to discuss improvement measures and share information on improvement performance to manage ESG risks and performance.

Sustainability Management Committee (Under BOD)

The Sustainability Management Committee under the BOD consists of a total of eight directors – seven independent directors, one internal director. It discusses diverse policies concerning practicing sustainability management and maintaining insider trading transparency; implementing business ethics and making ESG performance improvements; and protecting shareholder rights and interests. It also deliberates and decides on strategy, activity, performance, and target plans from a professional perspective. In addition, the Committee discusses major plans and implementation checks related to safety and health, which are becoming increasingly important, as well as supply chain ESG issues. An independent director (Chi-Won Yoon) who is in charge of protecting shareholder rights and interests in the Sustainability Management Committee attends investor meetings in Korea and non-deal roadshows (NDRs) for overseas investors to promote communication between the BOD and shareholders. Investor demands and suggestions concerning ESG are reflected in the company-wide ESG policy and strategy-establishing process.

Sustainability Governance Structure



ESG Committee (C-Level)

Hyundai has established the ESG Committee within the Hyundai Business Strategy Meeting that is participated by the CEO and top management. Top management in each area discuss implementation directions and action plans on ESG tasks and issues, and review the implementation status and major performance. The ESG Committee manages risks by such ESG area as carbon neutrality, resource circulation, protection of human rights, spread of ESG across the supply chain, and social contribution, while also managing and supervising performance improvement activities. In regards to matters identified as matters that require deliberation/approval from the top decision-making body after the review or management/supervision by the ESG Committee, we set them as agenda of the Sustainability Management Committee. Those matters include major pressing risk factors and matters that require improvements because they are aligned with mid- to long-term business strategies.

ESG Council (Working-Level)

Hyundai has formed the ESG Council, consisting of working-level employees per division concerning environmental (E), social (S), and governance (G), including climate change, quality and safety, talent development, social contribution, and ethical management. The ESG Council discusses the ESG implementation direction and plan per division, carries out risk reduction and performance improvement activities, and shares information on pending matters and performance. In principle, the ESG Council is held regularly for the purpose of sharing information on the implementation status and performance of each division. It is also run frequently for ESG information disclosure, response to external assessments, and response to pending issues concerning business.

ESG Planning Team

Pivotal in the planning, managing, and facilitating of ESG initiatives across the organization, the Team's responsibilities include developing an ESG management system, integrating it into the organizational framework, establishing collaborative systems, and managing external communication and disclosures. To advance the ESG management system, it sets ESG management indicators, operates a data platform, and assists in designing ESG key performance indicators (KPIs) for the company's headquarters and divisions. It also identifies areas requiring performance improvements and works collaboratively with the relevant working-level employees to foster enhancement efforts. In addition, the ESG Planning Team manages stakeholder communication by publishing sustainability reports, preparing sustainability-related financial disclosures, and engaging with external ESG rating agencies.

ESG Performance Management

Hyundai is adopting an ESG performance management system aimed building a culture of ESG to generate business effectiveness and positive social influence through ESG management. We set KPIs per strategic ESG task and regularly (on a quarterly, semiannually, annually basis) examine performance. The execution status of strategic ESG tasks and achieved performance are handled as important factors in the process of evaluating the performance of top management and employees.

Key Sustainability Activities and Achievements

Hyundai has achieved tangible results by implementing a series of improvement activities aimed at mitigating risks and promoting sustainable growth. With the ESG Planning Team, a dedicated unit for ESG management, playing a central role, we have conducted ESG diagnostics and due diligence at our major domestic and overseas business sites to mitigate potential risks, and strengthened the ESG management and oversight roles of the Board of Directors, our highest decision-making body. Furthermore, we are committed to reducing our environmental impact by increasing the sales of eco-friendly vehicles, increasing the number of our RE100 sites, and applying the life cycle assessment (LCA) to more vehicles. Our efforts also extend to enhancing our human rights management, supply chain sustainability, and health and safety practices. In terms of governance, we have increased the diversity of the BOD, enhanced transparency regarding the Board competency framework, and introduced systems to boost shareholder value.

Journey Towards Sustainability

Environmental

- **Sold 695,382 eco-friendly vehicles**
  - Recorded annual global EV sales of 268,785 units in 2023, up 28% from 2022
- **Increased the number of business sites that have achieved RE100**
  - Achieved RE100 at Hyundai Motor Manufacturing Indonesia in 2023 following Hyundai Motor Manufacturing Czech in 2022
  - Increased the use of renewable energy at our global sites by 69% compared to 2022
- **Increased the number of models subject to LCA**
  - Completed LCAs for a total of 25 vehicle models, including five new models in 2023, achieving an LCA rate of 40.9% for all vehicles sold
- **Increased the volume of water reuse by 15.2% compared to 2022**
  - Recycled a total of 2,631,445 tons of water, achieving a recycling rate of 23.8% (2,284,154 tons in 2022)

Social

- **Made amendments to the Human Rights Charter and expanded of human rights due diligence**
  - Aimed at expressing our intention to strengthen human rights management
    - Emphasized the principle of zero tolerance for child labor and forced labor; and established a new principle of guaranteeing environmental rights
  - Enhanced our human rights risk due diligence indicators and expanded their scope
    - Targets: Businesses with 300 or more employees in 2022 → 100 or more in 2023
    - Assessment rate: 100% (2023)
- **Strengthened supply chain sustainability management**
  - Introduced the risk screening of forced labor for our tier-1 suppliers and ran a supply chain mapping pilot program
  - Expanded our ESG assessment scope to overseas supply chains [1,454 domestic and overseas tier-1 suppliers – 372 in Korea, 1,082 overseas]
- **Reduced the LTIFR (lost time injury frequency rate) of employees and suppliers through enhanced health and safety management and safety accident prevention activities**
  - Employee LTIFR: 1.94 → 1.89
  - Supplier LTIFR: 1.53 → 1.05
- **Conducted ESG diagnosis and due diligence of business sites**
  - Performed ESG diagnoses and due diligence to prevent potential ESG risks at our business sites with the aim of achieving advanced ESG standards [58 major domestic and overseas business sites – 34 in Korea, 24 overseas]

Governance

- **Enhanced BOD diversity**
  - Appointed an additional female independent director with expertise (labor-management, law) and an additional director with a foreign nationality (global business)
- **Disclosed the Board Skill Matrix**
  - Disclosed the competencies and diversity of each member of our BOD in a tabular format to ensure adequacy of the Board composition and its operational efficiency
- **Strengthened the ESG governance through enhanced BOD management and oversight**
  - Changed the ESG items of agenda* from “report” to “approval” status

    * Proposed/approved the “core task proposal for carbon neutrality” in 2023 and “Hyundai’s ESG management direction” in 2024
- **Updated the Fair Trade Compliance Guide**
  - Developed a guide that includes amendments to the Fair Trade Act, recent legal cases and laws, guidelines on employee conduct, and a personal checklist for easy reference

Key Sustainability Activities and Achievements

Hyundai actively responds to ESG ratings of domestic and overseas capital markets, including the S&P (DJSI), MSCI, Sustainalytics ESG Risk Ratings, Korea Institute of Corporate Governance and Sustainability (KCGS), CDP Climate Change & Water Security. We also increasingly disclose information about our ESG performance based on the SASB Standards, TCFD Recommendation, and WEF Stakeholder Capitalism Metrics for external communication of our ESG management level. In addition, through on/offline communication with regulatory agencies, institutional investors, and non-profit organizations in Korea and abroad, we confirm major stakeholders' ESG management demands or expectations towards Hyundai. We use the results of collecting stakeholder opinions to better implement ESG management.

ESG Assessment and Initiatives

DJSI World Index

Hyundai was included in the Dow Jones Sustainability Index (DJSI) World Index, at the Corporate Sustainability Assessment (CSA) conducted by S&P Global, for the third consecutive year in 2023 in recognition of our outstanding ESG management. Notably, we ranked first in our industry for our achievements in indicators such as environmental policy and management, strategic human resources management, and sustainable brand. Our inclusion in the DJSI World Index is the outcome of proactive efforts in ESG performance, aligned with our mid- to long-term sustainability management goals. We will continue to develop new initiatives and enhance our engagement with our stakeholders in order to elevate our ESG management standards.

CDP Climate Change & Water Security

Hyundai achieved the highest grade of Leadership A in Climate Change from Carbon Disclosure Project (CDP) in 2023 as well as Leadership A- in Water Security in recognition of our environmental management performance from the mid to long-term perspective. Our efforts include the implementation of our 2045 carbon neutrality strategy, continuous expansion of electrification[1)] lineup, transition to renewable energy at our plants, operation of low-carbon eco-friendly manufacturing processes, and upgrading of the water treatment facilities at our domestic and overseas plants. Consequently, we also received the Carbon Management Sector Honors at the 2023 CDP Korea Awards. We remain committed to actively promoting GHG reduction and water resource protection throughout our entire production process, from the collection of raw materials to the final disposal of products.

Hydrogen Council

The Hydrogen Council is the first global CEO council which was formed to emphasize the role of hydrogen technology in the energy transition across the globe. Launched during the World Economic Forum (Davos Forum), it consists of around 150 global companies, including Hyundai Motor Company, Toyota, BMW, and Air Liquide, and discusses activities aimed at successfully implementing the goals of the Paris Agreement that was adopted at the UN Climate Change Conference in 2015 (COP21). In particular, Euisun Chung Executive Chairman of Hyundai Motor Group served as the co-chair in 2019 and 2020, taking active part in supporting national and private-level cooperation around the world to realize a hydrogen economy. We are now still playing an active role as a member company.

Korea H_2 Business Summit – Corporate Council on Hydrogen

Hyundai is participating in the Korea H2 Business Summit, the largest private-sector hydrogen council in Korea, as a key member. The vision of the Korea H2 Business Summit is to hasten Korea's transition to a hydrogen society, with Korea's leading companies performing central roles, and to lead the global hydrogen economy. In particular, it is providing support to facilitate balanced development of the overall hydrogen economy ecosystem by removing investment uncertainties, ranging from hydrogen production to use, through close cooperation among companies. In addition, it is striving to advance the Korean economy's transition to a hydrogen economy by enabling timely execution of business and investment opportunities that require considerable capital.

ESG Communication

CEO Investor Day

In June 2023, we held the CEO Investor Day and presented our new strategy, the "Hyundai Motor Way." The Hyundai Motor Way includes our financial, electrification, and future business strategies to take leadership in the EV market by achieving innovation based on Hyundai's unique heritage. We have set a goal to achieve 2 million units of EV sales and 10%+a of EV profitability, as well as mid- to long-term investment plan totaling KRW 109.4 trillion for ten years (2023-2032), including KRW 35.8 trillion in electrification. We seek to gain top-tier EV leadership by adopting a modular architecture, implementing an electric vehicle manufacturing method that uses existing plants and builds new EV-dedicated plants, and establishing a value chain and strengthening design capabilities in all areas of battery. We will build a hydrogen ecosystem through a Hyundai affiliate-level hydrogen toolbox and carry out continued research and investments in future businesses, including autonomous driving, SDV, robotics, and AAM, to solidify our status as a "smart mobility solution provider." We will achieve our brand vision, "Progress for Humanity," through people-centered innovation by developing our technological prowess that has continued from the past.

ESG Non-Deal Roadshow

In August 2023, HMC held a briefing session for investors to explain the current status of ESG implementation and future plans as well as to receive feedbacks and requirements towards the company in connection with the second quarter earnings NDR. During this NDR, we explained the activities of Hyundai Motor Company on the overall ESG issues from business areas such as the mid- to long-term electrification strategy status to mid – to long-term shareholder return policy, human rights risks in workplaces, strengthen quality, safety, and carbon neutrality strategy execution status, etc. In particular, we received positive feedbacks on the company's preemptive communication related to human rights issues in overseas workplaces. In the future, HMC plans to hold regular sessions to continuously communicate the recent status and performance of ESG with the market.

1) Excluding HEVs and PHEVs

ESG Ratings

DJSI	Sustainalytics	MSCI	KCGS
Hyundai Motor Company Automobiles Top 1% S&P Global Corporate Sustainability Assessment (CSA) Score 2023	Risk Ratings 27.3 (Medium Risk)	CCC Rating	Overall A (Environmental A, Social A, Governance B+)

ESG Non-Deal Roadshow

Stakeholder Engagement

Hyundai categorizes its stakeholder groups into seven – customers/dealers, employees, suppliers, local communities, government, shareholders/investors – in consideration of automotive industry characteristics and pending issues, and operates various communication channels by comprehensively considering each stakeholder group's major matters of interest and anticipations towards Hyundai. We encourage active stakeholder participation and communication, and reflect major stakeholder opinions in our management decision-making process, including business plans, thereby strengthening management transparency and credibility. We will continue to build mutually sound relations, such as by facilitating stakeholder exchange and transparently providing important information.

Stakeholder Participation and Communication Channel Optimization

Stakeholder Participation Process Hyundai has set in place various channels to facilitate stakeholders' participation and collect their opinions. Among opinions received through different channels, pending matters concerning our mid- to long-term business strategies and business activities, and issues with high social/environmental impact are reported to the ESG Committee (Hyundai Business Strategy Meeting) and Sustainability Management Committee (under the BOD). Matters that are determined as being important as a result of an internal review and deliberation are applied to the business operation process or are addressed through improvement activities. We conduct monitoring on a regular basis to figure out whether the matters are applied to the business operation process and improvement activities are implemented. If deemed necessary to inform stakeholders of the implementation status and progress, we faithfully deliver the information.

Establishment of plan	→	Collection of opinions	→	Internal report	→	Improvement activities	→	Monitoring
Optimize channels and methods by stakeholder		Explain activities and agenda, collect stakeholder opinions		Report issues with high business impact to sustainability governance		Apply to the business operation process, derive improvement tasks		Check implementation and execution of improvement tasks

	Customers	Dealers	Employees	Suppliers	Local Communities	Government	Shareholders/Investors
Group Definition	• They purchase and enjoy Hyundai's products and services. We optimize customers' purchase/experience channels and provide top-level products and services.	• They are contact points that directly face customers and deliver Hyundai's products/services and brand value/experiences. They have partnership relations with Hyundai.	• Employees at Hyundai get involved in product development, production, sales, and support activities. Their competencies mean the company's competencies. They are internal stakeholders who also fulfill Hyundai's social responsibilities toward external stakeholders.	• They supply parts or materials to Hyundai, enabling the company to produce quality products. Their quality competitiveness, technology and sustainability have significant impacts on our sustainable growth.	• Local communities refer to residents and civic groups and local governments in areas located close to our operations and global citizens who are influenced by our activities. Hyundai strives for their sustainable development.	• The government enacts laws and regulations that are related to the automobile industry or decides on regulation levels on corporations' business operation, so that it can influence our business activities.	• They provide finance and capital to the company, so that Hyundai can maintain sustainable growth engines while implementing diverse future business strategies or running our business.
Main Channels	• Offline base (sales/service) • Car club, influencer • Customer promotions (Motor show, exhibition, test driving) • Online (social media) • Customer satisfaction survey • Official website, app • Sports sponsorship	• Online dealer portal • Dealer meetings and invitation events • Regular dealer council • Regular dealer visits by Hyundai employee in charge of regional management	• Labor-Management Council • Organizational culture diagnosis and employee satisfaction survey • On/offline grievance receipt channels • Occupational Safety and Health Committee • Meetings, events, etc. • Musculoskeletal Disorder Prevention Management Committee • Education and training related to work and safety	• Win-win growth portal site[1)] • Transparent Purchase Practice Center website[2)] • Win-Win Cooperation Practice Center website[3)] • Global Win-Win Cooperation Center (GPC Portal)[4)] • HMG Partner System[5)] • Seminars and training	• Social contribution programs (volunteering participated in by residents, etc.) • Communication with local communities nearby the company's operations (council consisting of residents) • Recruitment program (publicize recruitment to local talent) • Events held for unity, including local cultural, sports, and art events	• Public hearings • Policy-making discussions and briefings	• Company briefing and securities firm conference • Annual Shareholders Meeting • Non-Deal Roadshow • IR meetings • Sustainability Management Committee • IR website • CEO Investor Day
Major Issues	• Technology investment and development to improve product and price competitiveness • Strengthen product safety/quality management • Lead the future mobility, autonomous driving, and electrification market • Customer satisfaction • Brand image	• Expand the vehicle lineup • Dealer margin and compensation system • Technology investment and development to improve product and price competitiveness • Brand image	• Employee competency building • Employee human rights and diversity • Organizational culture and evaluation/compensation • Labor-management relations • Health and safety in the workplace	• Supply chain ESG management (assessment and improvement) • Support for supplier safety and security management • Support for supplier implementation of carbon neutrality and win-win growth	• Job creation and retention • Local community-tailored social contributions • Enhance operations environmental efficiency • Assess and protect biodiversity related to business activities • Support the local community infrastructure, including tourism promotion and facility installation	• Disseminate eco-friendly vehicles and strengthen vehicle safety • Support electrification of small- to mid-sized suppliers • Provide support for global supply chain and trade issues • Support commercialization of new businesses, including robot and AAM	• Strengthen roles of ESG governance • Mid- to long-term future business strategies • Protect shareholder rights and interests • Enhance global corporate value and improve fundamentals • BOD expertise and efficient operation • Manage climate change-related financial impact • Supply chain ESG management • Enhance employee diversity • Health and safety in the workplace

[1)] Win-win growth portal site: Portal site that provides information on our win-win growth activities and support programs (notices for tier-1 suppliers, win-win growth news, notices on training and supplier recruitment information, etc.)
[2)] Transparent Purchase Practice Center website: To practice transparent management and promote mutual development when trading with suppliers, we run a center for making institutional improvement suggestions and reporting matters related to transparent and ethical conduct
[3)] Win-Win Cooperation Practice Center website: This website is dedicated to communication with our tier-2·tier-3 suppliers (Information on major management support and win-win cooperation programs that we provide. We also listen to suggestions and provide feedback.)
[4)] Global Win-Win Cooperation Center (GPC Portal): Facilities to support suppliers' strengthening of future competitiveness (providing training support to Hyundai Motor Group and tier-1·tier-2 suppliers, providing venues for seminars and new technology exhibitions, providing training facilities and lecturers for suppliers' in-house training, etc.)
[5)] HMG Partner System: Supply chain management system aimed at building a collaborative system between Hyundai Motor Group and suppliers (information-sharing, support for collaboration in the areas of production, quality, R&D, purchasing, etc.)

Stakeholder Engagement

BUSINESS CASE

Shareholder/Investor Dialogue and Engagement

Encouraging shareholder/investor engagement and exchanging feedbacks

Investors provide financial capital for the company to pursue diverse future business strategies or to maintain sustainable growth drivers in doing business. We therefore communicate with both domestic and overseas institutional investors to exchange feedbacks from the market perspective. And based on the trust with investors, we are building a foundation for sustainable future businesses. As a global automobile manufacturer and ultimately a smart mobility solution provider, we need to meet investors' investment standard in diverse categories, including carbon neutrality, supply chain management, human rights, and governance, and this makes active communication important.

Role of the BOD and top management

In Hyundai Motor Company's journey to a smart mobility solution provider and a global leading electric vehicle brand, active discussions with investors are important index and source that provide us colors of the capital market. The board and top management at Hyundai Motor Company, therefore, communicate with institutional investors on a regular basis to discuss our performance concerning business and overall ESG management.

Through Sustainability Management Committee under the BOD, directors regularly discuss ESG-related risks, status, and improvements. An independent director in charge of protecting shareholder rights participates in ESG and governance NDRs to directly talk to investors then delivers the voice of the capital market to the board. Top management is in charge of conversing the company's future business strategy and ESG management targets with investors.

Facilitating shareholder/investor communication

The Hyundai Investor Relations (IR) Team communicates Hyundai's ESG management performance and progress through NDRs, corporate briefing sessions, securities firm conferences, and investor meetings. It also listens to opinions on the ESG implementation direction that the capital market demands from Hyundai in line with the global ESG trend.

Global ESG NDR	ESG Meetings	IR Website
In 2022, Hyundai Motor Company held global ESG NDR first among Korean listed companies. ESG NDR targets to discuss any ESG- related topics, which is different from quarterly NDRs in which the company covers financial performance and business results. Through this global ESG NDR, we discussed with investors our ESG improvements and mid- to long-term goals.	There is rising interest and demand for our ESG management and future strategies along with the market adding more values to ESG. In addition to engagement with domestic and overseas institutional investors, we are actively expanding scope of IR meetings with various stakeholders, including ESG rating agencies and credit rating agencies.	Hyundai Motor Company discloses information that investors need, such as quarterly earnings materials and sales performance on the IR website.

Meeting expectations of shareholders/investors

ESG management at Hyundai Motor Company stands for a sustainable future. Investors, one of the key stakeholders, have a high level of interest on ESG enhancement, short/mid/long-term plans, and how these plans turn into actual progress. Thus, it is our utmost responsibility to present best performance aligned with the market expectation and standards.

"2045 Net Zero" announced in 2021 and "RE100" are the milestones that Hyundai Motor Company must follow. Based on our progress on these targets, investors can make investment decisions through which the investors can maintain a trust with their stakeholders. ESG investments, including those into carbon neutrality, renewable energy, adoption of eco-friendly technologies, are inevitable for a sustainable future. Through continued engagement relating to the above, we aim to sustain a trustworthy relationship.

Furthermore, Hyundai Motor Company updates ESG enhancement on a regular basis by engaging with global ESG rating agencies. Through this effort, we believe we can further enhance reputational values in addition to directly engaging with the investors and shareholders.

Monitoring Credit Rating Agencies	Hyundai Motor Company receives credit rating results from global and Korean credit rating agencies., These ratings may affect business investment decisions, including investment decisions and bond issuance. our credit rating serves as an important index in business activities. Therefore, it is important to consistently monitor and follow up with any risks regarding the ratings. Credit rating agencies focused mainly on financial performance in the past but are introducing unique evaluation indexes in line with the recent global ESG trend. This movement signifies that a company's ESG credit rating, in addition to its financial credit rating, is becoming a significant investment index to investors and other stakeholders.

Strengthening shareholder/investor trust (Risk Management)

As a global company, Hyundai Motor Company has business sites and sales networks in various countries. We must meet environmental regulations of different countries and also effectively manage the global supply chain. This regional diversity is an opportunity but also signifies that we could be exposed to risk factors. To minimize risks, we have established a corporate management system for various issues that may arise in the supply chain and are continuing to advance the system. To satisfy the environmental regulations of each country, we are actively monitoring the progress of fulfilling regulations.

We can sustain a solid relationship with investors, shareholders, and other stakeholders through an appropriate risk management. It is therefore very important to take appropriate and effective measures when a risk arises and to also establish measures to prevent recurrence. When a risk becomes an issue, we are not hesitant to share the mitigation progress and results on our IR website or through a shareholder letter in order to assure confidence and trust to investors. Hyundai Motor Company will continue to be transparent, and preemptive regarding disclosure so that the trust with investors is maintained.

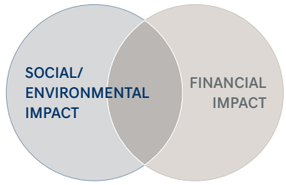
Going Forward

Based on the vision, "Progress for Humanity," Hyundai Motor Company is leading the progress into a sustainable future through means such as innovative mobility experience. Through stakeholder engagement including investors, we aim to share ESG enhancement progress and future strategies both regularly and consistently. Ultimately, we will actively communicate with investors to highlight our genuine endeavor and investment into a sustainable future.

Materiality Analysis

Hyundai conducts an annual materiality assessment based on the principle of double materiality in order to disclose material information related to sustainability. The outward impact assessment evaluates Hyundai's impact on society and the environment, while the risk and opportunity assessment examines how external stakeholders influence Hyundai's financial position. This year's assessment selected two material topics concerning social and environmental impacts: climate change mitigation and consumer safety. Additionally, six topics related to financial risks and opportunities were determined, including product-related resource circulation, labor-management relation, employee health and safety, and supply chain labor rights, in addition to two material topics related to social/environmental impacts.

Concept of Double Materiality



Double Materiality Analysis Process

Step: SELECTION → IDENTIFICATION → ASSESSMENT → PRIORITIZATION & DISCLOSURE DETERMINATION

SELECTION

Description

Selecting Sustainability-Related Topics

This step involves choosing topics relevant to Hyundai Motor Company from a broad spectrum of sustainability issues. We have employed the GRI, EU CSRD Sustainability Reporting Standard (ESRS), ESG-related internal data, and external rating agency requirements as the classification criteria, and accordingly identified 27 relevant topics.

Detailed Procedures

Understanding Company Value Chain Activities

Automobile Sector	Upstream	Ore mining, tire and tube manufacturing, etc.
	Own operations	Research and development, automobile manufacturing, etc.
	Downstream	Vehicle sales, recycling, scrapping, etc.

Selecting Material Issues Related to the Company

Long List
All 93 ESRS topics

Short List
27 topics selected by categorization criteria.
* Subject to IRO[1] identification

Categorization Criteria

- **Internal company materials**
  - Results of the 2023 materiality assessment
  - Internal management's ESG KPIs
  - Hyundai Motor Group's ESG Index
- **Rating Agency Indicators**
  - DJSI, MSCI, Sustainalytics, CDP, etc.
- **Peer Benchmarking**
  - Global Finished Automobile OEMs

[1] IRO: Environmental and social impacts (outward impact) of the company on stakeholders, and the financial impacts (Risk & Opportunity) of stakeholders on the company's financial position.

IDENTIFICATION

Identifying Impacts, Risks, and Opportunities Related to Sustainability Topics

This step involves identifying and detailing the impacts, risks, and opportunities of the selected topics. We analyzed the characteristics specific to each segment of the automotive industry's value chain in order to define the related activities, and reviewed various sources to determine the social and environmental impacts (27). We also analyzed global issues and ESG regulations/compliance so as to identify factors related to risks and opportunities (25). To ensure the accuracy and completeness of the findings, we have had the results subjected to a review by internal staff.

Example of IRO Identification

Value chain topic	Climate change mitigation	Consumer safety	Labor-management relation	Resource circulation
Upstream	Impact & R/O	N/A	N/A	Impact & R/O
Own operations	Impact & R/O	N/A	Impact & R/O	Impact & R/O
Downstream	Impact & R/O	Impact & R/O	N/A	Impact & R/O

	Social/Environmental Impact	Financial Impact
	Impact (27)	Risk/Opportunity (25)
Impact type	Negative / Positive / Actual / Potential	Risk / Opportunity / Short-term / Mid-to Long-term
	Short-term / Mid-to Long-term / Human Rights Impact-related	

Conducting briefings for relevant departments, followed by review and evaluation

ASSESSMENT

Assessment of Sustainability Topics

The process of scoring the identified IROs took one month. To ensure the reliability of the assessment, we selected assessors who possess expertise and a deep understanding of Hyundai's value chain and ESG topics. Based on the EU ESRS Guidelines, we quantified the scale, scope, and likelihood in terms of outward impact, as well as the magnitude and likelihood of potential financial impacts in terms of ROs. (score scale: 1-3 points)

Social/Environmental Impact			
Scale	Scope		
Irremediability	Likelihood		

Financial Impact
Magnitude (Quantitative and Qualitative)
Likelihood

Example of IRO Assessment[2]

Social and Environmental Impacts	Scale	Scope	Likelihood	Irremediability[3]
Climate change mitigation	3	3	3	3
Consumer safety	3	3	2	3

Financial Impact	Magnitude (Quantitative)	Magnitude (Qualitative)[4]	Likelihood
Climate change mitigation	2	3	3
Consumer safety	2	2	2
Labor-management relation	3	3	2

Process for Deriving the Final Evaluation Score

Team in charge of ESG + Teams related to IRO + External stakeholders and experts −

Impact Score for Each Topic
Average of scale, scope, and likelihood

R/O Score for Each Topic
Average of qualitative and quantitative magnitude and likelihood of potential financial impact

[2] • Scale: Degree of severity of the impacts on society and the environment
• Scope: Extent of the impacts on society and the environment
• Irremediability: Extent to which negative impacts on society and the environment are irreparable
• Magnitude: Magnitude of potential financial impacts on company business
• Likelihood: Likelihood that a potential event will actually occur

[3] Irremediability is assessed only in the case of negative impacts.

[4] When assessing the magnitude of qualitative financial impacts, the inclusion of whether the impact is reported to the board or executive management is considered.

PRIORITIZATION & DISCLOSURE DETERMINATION

Prioritization of Material Topics and Integration of the Risk Management Process

This step entails reflecting on the results of the quantified assessment in order to determine the priorities and ultimately identify the key topics for disclosure. We set a threshold for the assessment scores to prioritize the impacts, risks, and opportunities (IROs) of each topic. For 2024, the threshold was defined as exceeding 15% of the average topic evaluation scores, resulting in the prioritization of two topics for outward impact and six for risks and opportunities.

The selected results were finalized as priorities following executive reporting. Additionally, the prioritized material topics have been integrated and operationalized within the enterprise risk management (ERM) process.

Selecting final material topics

Social/Environmental Impact

Survey target (27) → Appling threshold → Impact (2)
- Climate change mitigation
- Consumer safety

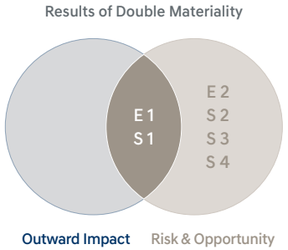
Financial Impact

Survey target (25) → Appling threshold → R/O (6)
- Climate change mitigation
- Resource circulation related to products
- Consumer safety
- Labor-management relation
- Employee health and safety
- Supply chin labor rights

Materiality Analysis

Results of the 2024 Materiality Assessment in Detail

Hyundai considers all sustainability topics that achieve a score above a certain threshold in the double materiality assessment to be material issues. A topic is designated as a final material issue if its score exceeds the threshold in either of the following two aspects: ① materiality from the perspective of social and environmental impacts, or ② materiality from a financial perspective. The level of management does not vary based on the score of each material issue.



Outward Impact Aspect

ESG	Topics	Position within the value chain	Internal Factors That Influence Stakeholders	Output Metrics	Impact Valuation				Impact Metrics
					Impact Type		Stakeholder Evaluation Area	Explanation of Assessment	
E 1	**Climate Change Mitigation** (Transition to green/electric vehicles)	Downstream	• To achieve carbon neutrality, it is necessary to shift from a business structure centered on internal combustion engine vehicles to one focused on electric vehicles, including the production of hybrids, electric, and hydrogen fuel cell vehicles.	Reduction in carbon emissions if electric vehicles compared to internal combustion vehicles over the same mileage	Positive Impact	Actual	Environmental	• **Social cost avoided** - In a comparison of carbon emissions generated by Hyundai's 2023 global EV sales (excluding heavy-duty commercial vehicles)[1] with those generated by internal combustion vehicles over a standard distance of 200,000 km[2], a reduction of 2,959,907 tCO_2eq per year was achieved[3], accounting for all emissions from fuel production to driving. The reduction in carbon emissions saved KRW 260,166 million in terms of the social cost of the concentration of CO_2 in the atmosphere	KRW 260,166 million = (Carbon emissions per internal combustion engine vehicle over a standard driving distance[4] minus carbon emissions per EV over the same distance) in tCO_2eq X (Sales of EV vehicles in 2023)[5] X (Social cost of greenhouse gases)[6]
	Climate Change Mitigation (GHG Emissions)	Own Operations	• GHG emissions from the use of LNG and electricity generated from non-renewable sources in the automobile manufacturing process	Scope 1 and 2 GHG emissions	Negative Impact	Actual	Environmental	• **Social cost caused** - In 2023, Hyundai emitted 2,275,751tCO_2eq of greenhouse gases. These gases contribute to adverse environmental effects such as extreme weather, changes in precipitation, rising sea levels, desertification, water shortages, the spread of tropical diseases, and biodiversity loss, leading to a social cost of KRW 200,031 million from Hyundai's emissions.	KRW 200,031 million = Scope 1 and 2 GHG emissions multiplied by the social cost of GHGs[6]
		Upstream	• GHG emissions resulting from the use of LNG and electricity produced by non-renewable energy in the manufacturing of components required for vehicle production, such as engines, batteries, motors, steering/ transmission systems, and interior materials.	Scope 3 GHG emissions	Negative Impact	Actual	Environmental	-	-
S 1	**Consumer Safety**	Downstream	• EVs use batteries as core components that are at risk of safety accidents during manufacturing, storage, and other kinds of handling.	Physical and monetary losses of users due to battery explosion accidents.	Negative Impact	Potential	Consumer	Not included in the calculation of social costs as it is a potential impact.	

[1] Including passenger vehicles only among 2023 global EV sales (Excluding heavy-duty commercial vehicles because there is no baseline model in the 2023 Korea Transportation Safety Authority Vehicle Mileage Statistic)
[2] Selecting a baseline model based on the 2023 Korea Transportation Safety Authority Vehicle Mileage Statistic
[3] Based on the trim with the highest carbon reduction effect among EV sales trims
[4] 200,000km
[5] 2023 electronic passenger vehicle sales: 267,381 units
[6] Based on an environmental impact study using the PwC Total Impact Measurement and Management (TIMM) methodology, the average social cost of carbon (SCC) per ton of greenhouse gas was assessed at USD 78/tCO_2eq

Materiality Analysis

Results of the 2024 Materiality Assessment in Detail

Results of Double Materiality

R/O Aspect

ESG	Topics	Position within the value chain	External Factors Driving Financial Risks and Opportunities	Impact on the Company		Classification	
E 1	**Climate Change Mitigation** (Transition to green/ electric vehicles)	Downstream	• Social: Changing negative societal perceptions of internal combustion engine vehicles. • Technical: Advancement of electrification transition technologies, including the speed of achieving price parity and acceleration of technological innovation to address climate change. • Policy: Regulation of GHG emissions from vehicles, such as banning the sale of internal combustion engines in Europe, and policies and government support for the diffusion of EVs.	• In the short term, we may incur high capital expenditures and R&D costs for the development and production of electric vehicle-related technologies. In the medium to long term, however, we expect sales to increase as the electric vehicle market expands.	Revenue Costs	Opportunity	Short to Long Term
	Climate Change Mitigation (GHG emissions)	Own Operations	• Technical and economic: Changes in the proportion of renewable energy generation in electricity production due to the increased cost competitiveness of renewables. • Regulatory: Regulations concerning GHG emissions (Scope 1+2), including domestic emissions trading schemes and national renewable energy production policies.	• Transition costs for reducing GHG emissions (Scope 1) may include facility/technology upgrades, as well as purchase costs for PPAs and RECs, and green premiums for the shift towards renewable energy. Additional costs may arise from fines, environmental compensation, and the purchase of carbon credits due to violations of the GHG emissions regulations.	Costs	Risk	Short to Long Term
		Upstream	• Regulatory: Climate-related regulations, such as the EU Carbon Border Adjustment Mechanism (CBAM), which imposes a price on raw material carbon, and tax credits under the U.S. Inflation Reduction Act's (IRA) green requirements.	• Raw material acquisition costs may increase due to the rising prices of materials subject to CBAM. Capital expenditures and the cost of investments may include capital investments and related costs to respond to the IRA. Additionally, we may incur penalties for non-compliance with the relevant laws and regulations.	Costs	Risk	Short to Long Term
E 2	**Resource Circulation Related to Products**	Upstream	• Social and economic: Vitalization of the automotive materials recycling industry ecosystem. • Technical: Technological advancements in the development of recycling and reuse of recycled materials and raw materials.	• Capital expenditure and R&D costs may be incurred by expanding the application of recycled materials and vitalizing the automotive materials recycling industry.	Costs	Risk	Medium Term
		Downstream	• Technical: Advancement of recycling technologies such as the separation and refining of waste minerals, expansion of usage cycles, and discovery of alternatives to eco-friendly materials. • Economic: Establishment of a virtuous cycle for batteries, such as battery recycling in the automotive industry, and acceleration of green economic models. • Regulatory: Regulations such as the EU Battery Regulation, etc.	• In order to establish a virtuous cycle system for batteries, we may incur R&D expenses related to waste battery recovery, recycling, etc. in the short term, and we may also face fines, penalties, and claims for environmental compensation due to violations of the battery-related regulations.	Costs	Risk	Short to Medium Term
S 1	**Consumer Safety**	Downstream	• Technical: In the event of an EV battery fire due to a technical defect, human and material damages could occur, worsening consumer perceptions of EV safety and acting as a barrier to the adoption of EVs. • Social: When selling cars, the risk of litigation due to incomplete sales, as well as safety and quality issues/ recalls after sales, means that dealerships, as the primary consumer touchpoints, play a crucial role in shaping the customer experience. • Regulatory: Motor Vehicle Management Act, Product Liability Act.	• Costs may include those incurred by enhancing battery safety and quality to prevent technical defects, as well as the cost of recall following product safety and quality incidents. Additional expenses could involve litigation costs (in the event of defeat) and losses from decreased sales. Costs for improving safety and quality to prevent quality issues, voluntary recall expenses, and financial losses such as litigation costs and reduced sales from safety and quality incidents are also possible.	Costs	Risk	Short to Long Term
S 2	**Labor-management Relation**	Own Operations	• Social: High level of social concern in the automotive industry for the protection of labor rights and labor-management related civil society organizations.	• We may incur costs in resolving labor-management conflicts, as well as costs due to lost productivity and sales in the event of a work stoppage due to a conflict.	Costs	Risk	Medium Term
S 3	**Employee Health and Safety**	Own Operations	• Regulatory: Legal and regulatory requirements related to health and safety, such as the Serious Accidents Punishment Act and the Occupational Safety and Health Act.	• Partial/full work stoppage orders may be issued by a labor inspector to a workplace where a serious accident occurs, resulting in a loss of productivity and sales due to the interruption of operations. Subsequent compensation for affected worker may be necessary, and additional litigation costs depending on whether the company is liable, as well as management costs to ensure workplace and employee safety to prevent recurrence may also be incurred.	Costs	Risk	Short to Medium Term
S 4	**Supply Chain Labor Rights**	Upstream	• Social: High social awareness of the need to protect labor rights related to children, forced labor, etc. • Regulatory: International norms exist, such as the Convention on the Rights of the Child (1989) and the Fundamental Principles and Recommendations concerning Child Labor (ILO Convention No. 182 and Recommendation No. 190, 1999).	• Costs may include implementation expenses to identify and mitigate human rights impacts within the supply chain, litigation expenses in the event of human rights abuses attributable to the company, and losses from decreased capital inflow due to damage to the company's reputation.	Costs	Risk	Short to Medium Term

Materiality Analysis

Management strategy for Material Topics and Align with the Compensation of Executive (KPI)

ESG	Topic	Business Strategy	Performance in 2023	Key Performance Indicators (KPIs)[1)]	Mid- to Long-Term Goals
E 1	**Climate Change Mitigation** (Transition to green/electric vehicles)	Hyundai has established a mid- to long-term roadmap to transition from conventional internal combustion engines to an electrified portfolio and is accelerating technology development and vehicle launches. For commercial vehicles with high carbon emissions, such as buses and heavy-duty trucks, we will build an all-electric lineup by 2028 and make the transition to 100% electric vehicles by 2035, primarily in Europe and gradually in other regions.	• No. of electrified vehicles sold in 2023: 695,382 • No. of EVs sold in 2023: 268,785 • No. of FCEVs sold in 2023: 5,048 * Based on 2023 wholesale	• Expanding sales of eco-friendly products • Broadening activities related to eco-friendly products • Increasing the number and proportion of EV sales	• Expand the lineup of vehicles subject to LCA • Sell 2 million EVs by 2030 • Achieve 100% EV sales in Europe by 2035 • Achieve 100% EV sales in key markets by 2040
	Climate Change Mitigation (GHG emissions)	In September 2021, Hyundai announced its 2045 Carbon Neutrality Plan, which focuses on the construction of an ecosystem for electrification and the creation of the hydrogen society, smart cities, and a circular economy. In addition to reducing GHG emissions across the value chain, including the purchase and procurement of raw materials, the design, production and sale of vehicles, and the use, disposal and recovery of vehicles, Hyundai's carbon neutrality also includes plans to reduce and offset GHG emissions from ancillary activities required for business operations outside the value chain.	• Joined the RE100 Initiative and designed a roadmap • Established Hyundai's carbon neutrality roadmap and carbon neutrality guidelines for suppliers • Achieved a 100% transition to renewable energy at the Indonesian plant in 2023	• Establishing a carbon neutrality transition system and increasing the use of renewable energy	• Achieve RE100 at plants in the U.S., Mexico, Türkiye and India by 2025 • Achieve RE100 at plants in Brazil, China, Singapore and Vietnam by 2027 • Transition to 100% renewable energy for electricity in all global operations by 2045
S 4	**Supply Chain Labor Rights**	Hyundai recognizes supply chain labor rights risks, including the 2021 North American child labor issue, as critical management issues. To proactively prevent and manage these risks, in 2023 we established a compliance program that targets forced labor risks within the supply chain, thereby strengthening our integrated system for managing sustainability risks. Starting in 2024, we plan to progressively enhance the management of overseas supply chain sustainability by expanding on-site inspections based on the results of on-desk assessments.	• Conducted an on-desk ESG risk diagnosis of 1,082 overseas suppliers • Conducted external DB-based forced labor risk screening of tier-1 suppliers • Supplemented the Suppliers' Code of Conduct, contracts, and RFQs related to forced labor • Developed and trained employees on the Guidelines for Compliance with Forced Labor Laws	• ESG inspection rate/due diligence rate of suppliers • Supplier risk improvement action rate • ESG level management of suppliers	• Conduct ESG risk diagnosis of all tier-1 suppliers in Korea and overseas. • Achieve a 100% On-desk assessment rate for significant suppliers • Achieve a 100% on-site ESG audit rate for high-risk suppliers. • Support the establishment of safety facilities and security systems for all tier-1 and tier-2 suppliers by 2025

* KPIs are linked to the compensation of C-level executives such as the CEO, CFO, etc.

Environmental

The Earth is not only the home of mankind but also our responsibility to future generations. Hyundai has a clear understanding of its role and responsibility in reducing GHG emissions, thereby taking active parts in contributing to the global trend of achieving carbon neutrality. In particular, we are doing our best to protect the blue light of Earth with distinctive approach to climate change based on our own sustainable technology.

Environmental Management

Hyundai faithfully practices environmental management governance with the participation of its highest decision-making body. We have also put in place an environmental management system for sustainable business operations, including management and supervision of environmental management at the company level based on our environmental rules and policies. We have acquired the ISO 14001 certification for each of our production plants and, in addition to ISO certification audits, we identify environmental impacts and risks in advance through annual environmental assessments and due diligence at the headquarters level. In the case of negative impacts and risk factors, we effectively mitigate and prevent them by taking the appropriate improvement measures. In particular, we are strengthening our response to global environmental issues such as climate change, the circular economy, and biodiversity.

Environmental Management System

ENVIRONMENTAL MANAGEMENT GOVERNANCE

Roles of the BOD The BOD and its subcommittee, Sustainability Management Committee oversee environmental management by regularly approving and reviewing Hyundai's environmental performance, major risks, and improvement activities. In 2023, the Committee approved new carbon neutrality tasks such as domestic sites' RE100 and blue carbon to achieve the goal of carbon neutrality by 2045. To improve water usage and waste management performance, we have included key environmental initiative to establish company-wide improvement goals for water and waste in our 2023 ESG direction, reported it to the Committee meeting held in March, 2023.

Roles of the Management The Business Strategy Committee, in which the CEO and C-suite managements participate, meets every month for Business Strategy Meeting and examines major company-wide environmental management plans and implementation status, including strategies for EV expansion and carbon neutrality; reviews improvement performance; discusses countermeasures for major risks; and manages other matters required to spread and disseminate environmental management. Environment-related issues that are expected to have a major impact on execution of business strategies, among matters reported to the Business Strategy Meeting, are included as agenda items for the BOD and Sustainability Management Committee. In 2022, we appointed a Chief Safety Officer (CSO) who oversees the safety, environment, and health management of our business sites, thereby strengthening our environmental management governance framework.

Roles of the Dedicated Environmental Organization Hyundai has a company-wide supervising organization under the CEO and CSO's responsibility and an operating organization by business site in order to implement environmental management, and have two-way discussion on a regular basis for more efficient environmental management.

Company-Wide Supervising Organization Hyundai Headquarters' supervising organization plays a pivotal role in global environmental management governance by implementing sustainable practices and enhancing the company's environmental management systems at home and abroad. It undertakes various responsibilities, including establishing an environmental accident risk response system, developing and managing environmental management KPIs, addressing regulatory improvements, and implementing internal audit and due diligence on global sites. These efforts are central to achieving our environmental vision and goals and reinforcing environmental management framework.

Business Site Management Organization The environmental management organization at each business site is in charge of such roles as establishing and operating an environmental management system; enhancing business site environmental efficiency; and operating facilities to manage and reduce pollutants that occurs in the business operation process. It also implements environmental policy; identifies and addresses environmental risks; spreads and disseminates environmental management; and receives and handles environment-related grievance reports.

R&D Organization The R&D Center is in charge of conducting R&D on environmental technology, developing low carbon products such as EVs, and carrying out other environmental improvement activities related to product.

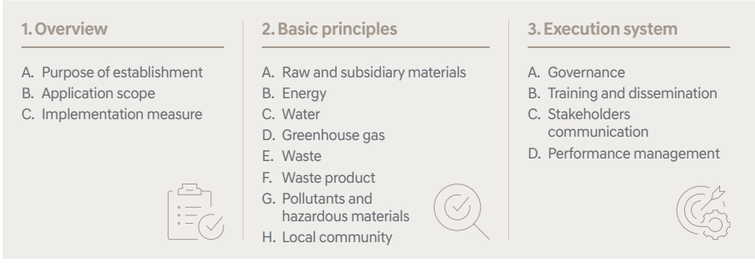
IMPLEMENTATION OF ENVIRONMENTAL MANAGEMENT

Environmental Management Policy Recognizing the environment as a core element of its business, Hyundai has established the Hyundai Motor Company Environmental Management Policy to conduct environmental management in a proactive manner and periodically updates it (last revised in 2022) to reflect both internal and external environmental regulations and recent issues. The Policy is organized into seven sections, each focusing on a key management area, including the response to climate change, reduction of pollutants, protection of biodiversity, conservation of natural capital, and support for suppliers' environmental management. We declare our commitment to these areas through the policy. In accordance with the Policy, Hyundai, along with all its subsidiaries and business units, is committed to continuously improving its environmental performance and minimizing negative impacts across all its business activities and value chains.

Furthermore, we encourage all suppliers, contract partners, and other stakeholders in our supply chain to adhere to the Environmental Management Policy, as well as providing necessary support to facilitate their compliance. We comply with the environmental laws and regulations of each country in which we run our businesses, and also adhere to this policy in situations that are not covered by local regulations or where special provisions do not exist. We periodically update our environmental management policy to reflect changes in the relevant laws and regulations, external market conditions, and business circumstances.

Environmental Management Execution Our environmental management is implemented based on the "plan-do-check-action" process that includes 1) Comply with laws and regulations; 2) Declare the environmental management policy; 3) Establish an environmental management system and adopt internal management standards; 4) Monitor and analyze environmental performance and data; 5) Identify risks and implement improvement activities; and 6) Continually improve environmental performance.

Composition of Environmental Management Policy



Hyundai Motor Company Environmental Management Policy

Establishment of an Environmental Management System All Hyundai's domestic and overseas production plants have established an Environmental Management System (EMS) in line with international standards such as ISO 14001, and have been certified by third-party organizations to ensure reliability and credibility. Notably, our domestic plants have unified their EMS through the integrated ISO 14001 certification, thereby enhancing their environmental management and work efficiency. Plants which have acquired the ISO 14001 certification undergo annual audits by certification bodies, with renewal audits every three years, and implement improvement measures based on the results of the audits. In addition to obtaining certifications, our internal auditors ensure the correct operation of the EMS, which undergoes continuous improvements based on the results of reviews by external specialized organizations (such as TÜV NORD). Moreover, improvement of the EMS at individual sites is promoted through internal inspections and evaluations using the Hyundai Environmental Assessment Tool (HEAT) developed by the headquarters' supervising organization.

Response System to Business Site Environmental Accidents and Regulations Hyundai has set in place an emergency response system to take immediate measures in the event of an environmental accident, such as air/water/waste and chemical substance leakage, based on international safety, health & environment (SH&E) standards. Its headquarters and each business site have an emergency response organization and emergency contact system, and also have an emergency response manual that includes the status of disaster prevention facilities and equipment aimed at responding to environmental accidents and have all employees familiarize themselves with the manual. In addition, we create an alternative scenario for environmental accidents and continually conduct an emergency response drill at each department. In particular, we estimate environmental accident cases that may occur at business sites, based on which departments disseminate and provide training on actually applicable response measures. We also operate the Hyundai/Kia Environmental Council, which is composed of automobile manufacturers and parts companies from Hyundai Motor Group, Korea Automobile & Mobility Association (KAMA), Korea Enterprises Federation, and Environmental Preservation Advisory Committee. This Council meets on a quarterly basis to provide a communication channel for environmental managers from each company and business site, and to discuss environmental regulations and devise effective countermeasures.

Environmental Investment Plan and Execution Hyundai established a plan to invest a total of KRW 109.4 trillion (KRW 47.4 trillion in R&D, KRW 47.1 trillion in facility investment, KRW 14.9 trillion in strategic investment) by 2032 to achieve its mid-to long-term electrification strategy. In addition, we established a mid- to long-term investment plan that additionally invests KRW 24 trillion by 2030 to strengthen the upstream and downstream EV industry ecosystem, such as building EV-dedicated production facilities in Korea and expanding EV charging infrastructure, at the Group level. Our environmental investment budget in 2023 was KRW 716.4 billion, of which KRW 861.1 billion was executed. A total of KRW 42.5 billion was executed in 2023 as environmental facility investments to reduce emissions of environmental pollutants at domestic sites.

Environmental Management

MANAGEMENT OF ENVIRONMENTAL PERFORMANCE

Management of Environmental Goals Through our environmental management implementation system, we set mid- to long-term performance goals for environmental factors that have a considerable environmental impact due to business operations, such as carbon emissions. Mid- to long-term performance goals are set in consideration of business as usual (BAU) as well as external economic circumstances, government policy direction, and internal business strategies. To respond to climate change, we set the goal to achieve carbon neutrality by 2045 throughout the entire life cycle. To achieve the goal, we are implementing such strategic tasks as a strategy to transition to EVs, achieving RE100 at business sites, and reduction of supply chain carbon emissions. For quantitative improvements to environmental indexes, excluding carbon, we set improvement goals for water and wastes based on the direction of suppressing increases in water consumption and waste generation that are on the rise in connection with production that is increasing after COVID-19. Additionally, we manage pollutant emissions at each business site – air (dust, NOx, SOx, THC) and water (TOC, TP, BOD, SS) – to stricter standards than the legal requirements, thereby strengthening our environmental pollutant management. We have also set an upper limit of 5% for the three-year average for pollutant emissions and established specific emission targets for each business site within this limit, and we aim to reduce emissions by evaluating performance against these targets.

Evaluation of Environmental Management Performance To improve business site environmental performance, we are reflecting and managing operational efficiency improvements, energy reduction activities, adoption of renewable energy, other GHG reduction performance, and internal goals on environmental pollutants in business site KPIs. In case of business site environmental pollutants, we examine monthly emission indicators. For business sites in excess, we analyze the cause and implement improvement measures. In the area of products, we set and manage our fleet average fuel economy or CO_2 emissions, EV sales goal achievement rate, and others as KPIs.

Environmental Risks, Opportunities, and Financial Impact Assessment Based on the annual materiality assessment, we identify impacts, risks, and opportunities related to climate change, the circular economy, pollutants, water and marine resource usage, and biodiversity issues. We also evaluate the mid- to long-term financial impacts of these material issues. In addition, we regularly conduct in-depth inspections and assessment to identify negative environmental impacts and risks at our domestic and overseas business sites, as well as within the supply chain. This assessment is conducted using the headquarters-level ESG environmental management assessment tool and the business site and supply chain ESG due diligence system. Based on the results of these inspections and assessment, we implement improvement measures to rectify any violations of the laws and regulations, as well as for deficiencies compared to our internal standards.

ENVIRONMENTAL MANAGEMENT COMMUNICATION

Training to Raise Environmental Management Awareness Hyundai annually updates its environmental training courses to reflect changes in environmental laws and regulations, company-wide environmental management goals and plans, best practices in environmental management, key duties, and the results of benchmarking of other companies. We also operate and support environmental education to enhance the capabilities of environmental managers, integrating global ESG responses through various opportunities such as participation in overseas forums and seminars. Furthermore, we provide support for ISO auditor training for professional environmental technicians to systematically manage and enhance environmental practice skills and legal environmental education. In 2023, a total of 40,524 employees completed the environmental education, for an accumulated total of 75,711 hours of training. In addition to our employees, we provide environment-related training programs to suppliers. Through an online platform's ESG training course, we are communicating the need for environmental management and suppliers' roles. In addition, a group course and seminars are provided to offer in-depth environmental training.

Stakeholder Engagement In 2023, Hyundai conducted the double materiality assessment to identify material sustainability issues from stakeholders' point of view. We regularly host ESG Non-Deal Roadshows (NDRs) for domestic and international investors to enhance communication regarding ESG matters. Furthermore, we collaborate with industry associations such as the Korea Automobile Manufacturers Association and the European Automobile Manufacturers Association, environmental organizations such as Healthy Seas and the Korea Forest Service, and government agencies so as to align our environmental protection activities with government policies and improve our environmental strategies.

Grievance Handling Channel We maintain a channel through which we receive and address the environment-related grievances of our stakeholders, including employees. These grievances are managed and resolved in accordance with established procedures and standards. Particularly sensitive grievances, including those likely to violate laws and regulations or potentially disrupt business operations or negatively impact the local environment, are discussed with the Legal Division. Environmental grievances can be submitted through the dedicated organization at each business site or via our representative grievance channel – ESG@hyundai.com.

Environmental Management Goals and Implementation Status

Classification	Mid- to long-term goal	Performance in 2023
Transition to electric vehicles	Plan to sell 940,000 EVs by 2026, 2 million EVs by 2030	• Sold a total of 695,382 units of eco-friendly vehicles • Sold a total of 268,785 units of EVs
	Sell only EVs in Europe by 2035	
	Sell only EVs in main markets by 2040	
Hydrogen business synergy	Expand hydrogen mobility sales	• Sold a total of 5,048 units of FCEVs
	Produce and supply green hydrogen	• Collaborated with H2Pro to develop high-efficiency hydrogen production technology • Collaborated with NextHydrogen to develop a green hydrogen water electrolysis system
Carbon neutrality in our factories	Achieve RE100 by 2045	• Renewable energy accounted for 12.7% of total electricity consumption in 2023 (HMMC and HMMI 100%, HAOS 68%)
Carbon neutrality in our supply chain	Encourage to achieve carbon neutrality by 2045	• Participated in CDP Supply Chain and provided related training and customized consulting to suppliers • Operated a program to help suppliers calculate LCA of their part products • Helped suppliers build carbon reduction management system and purchase facilities

Water Opportunity/Risk Factor Analysis and Financial Impact

Classification	Key Contents	Financial Impact	Detailed Response Strategy
Risk Factors (Physical Risk)	According to the World Resources Institute (WRI), 17 countries in North Africa, the Middle East, and West Asia – including India, Iran, Pakistan, and Israel – home to about one quarter of the world's population, face the risk of depleting water resources in the medium to long term. This risk is primarily due to increasing water scarcity exacerbated by climate change. The automobile manufacturing process, which utilizes a substantial amount of industrial water for cooling, washing, and painting purposes, could face significant disruptions and shutdowns if the water supply becomes unstable.	Hyundai has analyzed the potential financial impact of water scarcity due to changes in the physical environment over the mid- to long-term. We have considered the potential risk of halting car production due to water scarcity in the worst-case scenario. Specifically, we focused on the Indian production subsidiary (HMI), which has an extremely high water stress risk level and is likely to experience material risks due to water scarcity in the future. We calculated the potential financial impacts on HMI's production stoppage due to water scarcity. We selected the Venue as a representative vehicle produced by the HMI, applying the 2023 sales volume (555,178 units) and vehicle price (KRW 21,700,000). The potential financial loss was estimated at KRW 1,204,736,260,000. * Financial Impact Calculation: Number of vehicles sold in India in 2023 (555,178) × Damage (10%) × Vehicle price (KRW 21,700,000) = KRW 1,204,736,260,000	The India Plant implements a zero-wastewater discharge system, recycling 100% of its water. We are actively addressing the risk of water shortages in Chennai, where our Indian subsidiary is located. To improve our water storage capacity, we operate a total of six reservoirs with a combined volume of 335,000 tons. Additionally, we have invested in infrastructure to maximize the collection and utilization of rainfall, including the integration of drainage connections and the installation of extra-large pumps.
Opportunities	Hyundai operates 15 production plants in countries including the U.S., China, India, and Korea. These facilities extensively use water in the cooling, washing, and painting processes of vehicle production. E.nsuring a stable water supply and efficient use of water within these processes is crucial for sustainable business activities.	To reduce the amount of industrial water used in the automotive production process, Hyundai focuses on expanding its water recycling. As a result, we have recycled a total of 2,631,445 tons of water as of the end of 2023, thereby saving KRW 1,968,320,860 in operating costs. * Financial Impact Calculation: Total amount of water recycled in 2023 (2,631,445 tons) × Cost per ton of water (KRW 748, based on 2023 rates in Korea) = KRW 1,968,320,860	Our Asan Plant and India Plant, located in water-stressed areas, utilize a zero wastewater discharge system and recycle all processed water. At the Ulsan Plant, we are developing a wastewater recycling system that includes a water transfer pipeline. This system will repurpose water discharged from the wastewater treatment plant as circulating water for cleaning dust collectors in the paint booths. By implementing such systems, we are reducing water-related costs by enhancing water recycling across all our major business sites.

Response to Climate Change

Hyundai responds to climate change at a company level by identifying, assessing, and managing related risks and opportunities on a constant basis. We also have set major climate strategies through our climate change governance to analyze the potential impact of climate change on our business and respond to macroscopic changes in the business environment due to changes in laws and regulations. We identify various climate risk and opportunity factors, and preemptively respond to changing market demands through the development of eco-friendly mobility and various mobility solution technologies.

Governance

RESPONSIBILITIES AND ROLES OF THE HIGHEST DECISION-MAKING BODY

Sustainability Management Committee The Sustainability Management Committee, Hyundai's supreme decision-making body, is responsible for overseeing climate-related risks and opportunities, operating under the governance of the Board of Directors. According to Article 3 of the "Sustainability Management Committee Regulations" and Section 3 of the "Environmental Management Policy Execution System," the committee is responsible for deliberating and deciding on ESG policies, plans, and major activities. It reviews significant ESG issues, including climate change, semi-annually, and formulates and oversees strategic approaches to key issues, mid- to long-term plans, and improvement initiatives focusing on priority areas such as carbon reduction, climate change response, eco-friendliness throughout the product lifecycle, and supply chain ESG management.

RESPONSIBILITIES AND ROLES OF MANAGEMENT

ESG Committee The ESG Committee, a subcommittee within the Hyundai Business Strategy Meeting chaired by the CEO and attended by division heads or their equivalents, oversees risk management and performance improvement activities in various ESG areas, including carbon neutrality. The committee addresses major risks that require immediate attention, issues related to performance improvements aligned with mid- and long-term business strategies, and other matters that necessitate its review and approval.

ROLES OF COMMITTEE AND DEDICATED TEAMS

Carbon Neutrality Committee Hyundai is committed to tacking climate change and achieving carbon neutrality targets in the mid-to long-term by forming a Carbon Neutrality Committee, and does its utmost to improve energy efficiency at its business sites, expand the use of renewable energy, and enhance working environment.

Company-wide Planning Team In 2021, Hyundai established the Carbon Neutrality Execution Team, a dedicated organization within the Planning & Finance Division at the head office respond to climate change more actively. The team works with relevant organizations to establish implementation strategies in various areas such as product, business site, and supply chain.

Climate Change Governance

Composition of the Sustainability Management Committee Board Member Training in 2023

Key Agenda Items from the Perspective of Climate-Related Risks and Opportunities in 2023

Date	Classification	Key Agenda Items	Considerations for Climate-Related Risks and Opportunities
Mar. 23	Reported	Direction of ESG in 2023	Establishment of carbon-neutral investment criteria, execution of blue carbon projects, participation in CDP Supply Chain initiatives, etc.
Oct. 24	Approved	Approval of Hyundai's core tasks for carbon neutrality	Plans to secure renewable energy for achieving RE100 at domestic business sites and early responses to carbon offsetting.
Oct. 24	Reported	Progress regarding acquisition of the hydrogen fuel cell business	Opportunities in the hydrogen business through building a hydrogen ecosystem.

Response to Climate Change

Strategy

CLIMATE-RELATED RISKS AND OPPORTUNITIES

Impact on Business Model and Value Chain

Types			Risk/Opportunity	Impact on Business Model and Value Chain	Expected Impact
Transition	Risks	Current regulations	Policies and regulations for responding to climate change	• Strengthening of national cap-and-trade regulations and rising carbon prices • National net-zero targets in place • Government investment and financial support for net-zero projects	☑ Short-term ☑ Mid-term ☑ Long-term
		New regulations		• Implementation of the EU Carbon Border Adjustment Mechanism (CBAM) • Implementation of the U.S. Inflation Reduction Act (IRA)	☑ Short-term ☑ Mid-term ☑ Long-term
		Technical	Acceleration of competition in developing eco-friendly vehicle technologies	• Loss of market share in the event of failure to lead technological change	☑ Short-term ☑ Mid-term ☑ Long-term
		Legal	Tightening of fuel efficiency regulations for internal combustion engine vehicles	• Increased cost of the response to fines for non-compliance • Brand damage, disinvestment, and customer exodus due to fuel economy-related lawsuits	☑ Short-term ☑ Mid-term ☑ Long-term
		Market	Instability of raw material prices	• Rising procurement costs for raw materials (lithium, cobalt, nickel) due to supply limits caused by increasing demand for EV batteries • Sales decline if profitability of fuel cell electric vehicles (FCEVs) is not secured	☑ Short-term ☑ Mid-term ☑ Long-term
		Reputation	Increased demand from investors and stakeholders for climate change action	• Brand damage, investment withdrawal, and customer disengagement in the event of failure to disclose and respond to climate change information	☑ Short-term ☑ Mid-term ☑ Long-term
	Opportunities	Products and services	Acceleration of the transition to electrification	• Increase in EV sales due to the expansion of the electric vehicle market	☑ Short-term ☑ Mid-term ☑ Long-term
		Markets	Spread of technological innovations for responding to climate change	• Acceleration in achieving price parity for electric vehicles through technological innovation, leading to market expansion • Revitalization of the hydrogen market due to climate tech R&D • Acceleration of electrification via the spread of autonomous driving technologies based on AI	☐ Short-term ☑ Mid-term ☑ Long-term
		Energy sources		• Reduction in energy costs through the transition to renewable energy (RE100), as the costs of renewable energy decrease due to technological advances	☐ Short-term ☑ Mid-term ☑ Long-term
		Resource efficiency		• Improvement in material efficiency and expansion of recycling	☐ Short-term ☑ Mid-term ☑ Long-term
Physical	Acute risks		Extreme wind speed, wildfire, flood, hail/thunderstorms, precipitation	• Damage to asset values (buildings, equipment, inventory) and reduced revenue due to production interruptions caused by climate disasters	☑ Short-term ☑ Mid-term ☑ Long-term
	Chronic risks		Heat, droughts, cold waves	• Decrease in productivity due to chronic changes in climate patterns, resulting in reduced revenue	☐ Short-term ☑ Mid-term ☑ Long-term

Scope and Period of Application of Climate Risk and Opportunity Management The period and scope applied to the identification, assessment, and management of climate-related risks and opportunities at Hyundai are as follows:

Application timelines	Application scope
☑ Short-term (0-3 years)	☑ Business sites: All global operations (including new ones, expected facility life-cycle considered)
☑ Mid-term (3-10 years)	
☑ Long-term (10-25 years)	☑ Upstream activities: Purchased goods and services, capital goods, upstream distribution, etc.
	☑ Downstream activities: Transportation, use (customers), end-of-life treatment and recycling, etc.

Response to Climate Change

STRATEGY AND DECISION-MAKING

Efforts to Mitigate and Adapt to Climate Change

Significant Risks and Opportunities	Direct and Indirect Mitigation and Adaptation Measures	Key Contents
Policies and regulations for responding to climate change	1 Process and facility change at business sites	Introduction of high-efficiency equipment to reduce GHG emissions
	Facility relocation	Establishment of a new plant in Georgia, USA, to meet IRA requirements
	4 Changes in product specifications	Improvements in fuel efficiency and transition to electrification in response to the EU's Fit-for-55 and North America's GHG regulations
	5 Life cycle assessment (LCA)	Execution of Full-LCA (Life Cycle Assessment)
	6 Supply chain and stakeholder collaboration	Management of supply chain risks in response to IRA and CBAM regulations
Acceleration of the transition to electrification	Process and facility changes	Application of the dedicated electric vehicle platform E-GMP
	Facility relocation	Establishment of a new plant in Georgia, USA in order to target the North American electric vehicle market; construction of a new EV-exclusive plant in Ulsan, Korea
	3 Changes in product specifications	Improvement of electric vehicle charging times and reduction of production costs through expanded R&D
	Supply chain and stakeholder collaboration	Demands for increased supply chain R&D for battery capacity improvement to reduce production costs
Technological innovations for responding to climate change	2 Transition to renewable energy	Implementation of RE100 through the construction of photovoltaic infrastructure and electricity supply contracts
	Changes in product specifications	Expansion of R&D aimed at improving the fuel efficiency of internal combustion engine vehicles and enhancing EV charging time and range
	6 Supply chain and stakeholder collaboration	Establishment of a low-carbon logistics and transportation ecosystem
	7 Social carbon reduction	Industry-academic research on atmospheric carbon capture and utilization, led by Hyundai Motor Group, and execution of blue carbon projects

1 Process and Facility Change at Business Sites

Enhancing Energy Efficiency;

Hyundai identifies opportunities for improvement through analysis and diagnostics of energy usage at each business site, and implements the solutions thus derived. Through energy diagnostics and audits, improvement themes are identified, and investment plans are formulated by analyzing the characteristics of each process and facility. Additionally, the extent of losses due to energy usage, breakdown rates, and the age of equipment, as well as the savings expected relative to the amount of investment, are analyzed to determine areas of high energy consumption and priorities for improvement. After identifying the improvement areas, solutions such as the application of high-efficiency motors, inverters, and power regeneration devices, the development of low-temperature curing paint, and waste heat recovery are implemented. Related to these energy-saving and efficiency solutions, an investment of KRW 111.2 billion has been planned for the period 2021-2030 to achieve a reduction target of 250,412 MWh of electricity and 48,880,000 Nm³ of LNG. After completing the energy-saving investment, a results report comparing the before and after performance is prepared to evaluate the progress and performance of the savings continuously. Furthermore, at each business site, employees receive education on energy-saving activities, technology, and facilities, as well as training on heating and cooling standards and energy waste prevention, in order to encourage energy-saving practices.

in addition, Hyundai has developed a low-temperature curing painting technique that reduces energy consumption and carbon dioxide emissions in the painting process, which accounts for about 43% of the energy used in the entire automobile manufacturing process. This technology maintains the same paint quality while reducing the curing process from 140°C for 20 minutes to 90°C for 20 minutes, potentially reducing energy consumption by around 40%. In 2023, Hyundai Assan Otomotive Sanayi (HAOS) invested KRW 130 million in applying this low-temperature curing painting technique, and we plan to invest KRW 2.6 billion by 2030 in order to expand this method to all its global manufacturing plants. This initiative is expected to reduce annual LNG consumption by 6,161,000 Nm³ and GHG emissions by 14,000 tCO_2-eq.

GHG Reduction and Energy Saving Activities at Major Business Sites

R&D Sites Recycled waste heat and steam from facilities and equipment are reused in boilers, while waste heat generated during waste disposal is also utilized. Additionally, the annual introduction of high-efficiency lighting, activation of energy-saving systems, removal of boiler scale, and efficient operation of condensing heat transformers collectively contribute to reducing Hyundai's GHG emissions by approximately 8,138 tCO_2 per year.

Ulsan Plant The Ulsan Plant aims to reduce its energy usage per unit by 1% per year through such measures as replacing existing pumps with energy-efficient ones, configuring the power-saving circuits in the engine plant, installing inverters to reduce electricity usage, and extending the pre-heating zone of the electrocoating oven to lower gas consumption, thereby continuously advancing its GHG reduction initiatives.

Asan Plant To improve the efficiency of its facility operations, ultra-energy-saving circuits have been established for the plant's engine machining equipment, and they have been expanded to about 350 machines. In addition, not only its production facilities but also its employee welfare facilities have specified energy-saving targets, analyzed operating hours, and identified and implemented energy efficiency improvements.

Jeonju Plant The Jeonju Plant aims to improve the energy efficiency of its production facilities via the integrated operation of painting process booths and the configuration of power-saving circuits in the engine plant, and to reduce GHG emissions through the installation of high-efficiency heating and cooling systems and premium motors.

Korea Customer Service Sub-Division Hyundai's service centers and offices are saving energy by installing LED lighting and re-setting hot water boiler temperatures. Additionally, it is conducting campaigns aimed at employees and education on the reduction of GHG emissions in order to foster a culture of energy saving.

Hyundai Motor Manufacturing Czech (HMMC) An internal Energy Cross Functional Team (CFT) is operated to continuously invest in energy-efficient equipment and facilities. Based on the gas monitoring system at the painting plant, the Eco Smart VEC (Vapor Emission Control) system has been introduced, and energy is saved by adjusting the supply of compressed air and LED lighting replacement.

Hyundai Assan Otomotiv Sanayi (HAOS) In 2023, an RTO waste heat recovery system was installed to reduce natural gas usage in the painting plant, which is expected to reduce the annual consumption of natural gas by 12.2% and the Scope 1 GHG emissions by 11.9%.

Beijing Hyundai Motor Company (BHMC) Energy waste during non-production times is strictly managed, and facilities and equipment that consume excessive energy are closely monitored. Additionally, the energy supply for key facilities such as heating, cooling, lighting, steam, and compressors is optimized, and various energy-saving activities are carried out, including controlling the temperature of the painting oven.

Hyundai de Mexico Energy-saving measures are being implemented by optimizing the operational rates of air compressors in order to align them with the weekday and weekend schedules, and by minimizing the unnecessary use of daytime lighting. As a result, power consumption has been reduced by approximately 611 MWh, leading to a total GHG reduction of 268 tCO_2.

Response to Climate Change

2 Transition to Renewable Energy

RE100 Implementation Plan

Hyundai, along with other major Group affiliates of Kia, Hyundai MOBIS, and Hyundai WIA, declared our commitment to the global initiative RE100 in July 2021, aiming for 100% renewable energy usage. In April 2022, this commitment was approved. Hyundai now aims to achieve 100% renewable energy transition by 2045, ahead of the RE100's target year, 2050. To achieve this goal, we take into account the renewable energy supply environment, government policies and regulations, and plant-specific conditions in each country. We plan to install solar panels on the roofs of key production plants, purchase renewable energy certificates, and establish power purchase agreements (PPAs) with external renewable energy generators. The aim is to gradually expand the use of renewable energy until 2045 by applying optimal solutions. All of our business sites in the U.S., Europe, and India have set a target to achieve RE100 by 2025.

Adoption of Renewable Energy at Major Business Sites

Hyundai Motor Manufacturing Czech (HMMC) In 2022, HMMC transitioned to using 100% renewable energy for its factory electricity through the Guarantee of Origin (GO).

Hyundai Assan Otomotiv Sanayi (HAOS) Aiming to achieve RE100 by 2025, HAOS procured about 68% of its total electrical energy from renewable sources in 2023 through the purchase of Renewable Energy Certificates (RECs). It is also proceeding with the installation of its own solar power generation facilities.

Hyundai Motor India (HMI) To achieve the goal of using 100% renewable energy by 2025, HMI currently sources approximately 35% of its total electricity requirement through Power Purchase Agreements (PPAs) for green energy, and about 24% from Renewable Energy Certificates (RECs). In addition, HMI partly supplies its own renewable energy by operating a 690kW photovoltaic power facility.

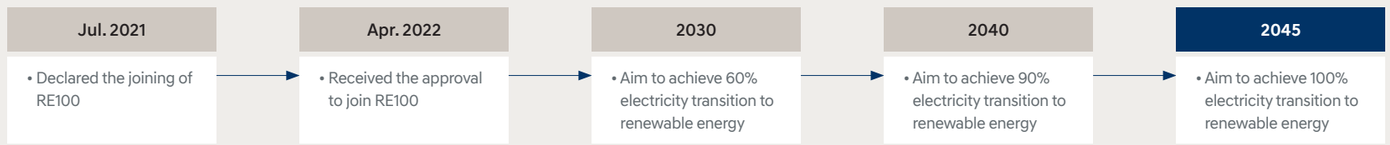
Hyundai Motor Central & South Americas (HMCSA) Our manufacturing plant in Brazil purchases about 41% of its total electricity consumption through RECs, and plans to achieve the RE100 target by 2030 by pursuing PPAs, local power investments, and self-generation.

Hyundai Motor Manufacturing Indonesia (HMMI) Since 2023, HMMI has been procuring renewable energy through a leading REC purchase contract and operating photovoltaic power generation facilities on-site to produce vehicles, using 100% renewable energy.

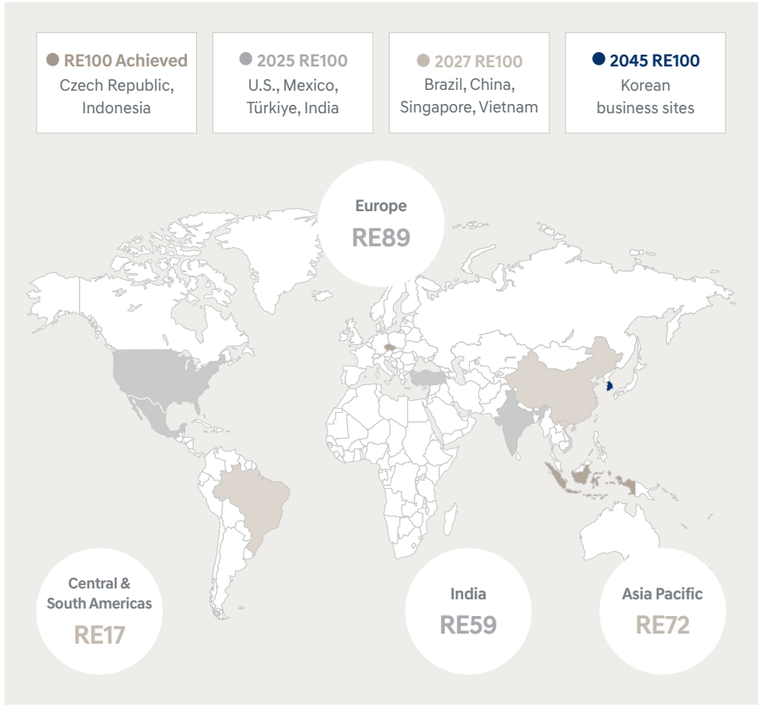
Plants in Korea Hyundai is installing photovoltaic power generation facilities with a capacity of approximately 15MW on employee parking lots, storage areas, and factory roofs within its Ulsan, Asan, and Jeonju plants, with the goal of completion by 2024.

R&D Sites R&D sites are operating a 602kW photovoltaic power generation facility and plan to expand the use of renewable energy by increasing the capacity to 10MW by 2025.

RE100 Roadmap



RE100 Implementation Status as of 2023



Business Sites		Renewable Energy Transition Rate	Proportion by Means of Implementation			
			Self-generation	On-site PPA	Off-site PPA	REC purchase
Europe	HMMC	100%	-	-	-	100%
	HAOS	68%	-	-	-	68%
India	HMI	59%	-	4%	31%	24%
Central & South Americas	HMCSA	41%	-	-	-	41%
Asia Pacific	HMMI	100%	4%	-	-	96%
	HMGICS	9%	-	9%	-	-

Response to Climate Change

3 Transition to Electrification

Transition Direction of Electrification Hyundai does its utmost to achieve carbon neutrality by 2045 by promoting carbon reduction and zero-emission in our vehicle sales. To accomplish this, we are transitioning our business structure from internal combustion engine vehicles to an electrification-focused approach. Hyundai is continuously developing and producing not only hybrid and PHEVs but also EVs and FCEVs that have zero carbon emissions during operation. Hyundai is prioritizing the development of EV-focused technologies, such as the E-GMP (Electronic-Global Modular Platform), and enhancing the performance of hydrogen fuel cell systems that can be applied to a variety of types of vehicles, including passenger cars and commercial vehicles. Additionally, we are actively driving the expansion of electric and hydrogen infrastructure to ensure convenient and accessible charging and refueling facilities anytime and anywhere. As a Mobility Solution Provider, we are not only focused on improving the hardware performance of mobility devices but also on strengthening our software capabilities to consistently provide optimized services, generate revenue, and promote sustainable development.

Mid- to Long-Term Electrification Strategy for 2030 To achieve the goals of the 2030 electrification strategy, we are implementing a comprehensive battery strategy that includes expanding production in regions with high demand for electric vehicles, developing next-generation battery technologies, and modularizing batteries, as well as enhancing the marketability of EVs by integrating hardware and software. Specifically, to achieve carbon neutrality, we are accelerating the transition to electrification, with the goals of 100% electrification in the European market by 2035 and 100% electrification in major markets by 2040. The company's share of the global production of EVs is expected to increase from 8% in 2023 to 34% by 2030, in line with plans to expand regional production through line conversions and new factory establishments, moving away from production centered in Korea.

Gaining EV Technology Competitiveness To expand EV sales, Hyundai is implementing a comprehensive battery strategy that combines three key strategies – stable battery supply, next-generation battery technology development, and modularization. To procure the required large-scale batteries for the sale of 2 million EVs by 2030, Hyundai is strengthening collaboration with global top-tier battery suppliers. In addition, we are pursuing local battery sourcing in key production regions and establishing a battery cell joint venture factory in Indonesia. We are focusing on maximizing the performance of existing lithium-ion batteries to achieve EV performance improvements and cost reductions. Simultaneously, we are also investing in the development of next-generation battery technologies such as all-solid-state batteries. Furthermore, Hyundai is working toward the standardization and modularization of key EV components like batteries and motors through the development of an integrated modular architecture (IMA) system, which is expected to be completed by 2025.

Development of Dedicated EV Platforms Hyundai's E-GMP is a vehicle chassis that encompasses the battery, motor, and power electronics system. It is a modularized and standardized integrated platform that allows for the configuration of a variety of types of vehicles, thanks to its expandable wheelbase. Additionally, Hyundai plans to introduce two dedicated EV platforms – the "eM" platform for passenger vehicles and the "eS" platform for PBVs. The eM platform features an expanded common range compared to E-GMP, and will be developed in a form that can be applied to all segments. eS will be developed with a flexible structure and will play a key role in responding to B2B demand such as delivery and car hailing. We are developing our next-generation EV-dedicated platforms with the goal of increasing battery capacity by 40% and motor output by 28%, while raising competitiveness by increasing the charging time following increased battery capacity. In addition, we are seeking to reduce the slow charging time by 50% compared to the current level. In terms of safety, we plan to introduce a new structure that will not be exposed to flames in the event of a battery fire, while maintaining the existing highest crash safety performance in all regions.

Standardization and Modularization of Core EV Components Hyundai aims to standardize a total of nine types of battery systems, allowing for easy response to battery demand based on vehicle class. Furthermore, we plan to transition from the current "cell-to-module" structure to a "cell-to-pack" approach by 2025, removing the module stage. This transition is intended to enhance energy density and improve overall battery performance.

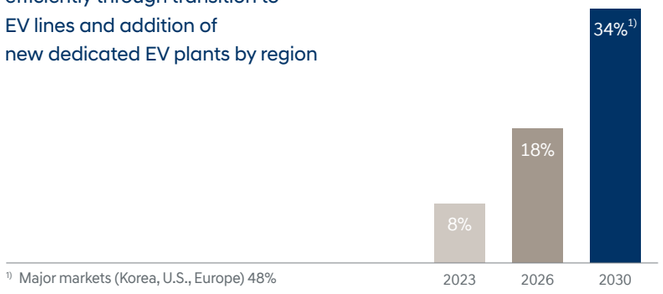
Expanding EV Charging Infrastructure Hyundai is expanding the charging infrastructure for EVs and FCEVs to enhance the convenience of using eco-friendly vehicles and accelerate their adoption. In Korea, we have been expanding our service operations for the high-speed EV charging service known as "E-pit" ever since its launch in 2021. In Europe, we are expanding high-speed charging infrastructure through strategic investment in IONITY, an EV charging network company. In the U.S., we have entered into a business agreement with global energy company Shell to explore and review options for expanding EV charging infrastructure and enhancing charging convenience.

E-pit – Ultra-fast EV Charging Station E-pit provides the fastest charging speed in South Korea, allowing EVs to be charged in less than 18 minutes (based on the IONIQ 6, from 10% to 80% battery charge with a 350-kW ultra fast charger.) Furthermore, E-pit offers several services to its customers, including Digital Queue which provides estimated charging time and queue information to users; Plug & Charge Technology which enables users to automatically authenticate, charge, and make payments; Digital Wallet which allows users to authenticate and make charging payments even at other charging networks; and Route Recommendation which guides users to the nearest available charging station with the optimal route.

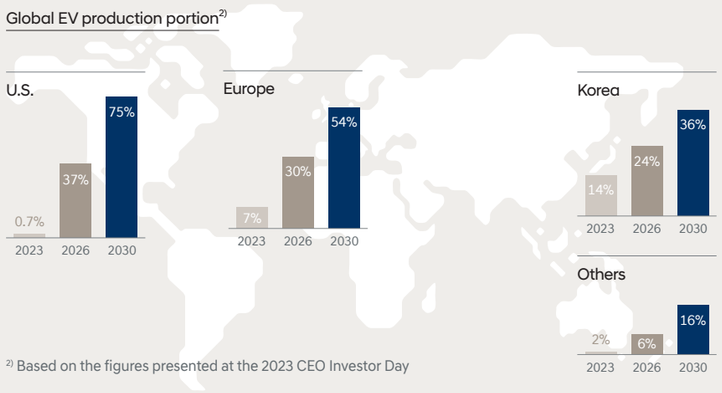
H Moving Station – Mobile Hydrogen Charging Station H Moving Station is a mobile charging station (truck) that can be easily moved to areas where hydrogen charging stations are not provided or are out of order. Hyundai's mobile hydrogen charging station, H Moving Station, can store 80 kg of hydrogen per unit and charge up to 25 FCEVs per day with a charging pressure of 350 bar. In particular, these charging pressure figures are in accordance with the international standard charging protocol (SAE J2601), and durability and safety for mobile facilities are also procured. Going forward, we will expand operations to enable the charging of a variety of mobilities such as heavy equipment and drones that use hydrogen fuel.

Transition to EV Production

Increase the portion of EV production efficiently through transition to EV lines and addition of new dedicated EV plants by region

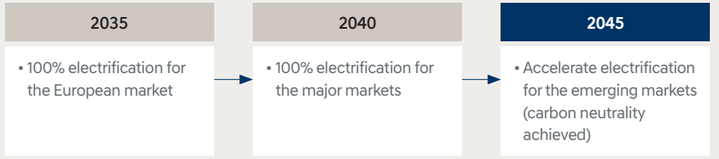


[1] Major markets (Korea, U.S., Europe) 48%



[2] Based on the figures presented at the 2023 CEO Investor Day

Vehicle Electrification Roadmap by 2030



Response to Climate Change

Expanding Eco-friendly Vehicles

EV Hyundai launched the dedicated eco-friendly model of the IONIQ in 2016 and introduced the Kona EV, a compact SUV electric vehicle, in 2018. We then unveiled the IONIQ brand, based on the E-GMP platform, in 2020, followed by the release of the IONIQ 5 in 2021 and the IONIQ 6 in 2022. In 2023, Hyundai's global sales of electric vehicles reached 268,785 units, an increase of 27.8% from the previous year. In April 2024, we launched two logistics-specialized models, the "Cargo" and the "Cargo Refrigerated", on our new electrification business platform "ST1."

HEV and PHEV Hybrid models are available for all models except for large SUVs and small sedans such as IONIQ, Elantra (AVANTE), Kona, Sonata, Tucson, Santa Fe, and Grandeur. We are also offering a plug-in hybrid lineup in our IONIQ, Sonata, Tucson, and Santa Fe models. In 2023, Hyundai's global hybrid sales amounted to 373,941 units, while its plug-in hybrid sales amounted to 47,608 units, increases of 56.3% and 1.0%, respectively, from the previous year. By 2030, Hyundai aims to increase the sales of hybrids and plug-in hybrids to 910,000 units, targeting 15.6% of total sales.

FCEV The NEXO, launched by Hyundai in 2018, is a leading FCEV with a maximum driving range of 611 km (US certification) and a charging time of about 5 minutes (6.33 kg per charge). We are strengthening our FCEV lineup by strengthening our FCEV leadership and mass-producing the Elec-City fuel cell bus and the XCIENT fuel cell heavy-duty truck. In 2023, Hyundai's sales of FCEVs came to 5,048 units.

Alternative Fuel Vehicles Hyundai continuously releases regional specialty, alternative fuel models powered by bioethanol and compressed natural gas (CNG). In South America, we launched the HB20, a biofuel vehicle, to meet the demand for bioethanol, while in India we introduced the Aura CNG model to respond to the country's growing demand for CNG. Going forward, we aim to expand the total sales proportions of our flex-fuel vehicles and liquid petroleum gas (LPG) vehicles to 5.2% and 1.5%, respectively, by 2030.

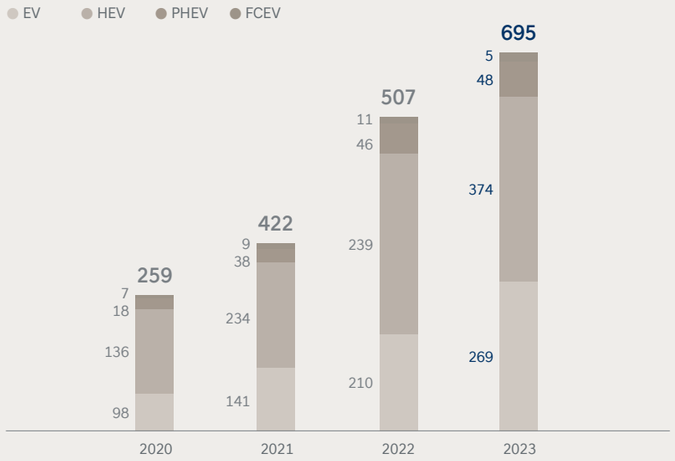
EV Sales Performance and Expansion Plan

EV Sales Performance In 2023, Hyundai's EV sales amounted to 268,785 units, accounting for about 6.4% of all its vehicle sales. This represents an increase of approximately 27.8% from the 2022 figure of 210,352 units, with growth driven largely by models based on the dedicated electric vehicle platform E-GM, such as the IONIQ 5, IONIQ 6, and GV60.

EV Sales Goal As global EV demand grows faster than market forecasts, we have raised the 2030 sales target that we announced at the 2022 CEO Investor Day from 1.87 million to 2 million units. We have also raised our sales targets for each of our major regions, and are prepared to flexibly adjust those sales targets according to regional market demand.

Expansion of Models Based on EV-dedicated Platform Hyundai plans to launch the IONIQ 7 in 2024 following the release of the IONIQ 5 and the GV60 in 2021, based on the first EV-dedicated platform E-GMP, and the IONIQ 6 in 2022. Based on the next-generation EV-dedicated platform, which will inherit the original features of, and further develop, the E-GMP, we plan to expand our EV lineup significantly by launching nine new models (four Hyundai and five Genesis models) from 2025 to 2030.

Global Sales of Eco-friendly Vehicles (Unit: 1,000 vehicles)



Sales of Alternative Fuel Vehicles (Unit: Vehicles)

	2020	2021	2022	2023
Flex-fuel vehicles (Bio-ethanol/Bi-fuel)	152,977	186,573	195,485	191,348
CNG vehicles	1,352	1,489	1,581	1,180
LPG vehicles	53,953	48,851	42,803	41,495
Total	**208,282**	**236,913**	**239,869**	**234,023**

EV Sales Goal for 2030[1] (Unit: 10,000 vehicles)

	2023	2026	2030
Korea	10	15	24
Europe	10	30	51
U.S.	7	23	66
Others	6	26	59
	33 (8% of total sales)	94 (18% of total sales)	200 (34% of total sales)

[1] Based on the figures presented at the 2023 CEO Investor Day

Response to Climate Change

Development of EV Battery Efficiency Improvement Technology Hyundai continues to research and develop "thermal management technology" to minimize the waste heat in EVs and increase battery efficiency. To minimize the energy supplied from the battery for heating, Hyundai has developed "radiant heat warmer" technology, which raises the temperature of the heating element based on radiant heat. We have also developed the "heated glass defrost system" technology, which uses heated glass to remove snow and ice from the front windshield, rather than using hot air. Hyundai's dedicated EV batteries are designed to provide a maximum driving range of 250,000 to 300,000 kilometers when reaching 70-80% of battery performance. This translates to a cumulative usage of 12 to 15 years when assuming an annual driving distance of 20,000 kilometers. Furthermore, to maintain optimal charging speed and efficiency under a variety of weather conditions, Hyundai is developing an "external thermal management station". This system injects cooling water of the required temperature from the outside during charging to optimize the battery temperature.

Battery Management Based on Digital Twin Hyundai is implementing digital twin technology to manage the performance of a key component of EVs – batteries. The battery life prediction technology, utilizing digital twin, analyzes a variety of factors based on the actual vehicle's driving history to continuously re-evaluate the battery life, enabling more accurate battery life predictions. By creating a virtual EV in the digital world based on a variety of driving data collected from real-world driving of EVs (such as the IONIQ 5), Hyundai predicts the battery life for each vehicle. The integration of AI, machine learning, and physics models is utilized in a sophisticated data analysis model to comprehensively analyze vehicle-specific information, including charging/discharging, driving habits, parking, and driving conditions, which can impact EV battery performance. This approach aims to increase the accuracy of battery life predictions.

Certified Energy Efficiency by EV Model

Model	Korea (Combined)[1]	Europe (WLTP)[2]	U.S. (EPA)[2]
Electrified G80	4.3 km/kWh	19.1 kWh/100km	97 MPGe
Electrified GV70	4.6 km/kWh	19.2 kWh/100km	91 MPGe
Electrified GV60	5.1 km/kWh	17.0 kWh/100km	112 MPGe
Kona Electric	5.5 km/kWh	14.7 kWh/100km	120 MPGe
IONIQ 5	5.2 km/kWh	17.0 kWh/100km	114 MPGe
IONIQ 6	6.0 km/kWh	14.3 kWh/100km	140 MPGe
IONIQ Electric	6.3 km/kWh	13.8 kWh/100km	133 MPGe

[1] Electrified G80 (19-inch, 2,265 kg), Electrified GV70 (19-inch, 2,230 kg), GV60 (standard 2WD), Kona Electric (long range, 1,720kg), IONIQ 5 (long-range 2WD exclusive, without built-in cam), IONIQ 6 (long-range 2WD, 18-inch)

[2] Europe and the USA make distinctions based on the representative TRIM standards for each model

FCEV Battery Performance

Vehicle	Fuel tank capacity	Fuel economy (combined)	Driving distance per charge	Warranty period for separately guaranteed parts
NEXO	6.33 kg / 156.6 Liter	96.2 km/kg	609 km	10 years, 160,000 kilometers
	Based on Modern I 17-inch tire			

4 Improving Fuel Economy

Improvement of Vehicle Fuel Economy Hyundai is aiming for a long-term transition to EVs while also making efforts to minimize greenhouse gas emissions from ICEVs which take large portion of our total sales volume as of current. Through continuous research and development of powertrain efficiency improvement, we are adapting to country-specific fuel economy and emission regulations while achieving greenhouse gas reduction during vehicle operation. Furthermore, we are focusing on R&D aimed at making vehicles more lightweight, enhancing aerodynamics, and other measures to improve fuel economy, thus enhancing both environmental and economic benefits.

Technologies to Enhance Vehicle Fuel Economy From an aerodynamic perspective, we are developing and applying technologies across all areas of design and engineering. This includes optimizing the shapes of bumpers, trunks, roofs, and full undercovers, as well as developing technologies like Air Guards (for ICE) and Active Air Flaps (for HEVs) to reduce cooling resistance. Furthermore, we have developed the third-generation powertrain (Smartstream), which combines the advantages of both MPI and GDI, to realize the optimal injection method for vehicle driving conditions. Additionally, we are striving to reduce GHG emissions by developing and implementing various fuel economy technologies, including an integrated flow control valve for optimized coolant temperature control based on driving conditions, a Continuous Variable Valve Duration (CVVD) system, and a Low Pressure Exhaust Gas Recirculation (LP-EGR) system.

Enhancing the Public Confidence in Fuel Economy Testing Hyundai complies with the fuel economy regulations of key markets such as Korea, North America, Europe, China, and India. To obtain fuel economy certification, we conduct tests according to the standards of each country. To enhance the reliability of fuel economy and emission measurements conducted in controlled conditions (on-cycle), Hyundai undergoes inspections of fuel economy measuring equipment by external specialized organizations such as the Korea Laboratory Accreditation Scheme (KOLAS) and the Korea Automotive Technology Institute (KATECH). Furthermore, Hyundai collaborates with a variety of government research institutes and conducts fuel economy tests jointly to ensure public confidence in the accuracy of the fuel economy measurement results. The results of on-cycle and off-cycle test comparative analysis are reported to the executive in charge of R&D at least once a year.

Real-Road (Off-Cycle) Fuel Economy Test The vehicle fuel economy is influenced by a variety of factors, including internal factors such as gear shifting, vehicle weight, and air conditioning, as well as external factors like road conditions and traffic congestion. In light of this, Hyundai conducts fuel economy tests not only in controlled conditions (on-cycle) considering a variety of factors but also performs off-cycle tests that simulate real-world driving profiles.

Collaboration with Third-Party Agencies Hyundai conducts correlation analysis between the fuel economy test results obtained from real-world (off-cycle) tests and those of other organizations. In the US market, we compare our fuel economy data with those published by third-party organizations such as the EPA, J.D. Power, and Consumer Reports. In the European market, comparisons are made with data from third-party organizations such as Green NCAP, Auto Bild, and Spritmonitor. By comparing the fuel economy measurement results with those of third-party organizations in each country, we enhance the credibility of our own fuel economy test results.

Responding to Fleet average CO_2 standards (Fuel Economy) in Major Markets The fleet average CO_2 standards or corporate average fuel economy regulations, implemented in major countries, are continuously being strengthened to achieve their carbon reduction targets. In the EU, regulatory targets have been adopted to reduce passenger car CO_2 emissions by 55% by 2030 compared to 2021 and achieve complete decarbonization of vehicle CO_2 emissions by 2035. The US government has announced regulations starting in 2023 to progressively increase fuel economy standards by 5-10% annually, aiming to reach 55 miles per gallon by 2026. They have also set a target to replace 50% of new vehicle sales with electrified vehicles (including EVs, PHEVs, and FCEVs) by 2030. The government of California in the U.S. plans to replace 35% of new vehicle sales with zero-emission vehicles (including EVs) starting from 2026, increasing to 68% by 2030, and has set plans to prohibit the sale of new internal combustion engine vehicles starting from 2035.

Hyundai is expanding the sales of electrified vehicles in response to the strengthening of CO_2 regulations in major regions until 2030, aiming to reduce the average carbon emissions of our fleet in each region. We have a long-term target of achieving zero fleet carbon emissions, and to minimize regulatory risks, we at Hyundai are calculating and incorporating the regulatory compliance volume, including the volume of EVs, into our annual sales volume plan. We also monitor and evaluate regulatory compliance based on monthly sales performance. To prepare for the possibility of not meeting regulations, we adjust our sales volume and utilizes a variety of measures such as the use of accumulated credits to mitigate regulatory risks in advance.

Response to Climate Change

Responding to Fleet average CO_2 standards (Fuel Economy) in Major Markets

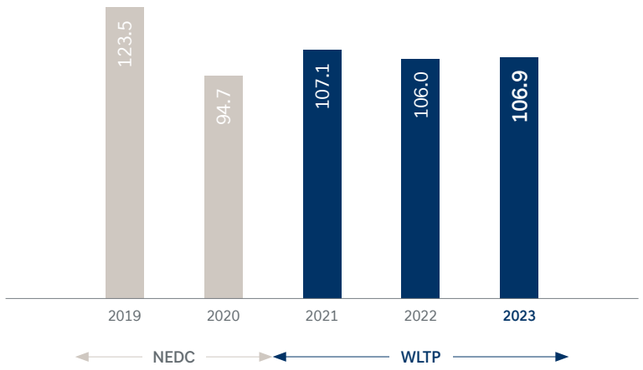
Korea

South Korea has strengthened its automotive GHG regulations, requiring a reduction in vehicle emissions from 97g/km in 2020 to 89g/km in 2025 and 70g/km by 2030. Exceeding the emission standards results in a fine of KRW 50,000 per gram.
In addition, the Korean government has presented a basic plan to reduce emissions by 24% by distributing 2.83 million eco-friendly vehicles, including electric and hydrogen vehicles and hybrids, by 2025, and 7.85 million vehicles by 2030.

EU

The EU has finalized its goals through a resolution by the European Parliament, with an aim to achieve a 15% reduction by 2025 and a 55% by 2030 compared to the levels in 2021. In addition, the EU has set a goal to achieve a 100% reduction in emissions from passenger cars by 2035. As a result of these regulations, starting from 2035, the sale of new ICEVs in the EU market will be practically impossible. Furthermore, countries like Norway, the Netherlands, and Germany are even pursuing individual national policies to prohibit the sale of new internal combustion engine vehicles earlier than 2035.

Average CO_2 Emissions in the EU (Unit: g/km)

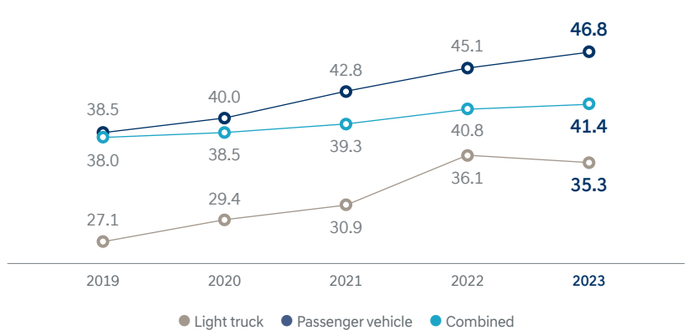


* 2021/2022 performance is not able to be compared with the performance of prior years for the EU Commission (EC) changed the CO_2 emission standard from NEDC to WLTP; and the regulatory value was also from 95 g/km (2020) based on NEDC to 112.5 g/km (2021) based on WLTP according to the change of methodology.
** The figure for 2021 has been revised from our internal estimate (109.7 g) to the officially announced figure by the European Commission (107.1 g).
*** The input figure for 2023 is based on our sales performance and is our own estimate. Going forward the final confirmation of the figures by the EC will be necessary.

U.S.

The US government has increased their average fuel economy target from 40 miles (64.4 km) per gallon to 55 miles (88.5 km) per gallon by 2026. They have also set a goal to reduce greenhouse gas emissions from 224 grams per mile to 161 grams per mile by 2026. Furthermore, both the federal and state governments are expanding incentives for the transition to eco-friendly vehicles through increased purchase subsidies. The federal government has set a goal to transition 50% of all vehicles, including electric vehicles (EVs), to zero-emission vehicles by 2030. Additionally, the California state government is pursuing a policy to ban the sale of internal combustion engine vehicles starting in 2035.

Average Fuel Economy in the U.S. (Unit: mpg)

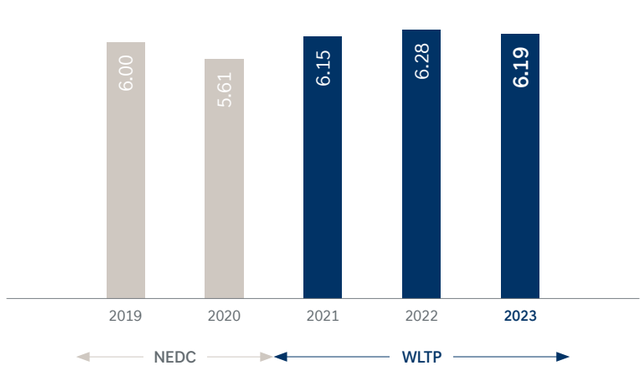


* The average fuel economy in the U.S. and China is determined annually based on the average fuel economy performance of individual car brands as disclosed by the respective government agencies (NHTSA) in the U.S. and the Ministry of State Security in China.
** The input figure for 2023 is based on our sales performance and is our own estimate. Going forward the final confirmation of the figures by the NHTSA will be necessary.

China

The Chinese government is also continuously strengthening fuel efficiency regulations and enhancing the mandatory sales requirements for new energy vehicles (NEVs), including EVs. In particular, they aim to progressively increase the mandatory sales share of NEVs, reaching 20% by 2025, 40% by 2030, and 50% by 2035. Additionally, they have set a target for EVs to account for over 95% of NEV sales by 2035.

Average Fuel Economy in China (Unit: L/100km)



* 2021 performance is not able to be compared with the performance of prior years for the Chinese government changed the fuel economy certification standard from NEDC to WLTP.
** The input figure for 2023 is based on our sales performance and is our own estimate. Going forward the final confirmation of the figures by the Ministry of State Security in China will be necessary.

Response to Climate Change

5 Life Cycle Assessment (LCA)

LCA Methodology Hyundai conducts life cycle assessments (LCA) based on ISO 14040 and 14044 international standards to assess the environmental impacts throughout the entire process of vehicle production, including raw material extraction, component manufacturing, component transportation, vehicle manufacturing, vehicle distribution, vehicle operation, and end-of life treatment. As of 2023, the proportion of vehicle models that underwent LCA was 40.90%. The LCA was conducted using the full-LCA methodology for all vehicle models.

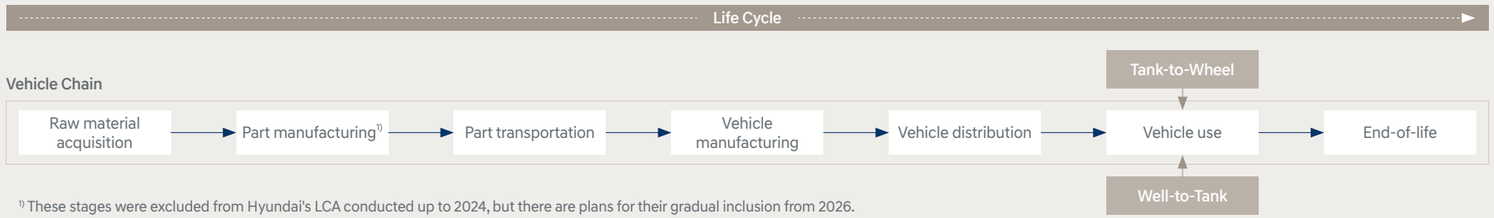
LCA uses the CML (Centrum voor Milieukunde Leiden) methodology to assess Global Warming Potential (GWP), Abiotic Depletion Potential (ADP), Acidification Potential (AP), Eutrophication Potential (EP), Ozone Depletion Potential (ODP), and Photochemical Oxidant Creation Potential (POCP). Additionally, those indicators that are not covered by CML, such as land use and ionizing radiation, are further monitored using the Environmental Footprint (EF) 3.0 methodology. While the environmental impacts of suppliers' component manufacturing are not currently included, assessments of specific components, such as battery cells, are conducted using commercial databases. Actual data measured at business sites, including energy used for vehicle transportation and distribution, power consumption, and pollutant emissions, are applied. Furthermore, the operational phase of electric vehicles (EVs) has been projected based on the anticipated impact of future power production according to the "Basic Plan for Power Supply and Demand."

LCA Expansion Based on the LCA process established until 2021, an LCA was conducted on five passenger car models in 2023.

Use of LCA Hyundai comprehensively analyzes the environmental impacts at each stage of the entire process based on the results of LCA. Using this information, we identify and promote activities to improve the environmental aspects of our vehicles. In the raw material acquisition stage, we are expanding the use of low-carbon steel and aluminum materials. In the part-manufacturing and vehicle-manufacturing stages, we are committed to carbon neutrality through initiatives like RE100 and resource circulation. When developing new models, we aim to minimize environmental impacts by considering LCA.

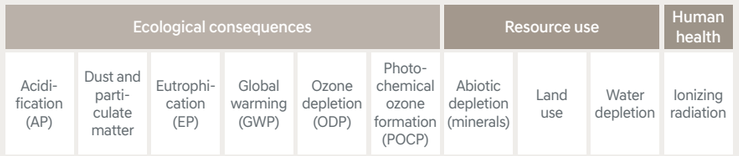
LCA Results In 2023, additional LCA were completed for five models, bringing the cumulative total of vehicles assessed by LCA up to that year to 25 models. The part manufacturing stage that are not currently included will be further refined and supplemented using advanced LCA methodologies.

Life Cycle Stages Covered by LCA

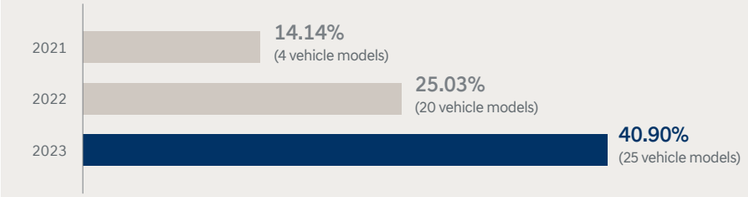


[1)] These stages were excluded from Hyundai's LCA conducted up to 2024, but there are plans for their gradual inclusion from 2026.

Impacts Covered by LCA



Cumulative Vehicle Models and Ratio of Sales by Model in 3-year Full-LCA

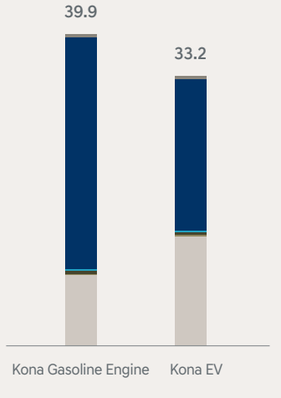


BUSINESS CASE

2023 LCA of Kona Gasoline Engine and EV Models

Hyundai quantitatively assesses the potential environmental impacts of vehicles through LCA and uses this information to identify specific areas of improvement and enhance the overall environmental performance of its vehicles. In 2023, we conducted LCAs for the newly released Kona model and the representative model from previously released vehicles, the Elantra.

Comparing the global warming potential (tCO_2-eq) of Kona's gasoline engine and EV models, it is evident that the EV model has about 17% lower impact on global warming. This is because EVs, which use electricity as an energy source, do not emit greenhouse gases during operation, and even considering the environmental impact of electricity production, the results confirm a clear environmental advantage for EVs. However, the manufacturing of EVs involves a substantial use of materials not typically used in internal combustion engine vehicles, leading to a relatively high environmental impact at the raw material extraction stage. Given the expected gradual decrease in the environmental impact of electricity production due to the introduction of renewable energy, the environmental impact at the raw material extraction stage will become increasingly significant. We are focused on improving this by developing and applying alternative parts and eco-friendly recycled materials.



(Unit: tCO_2-eq/vehicle)

Life Cycle Stages	Kona Gasoline Engine	Kona EV
Acquisition of raw materials	4.9	10.2
Transportation of components	0.02	0.03
Manufacturing of vehicles	0.4	0.5
Distribution of vehicles	0.04	0.05
Operation of vehicles	34.1	22.0
End-of-life treatment	0.4	0.4
	39.9	**33.2**

Response to Climate Change

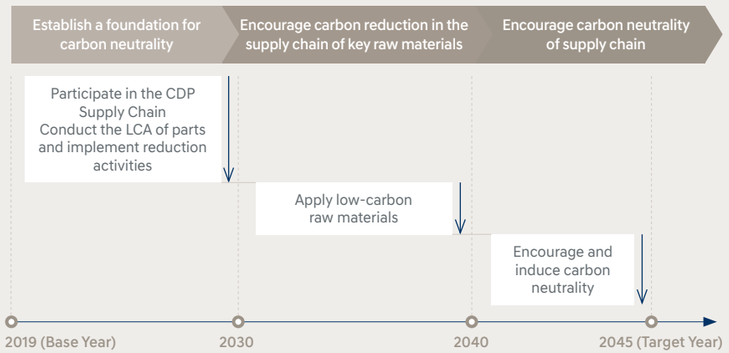
6 Carbon Reduction in The Supply Chain

Supplier Carbon Neutrality Hyundai has established a monitoring and management system for tracking carbon emissions from suppliers to support their carbon neutrality. In the long term, the company aims to reduce carbon emissions in the supply chain by implementing eco-design and using low-carbon materials. Additionally, in 2022, Hyundai established and distributed the "Hyundai Motor Company Supplier Carbon Neutrality Guide," and since 2023, has been collaborating with suppliers to enhance carbon neutrality efforts through the CDP Supply Chain program. Since the latter half of 2023, the company has initiated a project to conduct the life cycle assessment (LCA) of parts to aid suppliers in calculating and reducing the carbon emissions of their products. Moreover, Hyundai is laying the groundwork to build a carbon neutrality response system for suppliers through systematic training programs and support for high-efficiency equipment. Through these initiatives, Hyundai is dedicated to significantly reducing GHG emissions in the supply chain and supporting supplier carbon neutrality efforts throughout the entire vehicle life cycle.

Support for Suppliers' Carbon Reduction Efforts Hyundai conducts surveys on suppliers' carbon emissions and reduction plans, performing various tasks to support their carbon reduction. We implement projects to build GHG inventories and develop and implement carbon reduction roadmaps, especially focusing on key suppliers with high carbon emissions.

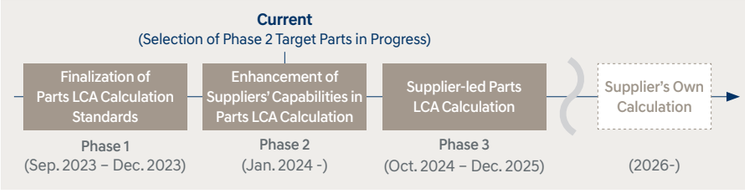
Once suppliers have internalized their carbon neutrality response systems, a transition to a carbon reduction management system certified by third-party organizations is planned for high-emission suppliers. Furthermore, Hyundai is supporting energy efficiency improvements and carbon reduction for mid-sized and small enterprises through the "Carbon Reduction Equipment Purchase Support Project." This initiative contributes to reducing energy costs and carbon emissions for suppliers. We are also planning a program to assist suppliers in procuring renewable energy.

Roadmap for Supply Chain Carbon Neutrality



Participating in the CDP Supply Chain Hyundai joined the CDP Supply Chain in 2023. This program, part of CDP's environmental disclosure projects, enables the assessment of suppliers' carbon-related information, including climate change issues, strategies, and carbon emissions. To facilitate smooth participation by suppliers in the CDP Supply Chain, Hyundai has conducted both online and offline training covering a variety of topics, such as carbon neutrality overview, emission calculation methods, and questionnaire items, for approximately 360 domestic tier-1 suppliers. The company also provides ongoing support through the operation of a Help Desk. We also run a one-on-one tailored consulting program for under-assessed suppliers, aimed at enhancing carbon neutrality awareness and introducing carbon reduction methodologies, as a way to support the advancement of more sophisticated carbon neutrality activities.

Support for Parts LCA The parts LCA support program calculates the carbon emissions generated throughout the entire process, from raw material extraction to parts manufacturing and transportation at the supplier's facilities. It supports the objective verification of high-emission processes and facilitates reduction activities. Hyundai is collaborating with external expert organizations to enhance suppliers' capabilities in conducting comprehensive LCAs of parts. This three-year support initiative, scheduled from 2023 to 2025 and divided into three phases, aims to lay a structured groundwork for advancing vehicle-level carbon reduction efforts through LCA.



Activities for Supporting Suppliers' Carbon Reduction Efforts

Activity	Description
Training for and raising awareness of suppliers	• CEOs: Hosting the Partnership Day for suppliers and introduce Hyundai's carbon neutrality strategies • Employees: Offering training on the enhancement of suppliers' capabilities of carbon neutrality (Global Partnership Center)
Participating in the CDP Supply Chain	• Training and consulting programs for suppliers (emission calculation, inquiry guidance, etc.) • One-on-one tailored consulting program for under-assessed suppliers to improve competence
Helping suppliers calculate LCAs of parts	• Support for calculating carbon emissions from raw material extraction to component manufacturing and transportation stages • Support for reduction activities by identifying high carbon emission manufacturing processes
Helping suppliers building carbon reduction management system	• Establishment and provision of a computerized management system for systematic monitoring of carbon emissions (July 2023) • Support for the establishment of carbon emission inventories and the development of carbon reduction roadmap for high carbon emission suppliers
Support project for the purchase of carbon reduction equipment for suppliers	• Inducing suppliers (MEs and SMEs) to implement energy cost and carbon reduction activities by helping them replace with high-efficiency equipment

Creating an Ecosystem for Low Carbon Logistics and Transportation Hyundai strives to reduce carbon emissions from the "first mile" stage, where freight moves from production plants to logistics warehouses, to the "middle mile" and "last mile" stages, where it moves from warehouses to a variety of hubs. In the first mile stage, hydrogen-powered electric trailers suitable for long-distance driving are being deployed. In the middle mile and last mile stages, electric trucks and other innovative technologies such as EVs, FCEVs, urban air mobility, and robotics are being utilized to lead the reduction of carbon emissions in the logistics and transportation service ecosystem. Furthermore, Hyundai has signed a multi-stakeholder agreement with Hyundai GLOVIS, the Ministry of Land, Infrastructure and Transport, the Ministry of Trade, Industry and Energy, and the Ministry of Environment to expand the electrification of the logistics and transportation sector by 2030. Hyundai is striving to distribute 10,000 hydrogen-powered trucks in the logistics field by 2030.

Supply Chain Carbon Information Disclosure & Services for Logistics/Transportation Energy Efficiency

Disclosure of carbon information of the supply chain	Goal	• Establishing a plan to specify and support our supply chain carbon reduction strategy by disclosing information on carbon emissions of suppliers
	Efforts for education and support	• Conducting on/offline education related to CDP Supply Chain (carbon neutrality overview and emission calculation, guidance on questionnaire items, etc.) • Offering educational videos, operating a Help Desk, and providing a customized consulting program to enhance the capabilities of underperforming suppliers
	Future utilization measures	• Systematization of supplier site carbon emission calculations (Scope 3, Category 1) using CDP Supply Chain is planned • Planning a review to reflect CDP supply chain results in purchase policy
Services for enhancing the efficiency in logistics and transportation	Achievement of packaging efficiency	• Reducing the amount of energy used for collecting packing materials through the development of foldable plastic boxes[1] • Pursuing packaging efficiency through cooperation with suppliers and expand logistics energy efficiency
	Transitioning to eco-friendly transportation means	• Enhancing energy efficiency and reduce GHG emissions through coastal shipping
	Eco-driving of cargo vehicles	• Enhancing the integrated transportation management system within the logistics business and improve the fuel efficiency of cargo vehicles • Monitoring of fuel economy improvement activities through real-time data analysis enabled by equipping all vehicles with Digital Tachographs (DTG)

[1] When used as a packaging material for automobile parts, foldable plastic boxes can be recovered and folded up to a fifth of their size, greatly increasing the amount of boxes that can fit into a collection container.

Response to Climate Change

7 Social Carbon Reduction

Carbon Capture Utilization and Storage To achieve carbon neutrality, it is necessary to cease the use of fossil fuels in the automotive manufacturing process. However, reaching the target point for energy transition requires a significant amount of time. During this transitional period, carbon capture utilization and storage (CCUS) technology, which involves capturing and processing CO_2 emitted from fossil fuel combustion, is being recognized as a practical solution and a high-potential means for carbon neutrality. Hyundai's research institute is conducting CCUS pilot studies to commercialize the technology, aiming to extend its application beyond the automotive industry to other business sectors. Continuous market monitoring is also being carried out to stay updated on the latest developments in CCUS technology.

According to the Ministry of Science and ICT, the project "High-efficiency CO_2 Capture Demonstration Development for Blue Hydrogen Production Sites" is underway. This includes assessing the application of carbon capture plants targeting LNG boiler combustion gases at automotive plants. Plans are also being formulated to evaluate commercialization once the enforcement decree for the law on carbon dioxide capture, transport, storage, and utilization, as well as the 4th Emission Trading Scheme Basic Plan, are finalized. Additionally, in the field of Carbon Dioxide Removal (CDR), prominent for its CO_2 removal technologies including Direct Air Capture (DAC), collaborative research on carbon neutrality is being conducted. This research also involves developing technologies aimed at preventing ocean acidification and enhancing the natural carbon absorption capacity of the oceans through the removal of dissolved CO_2.

BUSINESS CASE

Blue Carbon Acquisition through the East Sea Seaweed Forest Creation Project

Hyundai is advancing ocean ecosystem restoration projects as part of its carbon offset strategy to address climate change. On May 10, 2023, Hyundai signed an MOU with the Ministry of Oceans and Fisheries and the Korea Fisheries Resources Agency to develop blue carbon from seaweed. This effort was followed by another MOU on January 31, 2024, with Ulsan Metropolitan City and the Korea Fisheries Resources Agency to promote a seaweed forest creation project.

A "ocean forest" refers to areas along the coast where seaweeds grow densely, forming a forest-like structure that serves as a habitat for various marine life and contributes to the expansion of "blue carbon," which represents the carbon absorbed by marine ecosystems. According to the Korea Fisheries Resources Agency's "Seaweed Forest Project Performance," a seaweed forest of 1 km^2 can absorb approximately 337 tons of carbon dioxide annually. Hyundai plans to create a total of 3.96 km^2 of seaweed forests in two sea areas in Jujeon-dong, Jung-gu, and Dangsa-dong, Buk-gu, Ulsan, from 2024 to 2027.

In 2024, measures will be implemented to facilitate the spread of seaweed seeds using underwater low-lying facilities and artificial sporophyte release inducers to quickly cultivate large quantities of seaweed spores. Efforts are also underway to improve habitat environments suitable for the target species to regenerate and enhance biodiversity, including saving invertebrate grazers and improving attachment substrates. By restoring coastal ecosystems and improving the habitat base for marine resources, Hyundai aims to secure the sustainability of these resources and ultimately contribute to the local fishing community. Additionally, by enhancing blue carbon, the company seeks to reduce greenhouse gases and mitigate climate change. Hyundai plans to participate in measuring the amount of blue carbon resources obtained and explore the utilization of carbon credits acquired through seaweed forest creation.

Previously, in July 2023, Hyundai joined the seaweed forest blue carbon council, comprising the Ministry of Oceans and Fisheries, the Korea Fisheries Resources Agency, academia, and NGOs. The council aims to register seaweed as an official blue carbon absorption source with the IPCC (Intergovernmental Panel on Climate Change), shares research data, and produces results. As a member of the council, Hyundai is evaluating methodology registration and supporting R&D research, performing its role as a potential demand source for blue carbon credits towards achieving carbon neutrality.

Atmospheric Carbon Capture and Utilization Academic Research

In July 2023, Hyundai Motor Group established the "Joint Research Lab for Carbon Neutrality" in collaboration with five domestic universities to develop technologies for capturing carbon from the atmosphere and converting it into energy. By 2026, the Group and the participating universities plan to jointly research technologies to capture carbon from the air and convert it into materials or energy.

The Joint Research Lab is divided into two sections – DAC (Direct Air Capture) Section and CO_2 Utilization Section. The DAC Section will research technologies to efficiently capture CO_2, while the CO_2 Utilization Section will focus on converting captured CO_2 into methanol, methane, carbon materials, and other synthetic fuels and battery materials. Following the establishment of these basic technologies, the goal is to develop business models, including portable carbon capture devices for vehicles and large fixed module systems for use in business sites and buildings.

Through this industry-academic collaboration, we are developing key technologies for carbon neutrality that actively capture carbon from the atmosphere and convert it into useful energy, thereby contributing to climate change mitigation

1 Hyundai signed an MOU with Ulsan City and FIRA East Sea Headquarters
2 Held a kick-off ceremony to open a Joint Research Lab for Carbon Neutrality

Response to Climate Change

Climate-Related Transition Plan

Carbon Neutrality Execution Hyundai has instituted the Integrated Solutions to Climate Change to achieve carbon neutrality by 2045 at IAA Mobility in September 2021 as part of its efforts to pass on a sustainable global environment to future generations and do the right thing for humanity. With Clean Mobility, Next-Generation Platform, and Green Energy at its core, we will establish a sustainable operating system for future generations by expanding our electrification capabilities and transitioning to renewable energy. Additionally, we will continue to strive to build a circular economy ecosystem with the goal of achieving carbon neutrality across the entire mobility value chain.

Carbon Neutrality Targets Hyundai's carbon neutrality targets are not only focused on reducing GHG emitted from their facilities but also on completely eliminating and offsetting the GHG produced during the operation of customers' vehicles (Tank to Wheel) through electrification. Hyundai aims to achieve 100% electrification in the European market by 2035 and in major markets by 2040. To reduce GHG emissions during vehicle manufacturing, the company is planning to establish a cooperative system among its affiliates and to directly produce renewable energy using solar panels, among other sources. Furthermore, we plan to achieve RE100 by 2045 through renewable energy power purchase agreements (PPA), Renewable Energy Certificates (REC), and purchasing green premium electricity. In the supply chain, we will promote carbon neutrality by 2045 through collaborations on energy transition with key suppliers and carbon reduction initiatives within the core raw material supply chain.

To deal with residual carbon emissions, Hyundai will invest in CCUS and will continue to pursue offsetting activities such as recycling second life batteries for ESS and restoring marine ecosystems. In addition, we plan to maximize the synergy between the hydrogen business and carbon neutrality through hydrogen power generation and processes by using the electrification process based on the hydrogen fuel cell system.

Plans to Achieve Climate-Related Targets (Carbon Neutrality Targets)

Reducing Our Carbon Emissions at Work Hyundai is a supporter for the Paris Agreement and recognizes its corporate role and responsibility to reduce global GHG emissions. In this regard, we strive to achieve carbon neutrality at our business sites by 2045 by switching to renewable energy, improving the energy efficiency of production processes through the introduction of high-efficiency motors and inverters, and utilizing hydrogen energy. In the short term, in conjunction with the RE100 roadmap, we plan to promote the transition from electric energy used in the manufacturing process to renewable energy first. In the long term, our goal is to achieve carbon neutrality by 2045 by expanding the application of green hydrogen and the use of renewable energy in conjunction with the realization of a hydrogen society.

Electrification Hyundai is aiming to 100% electrification for its new vehicle sales by 2040 in major markets, with the European market achieving this goal by 2035. For commercial vehicles, such as large trucks and buses, the company not only aims to expand electrification but also to secure global leadership in the era of electrification by enhancing the technology and appeal of its products. We continue to invest in research and development for hydrogen fuel cell commercial vehicles. In 2023, we launched the UNIVERSE Fuel Cell Bus in Korea and introduced the Xcient Fuel Cell Tractor in North America.

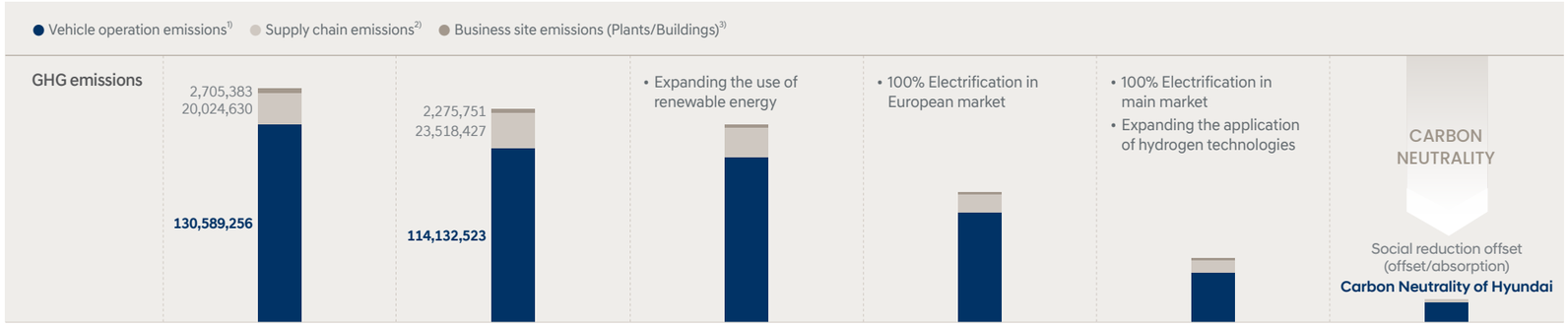
Support for Carbon Neutrality in the Supply Chain Hyundai aligns with global trends such as climate change, carbon neutrality, and ESG management, not only improving the quality and technical capabilities of its suppliers but also encouraging and supporting their carbon neutrality. To this end, we will check the carbon emission status of key suppliers, select core management suppliers, and provide guidelines. We also plan to organize reduction activities tailored to the grouped characteristics of suppliers and prepare supply chain collaboration programs, including carbon neutrality education and awareness enhancement. Particularly for suppliers of raw materials where carbon emissions are high, there will be a collaborative response linked to automotive design technologies, focusing on material recycling and the expanded use of new materials.

Social Activities for Reducing Carbon Emissions (treatment of residual emissions) In addition to reducing carbon emissions, Hyundai is strengthening its activities such as carbon absorption and removal and resource recycling. We developed CCUS technology in 2012 and has since applied it in Korea while continuously pursuing designs that can recycle waste batteries and maximize recycling at the scrap vehicle stage. We apply recycled plastic materials to wheel guards, under covers, and battery trays while actively utilizing eco-friendly materials in the production of the IONIQ 6.

Hydrogen Business Synergy Effects Hyundai announced its hydrogen business vision of "2040, The Completion of Hydrogen Energy Shift" in 2021, based on which we are striving to increase the popularity of the hydrogen business by focusing on three primary areas (scalability, economic feasibility, and eco-friendliness) so that hydrogen energy could be used widely in all areas of human life and industry, beyond the means of mobility, by 2040. To achieve this vision, we will continue to grow and develop both our hydrogen energy system-related business and technology use endeavors. We will supply hydrogen energy systems at competitive prices and contribute to carbon neutrality and environmental improvement through the transition to hydrogen energy.

2045 Carbon Neutrality Roadmap

(Unit: tCO_2-eq)



Sector	2019(base year)	2023	2030	2035	2040	2045
Business Site Reduction	Business site emissions3) (2,705,383 tCO_2-eq)	Business site emissions (2,275,751 tCO_2-eq)	45% reduction Achieve RE100 at overseas business sites	60% reduction Introduce hydrogen in major processes	75% reduction Achieve RE90 at all business sites	100% reduction Achieve RE100 at all business sites and use green hydrogen
Supply Chain Reduction	Supply chain emissions2) (20,024,630 tCO_2-eq)	Supply chain emissions (23,518,427 tCO_2-eq)	Reduction of more than 10% Expand application of recycled materials	40% reduction Apply low-carbon materials	60% reduction Expand application of low-carbon materials	90% reduction Apply carbon-neutral materials
Vehicle Operation Reduction	Vehicle operation emissions1) (130,589,256 tCO_2-eq)	Vehicle operation emissions (114,132,523 tCO_2-eq)	15% reduction 30% share of electrified vehicles	45% reduction 50% share of electrified vehicles (100% electrification in European market sales)	75% reduction 80% share of electrified vehicles (100% electrification in major market sales)	90% reduction 90% share of electrified vehicles (acceleration of electrification in emerging markets)

* GHG reduction targets were established based on the "Science-based Target", and the reduction targets were calculated for 100% of the base year's emissions.
** The reduction percentages for 2030, 2035, 2040, and 2045 refer to the reduction rates compared to the base year of 2019.

1) Vehicle Operation Emissions: These are the carbon emissions from the customer's vehicle operation process (=Tank to Wheel). The change in the base year's emission amount is due to the adjustment of the "per vehicle mileage" used in the calculation formula from 150,000 km to 200,000 km.
2) Supply Chain: These are carbon emissions from raw materials, with the goal being to collaborate with partners to induce a reduction in carbon emissions (towards carbon neutrality).
3) Business sites emissions (plants/buildings): Sum of Scope 1 + Scope 2 emissions

Response to Climate Change

FINANCIAL POSITION, FINANCIAL PERFORMANCE, AND CASH FLOW

Method and Timing of Climate-Related Scenario Analysis

Information about the Scenarios Used by the Company Hyundai is conducting transition and physical scenario analyses using qualitative and quantitative methodologies to systematically address the risks and opportunities that may arise from climate change. The sources used in the scenario are primarily from the IEA and IPCC, with some information derived from internal analysis.

Scenario		Definition	Time range	Source	Business scope
Transition	NZE (1.4°C)	Scenario that outlines a pathway for the global energy sector to achieve net zero by 2050	-2050	IEA World Energy Outlook	Entire automotive sector of Hyundai
	APS (1.7°C)	Scenario assuming the achievement of climate targets committed by governments and companies by August 2023			
	STEPS (2.4°C)	Scenario based on current energy-related policies implemented in each sector and country			
Physical	SSP1-2.6 (Below 2°C)	Scenario to achieve net zero by 2050 and limit global temperature rise to below 2 degrees Celsius	-2050	IPCC	32 business sites of Hyundai's automotive sector
	SSP2-4.5 (2~3°C)	Scenario where the temperature increase exceeds 2 degrees Celsius due to GHG emissions			
	SSP5-8.5 (Above 4°C)	Worst-case scenario where the temperature increase exceeds 4 degrees Celsius due to GHG missions			

Financial Impact Analysis through Transition Scenario Analysis

TRANSITION RISK ANALYSIS

Tightening of Automobile Fuel Efficiency Regulations

Risk Factors

CO_2 emission regulations are continuously being strengthened in major regulatory areas. Both advanced regions (domestic, EU, USA, Canada) and emerging regions (China, India, Brazil, Saudi Arabia) face penalties if they exceed regulatory standards. In advanced regions, a cumulative financial impact of approximately KRW 2 trillion is expected by 2032. In Saudi Arabia, among the emerging regions, cumulative penalties exceeding KRW 120 billion are anticipated by 2028. Consequently, proactive strategies for improving fuel efficiency are required.

Countermeasures

To address fuel efficiency regulations, Hyundai's Product Division continuously monitors regulatory trends and regularly analyzes fuel efficiency performance, systematically reporting these findings. Particularly, the division estimates potential costs based on medium- and long-term regulatory forecasts and performance predictions, which are then incorporated into business plans. The company will establish and maintain a continuous monitoring and strategic decision-making system to respond promptly to changes in the regulatory environment.

EU Carbon Border Adjustment Mechanism (CBAM)

Risk Factors

From 2026, under the EU CBAM regulations, importers will be required to pay a carbon price for importing designated items into the EU. Consequently, Hyundai Motor Manufacturing Czech (HMMC) may face additional costs due to the purchase of carbon pricing certificates for some parts. Based on emission trading price forecasts for various scenarios, an annual financial impact ranging from a minimum of KRW 1.5 billion to a maximum of KRW 1.8 billion is anticipated as of 2030. During the CBAM transition period, it is crucial to monitor related regulations and consider mid-to-long-term emission trading price forecasts in order to estimate our financial risks and develop appropriate response strategies.

Countermeasures

While closely monitoring future trends of the CBAM policy, we plan to progressively reduce the volume of imports that require CBAM certificates over the long term. Through these efforts, we aim to minimize the financial burden that CBAM might cause. Additionally, we will flexibly respond to policy changes and proactively manage related risks.

Strengthening Emissions Trading Scheme Regulations

Risk Factors

The Emissions Trading Scheme allocates annual emission allowances to greenhouse gas emitting business sites, allowing the sale of surplus and the purchase of shortfall according to actual emissions. Hyundai is also subject to this scheme; if emissions exceed the allowance, costs for purchasing the necessary allowances will be incurred. Depending on future price forecasts for emissions allowances, maintaining current emission levels could lead to an emissions liability of at least KRW 66 billion to a maximum of KRW 219 billion as of 2030 (based on 80% free allocation of emission allowances).

Countermeasures

Hyundai established the 2045 Carbon Neutrality Roadmap to reduce carbon emissions. Through various reduction activities such as increasing the use of renewable energy and reducing emissions at business sites, the company aims to minimize the purchase of emissions allowances and enhance climate resilience. Based on the 2045 Carbon Neutrality Roadmap, the cost of purchasing emissions allowances compared to the 2030 BAU could decrease to a minimum of KRW 16 billion to a maximum of KRW 55 billion, based on which we plan to minimize risks while actively leveraging new opportunities.

U.S. Inflation Reduction Act (IRA)

Risk Factors

The U.S. IRA provides a tax credit of USD 3,750 for EVs if more than 40% of the critical minerals used in their batteries are sourced from the U.S. or FTA partner countries. If more than 50% of the total value of the battery components is produced or assembled in North America, another $3,750 tax credit is granted, potentially totaling up to USD 3,750 per vehicle. Currently, Hyundai is not subject to the IRA benefits, and thus in order to maintain price competitiveness, the company is temporarily offering a cash discount of up to USD 7,500 to each new EV buyer in the U.S.

Countermeasures

Hyundai is actively responding to the IRA with various initiatives, including the construction of a dedicated EV plant in Georgia and the establishment of joint ventures in North America based on its localization strategies. Through these initiatives, we expect to meet the local production requirements in North America and become eligible for future subsidy benefits. We are also flexibly and promptly responding to changing situations by closely analyzing policy trends and preparing for various scenarios in advance.

Response to Climate Change

ANALYSIS OF TRANSITION OPPORTUNITIES

Acceleration of Electrification

Opportunity Factors

The transition to electrification presents new growth opportunities for Hyundai. Particularly, as price parity between EVs and ICEVs is achieved and the pace of market electrification accelerates due to environmentally friendly policies, an increase in EV demand is expected. Scenario analysis predicts that Hyundai's revenue for 2030 will rise from a minimum of KRW 41 trillion to a maximum of KRW 58 trillion in response to growing EV demand.

Countermeasures

Hyundai plans to continue its proactive efforts to capture growth opportunities in the EV market. We intend to increase the production and sales of EVs and have established a strategy to convert 100% of all vehicles sold in major markets to electric by 2040. Considering this mid-to long-term business plan, our 2030 EV sales are expected to increase further, from a minimum of KRW 28 trillion to a maximum of KRW 41 trillion.

Energy Transition

Opportunity Factors

Amidst the continuous rise in electricity costs, transitioning to renewable energy could present opportunities for reducing carbon emissions as well as energy costs. Hyundai aims to use 100% renewable energy (RE100) by 2045. Based on the comparison of the expected electricity unit cost by energy source, maintaining the current ratio of renewable energy usage is expected to result in annual cost savings of approximately KRW 60 billion as of 2030.

Countermeasures

Hyundai plans to implement optimal solutions aimed at gradually expanding the use of renewable energy, including the installation of solar panels and the signing of PPA, to achieve RE100 by 2045. Reflecting this renewable energy transition plan, additional cost saving of KRW 235 billion is anticipated as of 2030. By actively expanding the use of renewable energy, Hyundai expects to achieve positive effects in both environmental sustainability and cost efficiency.

ClimateTech (Hydrogen) R&D Investment

Opportunity Factors

Hydrogen is a crucial area within ClimateTech, and the hydrogen market is expected to become more active with increased R&D investment. Particularly as the transition to a low-carbon society accelerates, hydrogen is increasingly recognized as a key energy source for decarbonization. Hyundai plans to develop hydrogen-related business strategies that reflect these market trends.

Countermeasures

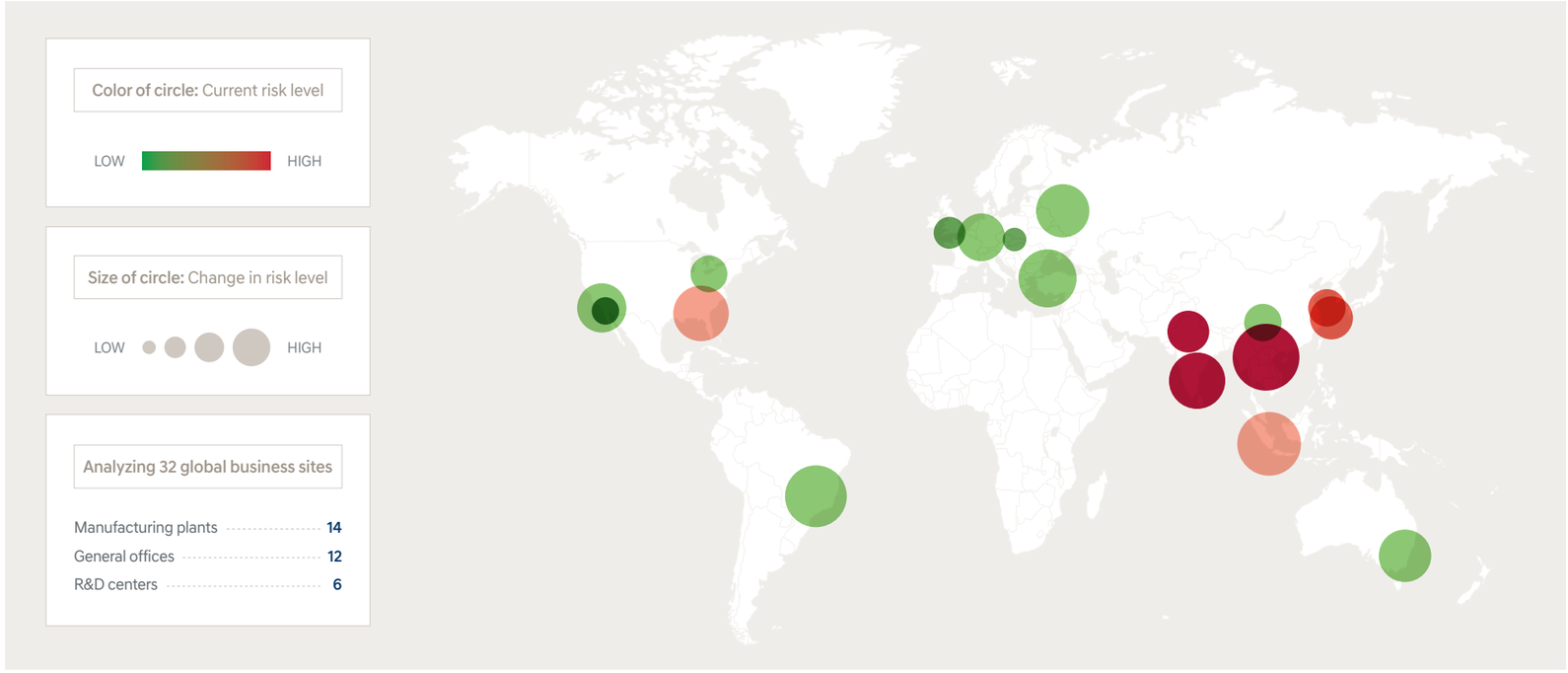
Hyundai will realize a sustainable future that includes a hydrogen society and smart cities, based on its proprietary hydrogen energy production technology and integrated solutions that span entire cities. We plan to expand its hydrogen business, which will include not only developing a lineup of passenger and commercial hydrogen electric vehicles but also overseeing the storage, transportation, and production of hydrogen energy. Through these initiatives, we aim to secure a leading position in the future hydrogen energy market and leverage the transition to a low-carbon energy paradigm as a new opportunity for growth.

Response to Climate Change

Financial Impact Analysis Through Physical Scenario Analysis Hyundai has utilized the low-carbon scenario (SSP1-2.6) and high-carbon scenario (SSP5-8.5) from the IPCC's Sixth Assessment Report to analyze the financial impacts of physical risks. For scientific analysis, Hyundai employed the climate risk analysis tool, Jupiter Intelligence, which is based on climate modeling. In some cases, the analysis granularity was refined to intervals as close as 90 meters for more precise, high-resolution analysis. The company analyzed risks associated with eight types of disasters, including acute risks (extreme wind, flood, wildfire, hail/thunderstorms, precipitation) and chronic risks (heat, droughts, cold waves). Quantitative financial impacts were specifically derived for extreme wind, flood, wildfire, and heat. Acute climate disasters such as extreme wind, flooding, and wildfires can damage Hyundai's assets, including buildings, equipment, and inventory, potentially leading to production halts and a decrease in sales. Moreover, chronic climate pattern changes, such as those brought on by heatwaves, can decrease employee productivity and further lead to sales reductions. These physical risks predominantly impact the "product manufacturing" phase of Hyundai's business model.

For the quantitative financial impact analysis of Hyundai's 32 global sites – including 14 manufacturing plants, 12 general offices, and 6 R&D centers – 2023 data on tangible assets (buildings, machinery, etc.) and inventory, along with average site sales over three years, were utilized. The analysis projected that by 2050, the total cumulative expected damage to assets and sales could range from approximately KRW 2.2 trillion (low-emission scenario) to KRW 3.8 trillion (high-emission scenario). Based on these findings, we strive to enhance resilience through continuous monitoring and the development of response strategies for high-risk areas.

Results of 2050 Physical Risk Analysis based on the SSP5-8.5 Scenario



Analysis Results of Financial Impact by Region

Very Low · Low · Moderate · High · Very High

Region	Scenario	Extent of financial impact of climate disasters											
		Heat			Extreme Wind Speed			Wildfire			Flood		
		2030	2040	2050	2030	2040	2050	2030	2040	2050	2030	2040	2050
Northeast Asia (Korea, China)	SSP1-2.6												
	SSP5-8.5												
Southeast Asia (3 countries including Vietnam)	SSP1-2.6												
	SSP5-8.5												
Oceania (Australia)	SSP1-2.6												
	SSP5-8.5												
Americas (3 countries including the U.S.)	SSP1-2.6												
	SSP1-8.5												
Europe (5 countries including Germany)	SSP1-2.6												
	SSP5-8.5												

Analysis Results of Financial Impact by Type of Business Site

Very Low · Low · Moderate · High · Very High

Region	Scenario	Extent of financial impact of climate disasters											
		Heat			Extreme Wind Speed			Wildfire			Flood		
		2030	2040	2050	2030	2040	2050	2030	2040	2050	2030	2040	2050
Manufacturing plants (14 including Ulsan Plant)	SSP1-2.6												
	SSP5-8.5												
General offices (12 including Yangjae Headquarters)	SSP1-2.6												
	SSP5-8.5												
Research centers (6 including Namyang R&D Center)	SSP1-2.6												
	SSP5-8.5												

Response to Climate Change

Risk Management

CLIMATE RISK AND OPPORTUNITY MANAGEMENT

Climate Risk and Opportunity Management Process Hyundai identifies, assesses, and manages risk and opportunity factors to respond to climate change issues at the company level. The climate change issues identified by each region/organization are submitted to the head office's Planning & Finance Division, which then figures out risk and opportunity factors for each issue, assesses the strategic and financial impacts of each factor on the company, and determines companywide response strategies.

Identification Stage In the identification stage, we figure out issues by region and team regarding risks and opportunities that may affect the company due to climate change at the Product Committee and the Hyundai Business Strategy Meeting.

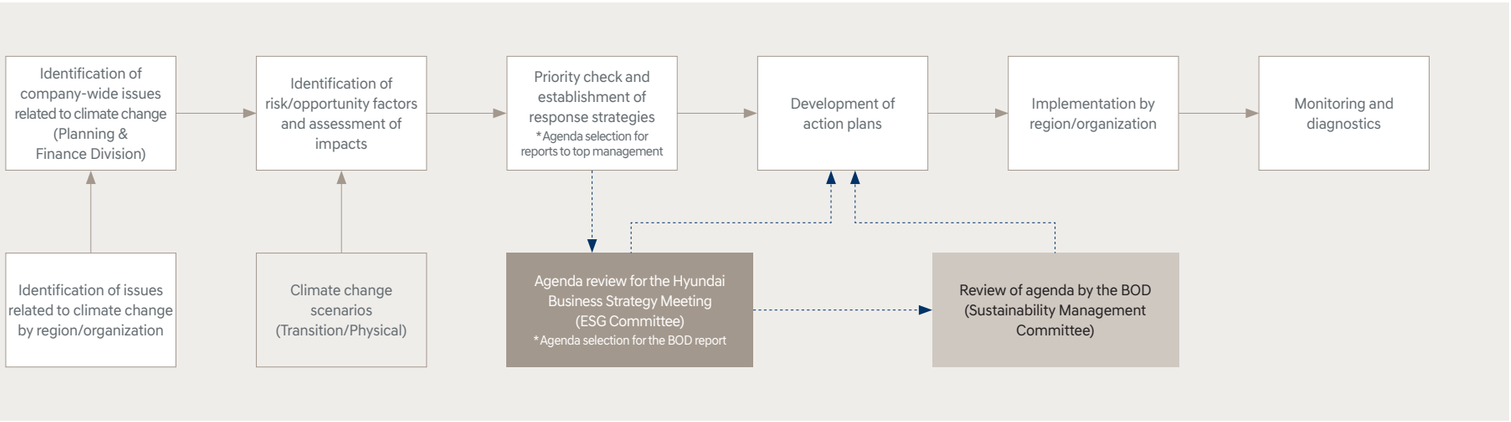
Assessment and Reporting Stage The Planning and Finance Division at the head office figures out the strategic and financial impact that factors and issues identified in the identification stage may have on the company, and depending on their materiality, reports them to the CEO or the BOD through the ESG Committee for decision-making.

Management Stage The decided climate change issues are proactively reflected in the KPIs of each working-level division of the relevant region or organization. The Carbon Neutrality Execution Team and related organizations join forces to systematically manage climate change factors in various areas.

Methods for Identifying and Assessing Risks and Opportunities Hyundai utilizes climate change scenario analysis to identify and assess climate-related risks and opportunities. Based on the TCFD recommendations, we have identified driving forces across STEEP (Social, Technology, Economic, Environmental, Political) categories to analyze the impact of climate change on the industry and on Hyundai itself. Among these, key driving factors were derived after evaluating their impact, uncertainty, and relevance. Impact was assessed based on effects on the company's business model and value chain (procurement, production, sales), as well as the company's resource allocation (budgeting, investments and R&D, business acquisitions and disposals, talent acquisition, etc.). Uncertainty was evaluated by the predictability of the impacts of driving factors on the company and the industry.

We have mapped the impact pathways of key factors on Hyundai's financial and business model to calculate the financial impacts of each transition risk and opportunity according to the IEA's NZE, APS, and STEPS scenarios and analyzed the intensity of these impacts. Through this process, Hyundai has identified significant risk and opportunity factors related to climate change, analyzed the impact of each according to different scenarios, and developed strategies to enhance climate resilience.

Identification, Assessment, and Management Process of Climate Risk/Opportunity



Metrics and Targets

CLIMATE-RELATED METRICS

Scope 1 and Scope 2 Emissions[1]

(Unit: tCO_2-eq)

Classification	2021	2022	2023
Scope 1	724,013	719,949[2]	696,590
Scope 2 (location-based)	1,660,058	1,853,813	1,831,531
Scope 2 (market-based)[3]	-	1,684,120	1,579,161
Scope 1 + Scope 2[4]	2,384,071	2,404,069	2,275,751
Scope 1 + Scope 2 Emission intensity (GHGs emissions per vehicle produced)	0.616	0.601	0.531

Scope 3 Emissions

(Unit: tCO_2-eq)

Classification		2021	2022	2023
Up stream	Supply chain (purchase of raw materials and parts)	18,359,619	19,852,763	23,518,427
	Capital goods (purchase of furnishings and equipment)[5]	139	326	134
	Other energy-related activities (excluding Scope 1 and 2)[5][6]	149,556	145,177	189,512
	Waste generated in operation[7]	1,911	1,978	217,737
	Employee business trip[5]	7,069	21,370	26,994
	Employee commuting (commuting buses)[5]	5,911	6,617	8,895
Down stream	Transportation and distribution (by sea and land)[5]	838,575	964,206	981,549
	Use of sold vehicles (Tank to Wheel)[8]	107,850,017	109,278,795	114,132,523
	End-of-life treatment of sold vehicles (recovery, disassembly, disposal)[9]	810,794	2,133,743	2,323,327
	Leased assets (headquarters and leased office buildings)[5]	804	539	1,447
	Investments[10]	728,902	704,970	556,331
Scope 3		128,753,297	133,110,484	141,956,876

[1] The scope of calculation for overseas business sites is manufacturing subsidiary, and from 2023, additional business sites (HMGICS, HTWO) are included in the calculation. Excluding the newly added business sites, the total Scope 1 + Scope 2 emissions for 2023 amount to 2,268,998 tCO_2-eq.

[2] Corrections made to calculation errors in HYMEX, with adjustments to the 2022 data.

[3] Scope 2 emissions: Addition of market-based emissions from 2022

[4] to calculate the sum of Scope 1 and 2 emissions (market-based) from 2022

[5] Based on the country where the Headquarters is located

[6] Upstream emissions of fuel consumed at business sites (excluding electricity and steam)

[7] increases due to the expansion of the calculation scope to include waste from overseas business sites starting in 2023.

[8] Emissions from the energy that powers vehicles at the pre-fueling/charging stage (Well to Tank) are excluded. The data was updated due to a change in the "per vehicle mileage" standard used in the calculations from 150,000 km to 200,000 km

[9] Emissions produced at the end-of-life treatment stage was increased due to the addition of emissions from 2022 produced during the recycling process

[10] Scope 1 and Scope 2 GHG emissions from six of the listed investee companies in which Hyundai owns more than 20% of the shares.

Response to Climate Change

Approach for Measuring Emissions The guidelines applied for measuring GHG emissions are as follows, using Operational Control under the Control Approach.

Measurement Approach

Classification	Guideline
Scope 1, 2	• The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) • The Greenhouse Gas Protocol: Scope 2 Guidance • Framework Act on Carbon Neutrality and Green Growth (Guidelines for Reporting and Certification of GHG Emissions Trading Scheme) • IPCC Guidelines for National Greenhouse Gas Protocol and Accounting Tool • Standards for calculating GHG emissions required by other regulatory authorities and stock exchanges
Scope 3	• GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)

* Uses the Global Warming Potential (GWP) values based on the 100-year timeframe from IPCC (Intergovernmental Panel on Climate Change) Second Assessment Report (IPCC Second Assessment Report) to convert six types of greenhouse gases (CO_2, CH_4, N_2O, HFCs, PFCs, SF_6) into carbon dioxide equivalents.

Input Variables and Assumptions

Classification		Input Variables	
		Activity Data	Emission Factor
Scope 1	Process combustion	Consumption of city gas (LNG), diesel, kerosene, propane	Basic emission factors from the 2006 IPCC national inventory guidelines
	Mobile combustion	Consumption of gasoline, diesel, LPG	Basic emission factors by fuel type and GHG for mobile combustion (road)
Scope 2	External electricity	Electricity consumption for 2023	Application of national specific power emission factors
	External steam	Steam consumption for 2023	Application of 2023 supplier steam emission factors and national steam emission factors
Scope 3	Supply chain (raw materials and parts purchase)	Production volume by vehicle type in 2023	Manufacturing stage emission factors
	Capital goods (purchases of fixtures and equipment)	Equipment purchase volume	Average emission factors for equipment (LCI DB)
	Other energy-related activities (excluding scope 1/2)	Fuel usage	Production-based emission factors
	Waste management from operations	Amount processed by waste management standard	Emission factors by treatment standard
	Employee business travel	Overseas trips (air travel distance), domestic trips (distance by mode of transport)	Overseas travel (air emission factors), domestic travel (emission factors by mode of transport)
	Employee commuting (commuter bus)	Annual fuel usage of all commuter vehicles (Number of vehicles × Average speed × Operating hours × Working days ÷ Average fuel economy)	Transport (diesel) emission factors
	Transportation of manufactured vehicles (maritime and land)	Emission data for vehicle transportation by Hyundai GLOVIS	N/A
	Use of sold vehicles (Tank to Wheel)	Sales volume by vehicle type in 2023	Emission factors per vehicle type at the usage stage (gCO_2/km) × 200,000 km
	Disposal of sold vehicles (collection, dismantling, processing)	Sales volume by vehicle type in 2023	Emission factors per vehicle type at the disposal stage
	Leased assets (Headquarters and leased buildings)	Total building usage × leasing ratio	GHG emission factors
	Investments	Emission volumes of investment companies	Equity share

Capital Allocation For the transition to electrification, a mid-to-long-term investment plan totaling 35.8 trillion KRW for the period 2023 to 2032 has been established. This plan includes setting up EV factories, establishing battery joint ventures, securing materials, funding R&D, and constructing charging station infrastructures. Additionally, approximately KRW 700 billion will be invested by 2032 in projects aimed at achieving carbon neutrality at business sites, including photovoltaic power generation.

Classification	2023-2032	Details
Electrification R&D investment	KRW 35.8 trillion	Development of electrification-related products, advanced technology development for electrification components
Capex investment		Capital investments such as new factories and production line expansions, construction of electric charging stations
Strategic investment		Strategic investments for strategic alliances and equity acquisitions with partners and other companies
Business site carbon neutrality investment	KRW 0.7 trillion	Low-carbon manufacturing processes, investments in photovoltaic self-generation

Compensation Hyundai operates an incentive system for managing climate change. The performance evaluation items (KPIs) for the CEO, COO, regional directors, plant managers (Heads of manufacturing corporations) and employees (related organizations) include climate change-related metrics. The results of these evaluations are integrated with the incentive and salary systems. By incorporating goals related to GHG reduction and the expansion of renewable energy into the management's KPIs, we ensure that these objectives and their implementation are managed at an executive level. Additionally, employees in related organizations are assigned specific targets for reducing GHG emissions, which are reflected in their personal performance evaluations. Annually, a certain percentage of their salary is allocated as a monetary incentive based on the achievement and assessment of these key indicators.

Target	Incentive	KPIs	KPI Details
CEO	Financial rewards (Included in bonus)	Carbon neutrality & Energy transition	1) Accomplishment rate to carbon neutrality target 2) Level of carbon neutrality implementation system
COO and regional directors		Carbon Neutrality	1) Achievement rate of the RE100 target 2) Level of management of Scope 3 data
Plant Manager (Heads of manufacturing corporations)			1) Achievement rate of the RE100 goal 2) Emissions per unit 3) Total emissions
Employees (Related teams)			Set targets related to GHG emissions reduction for staff at related teams and use them for performance evaluation

Industry-based metrics

Refer to the industry-based metrics for the Automobiles industry in the annexed guidance "Industry-based Guidance on Implementing IFRS S2"

Response to Climate Change

CLIMATE-RELATED TARGETS

Target Review Process

Third-Party Verification of Set Targets Hyundai has established mid-to-long-term reduction targets referring the guidelines of the global Science Based Targets initiative (SBTi) to reduce GHG emissions.

Target Review Process Hyundai's Board of Directors reviews and approves items essential for the implementation of business strategies and management activities, including the establishment of mid-to-long-term environmental management strategies that encompass carbon neutrality and environmental investments. The management, including the CEO, participates in business strategy meetings (or ESG Committees) to oversee company-wide major environmental management implementation plans. These include strategies for expanding EVs and achieving carbon neutrality, monitoring and reviewing implementation status, evaluating improvement outcomes, discussing responses to major risks, and managing matters deemed necessary for promoting and propagating environmental operations.

We regularly monitor and review the implementation and performance of the targets set for achieving "Carbon Neutrality by 2045" annually in the third quarter. In October 2023, through the "approval of Hyundai's key tasks for carbon neutrality," a roadmap for early response and securing renewable energy to achieve RE100 at domestic sites was presented, and key issues were reported to the Sustainability Management Committee.

Information Related to GHG Emission Reduction Targets

Scope of GHG Emissions Included in the Target The scope of GHG emissions related to Hyundai's climate targets includes Scope 1, 2, and part of Scope 3.

Description of the Target Hyundai's climate-related targets pertain to the total volume of emissions.

Use of Sector-specific Decarbonization Approach When Setting Targets Hyundai is currently not using a sector-specific decarbonization approach for the GHG emission reduction targets as of the end of the reporting period, but is considering employing sector-specific decarbonization approaches in the future to effectively reduce emissions.

Performance Analysis Relative to Targets

The current period's performance relative to Hyundai's climate-related targets is as follows:

Metrics for targets and progress monitoring	Unit	2021 Performance	2022 Performance	2023 Performance
Scope 1 emissions	tCO_2-eq	724,013	719,949	696,590
Scope 2 emissions	tCO_2-eq	1,660,058	1,684,120	1,579,162
Renewable energy transition rate (electricity)	%	3.5	7.7	12.8
Scope 3 emissions	tCO_2-eq	128,753,297	133,110,484	141,956,876
EV sales	Vehicle	141,622	210,352	268,785

Establishment of a Circular Economy

Hyundai complies with the end-of-life vehicle (ELV) recovery and disposal regulations in countries where it sells its vehicles, while also implementing extended producer responsibility (EPR) to increase the recovery, disposal, and recycling of ELVs. [Re-think] We continue look for materials that minimize negative impact on the environment and human health starting from the vehicle design phase. [Reduce] While reducing the use of one-time raw materials, such as plastics, we are increasing the application of sustainable materials. [Recycle] In addition, we are shifting our business operation method from a linear structure to be circular so that recyclable materials can be recycled. To increase the recovery, disposal, and recycling of ELVs, we are intensifying the process internally while also strengthening cooperation with outsourced companies.

Extended Producer Responsibility

EXPANDING THE USE OF RECYCLED MATERIALS

Strengthening the Recycling Material Application System The proliferation of waste is an increasingly serious global issue, particularly with regard to plastic waste, with over 200 million tons generated annually and the amount of waste generated rising by more than 10% each year. An even more serious issue is that more than 90% of this waste ends up in landfills or remains unattended, directly affecting the ecosystems and biodiversity. To decrease raw material related carbon emissions, transitioning to a circular economy, which includes the increased use of recycled materials, is a prerequisite. To reduce global waste and realize carbon neutrality, the shift toward a circular economy in major countries such as EU is accelerating, which results in new legal requirements, thereby increasing corporate risks. In the EU, the "End-of-Life Vehicles Regulation" has been amended to a significant extent and now mandates that at least 25% of plastic used to build a vehicle comes from recycling (of which 25% from recycled ELVs) from 2030. Additionally, producers are now responsible for the collection and treatment of end-of-life vehicles, similar to the requirements for electrical and electronic products. Other countries, such as South Korea and India, are also enforcing regulations that mandate the use of recycled materials in vehicles.

Hyundai recognizes the essential role played by the transition to a circular economy in achieving zero waste, counteracting the shortage of raw materials, and attaining carbon neutrality across the value chain in the medium to long term. In response to recent regulations in major countries that mandate the use of recycled materials in vehicles, Hyundai is continuously developing and intensifying its internal and external vehicle recycling material technology and its application systems for new models. In particular, to respond preemptively to the revised EU ELVR (End-of-Life Vehicle Regulation), Hyundai has established specific plan for the application of recycled plastics, focusing on European vehicle models, and is building a system of continuous monitoring of the implementation of these targets. A company-wide council has also been established to strengthen the development of plastic recycling technologies, formation of the supply chain, and revitalization of the plastic recycling ecosystem in accordance with the need to upgrade the system for applying recycled plastics to new vehicles in line with our 2045 Carbon Neutrality Roadmap and strategic direction.

Moreover, Hyundai has set targets for improving the plastic recycling rate based on an analysis of the company's waste plastic amount from its end life of vehicles, chosen vehicle models and parts to which we will apply recycled plastic in order to achieve this goal, and is strengthening the alliance and implementation of joint projects with various partners, such as suppliers, raw material companies and the recycling sector to establish the closed-loop circulation system of plastic. The pilot project to build the scrapped vehicle network in order / and to internalize core technologies for building a circular economy and demonstrate how to recycle vehicle waste parts is being carried out continuously, and, as a result, we are steadily expanding the number of vehicle parts made from scrapped vehicle-based recycled plastics, by including the addition of mass- production applications of plastics recycled from interior to exterior parts. Externally, we are establishing a joint response network for diverse activities, such as recycling projects and technology development projects that are being promoted sporadically by the petrochemical industry, by forming mutual collaborative relationships, increasing exchanges of information and resources, and providing a systematic direction for joint achievements.

Designing for Recycling Throughout the design, planning, and development stages of new vehicles, Hyundai considers the recovery, treatment, and recycling of waste generated during the scrapping process to ensure that they can be dismantled and recycled easily based on the concept of DfR (Design for Recycling). At the design stage, we are particularly focused on expanding the use of recyclable materials based on the principle of recycling by design. For non-metallic materials that are difficult to recycle at the disposal stage, such as plastics and glass, we are enhancing the recyclability and renewability of our vehicles by utilizing recycled materials and alternative bio-based materials. The recyclability rate of Hyundai's vehicles currently stands at 85% without heat energy recovery, and at 95% with heat energy recovery from waste treatment. Notably, ferrous and non-ferrous metal materials, which account for about 70% of vehicle materials, are predominantly reused and recycled.

Application of Sustainable Materials in New Vehicles Each year Hyundai aims to further enhance the use of recycled and renewable materials in its new EV models. For example, in the IONIQ 5, recycled PET processed yarn is used in the armrests and seat coverings, equivalent to the recycling of up to 32 PET bottles per vehicle. Meanwhile, the fabric materials used for the seats, headliner, and carpeting include bio-based components derived from sugarcane and corn. The leather in the interior is dyed using flaxseed oil instead of animal oil. The doors are also made from 100% renewable paperette, while the paint applied to the doors and crash pad is a bio-paint derived from plants such as rapeseed and corn.

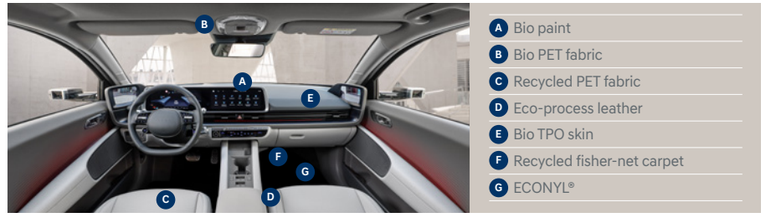
Sustainable Materials by EV Model

IONIQ 5	Rapeseed/corn-derived bio-paint, flaxseed oil, sugar cane/corn-derived bio-yarn, recycled PET processed yarn.
IONIQ 5 N	Rapeseed/corn-derived bio-paint, paperette material, recycled paint, Alcantara from recycled polyester.
IONIQ 6	Waste tire recycled paint, vegetable-based paint, sugarcane/corn-derived bio yarn, recycled PET processed yarn.
GV60	Bio-polyol derived from corn and sugar cane, processed yarn from recycled PET bottles
Electrified GV70	Renewable fabric containing 30% wool, processed yarn from recycled PET bottles
Electrified G80	Renewable dye, processed yarn from recycled PET bottles, forged wood made of recycled leftover pieces of wood

As for the IONIQ 6, it also features sustainable materials such as recycled PET processed yarn, bio yarn, and bio TPO skin. Recycled and bio-based materials are used in the headliner, pillar trim, sun visor, and package trays of the GV60, Electrified GV70, and Electrified G80. Additionally, ECONYL®, a recycled material made from discarded fishing nets, is used in the floor mats of both the IONIQ 5 and the IONIQ 6. Furthermore, the fronts of the headrests and the seat sides of the Electrified GV70 are made from natural fabrics containing 30% wool, while the Electrified G80 features upholstery made from Forged Wood, which is produced using scrap wood.

The interior of the IONIQ 5 N features a variety of sustainable materials. The door trims and console cover are painted with bio-oil derived from plants such as rapeseed and corn, and renewable paperette material is used for the door garnishes. Additionally, recycled paint made from waste tires is used on the door handles and switches, while Alcantara made from recycled polyester is utilized for the seats. The KONA Electric includes a headliner and floor mats made from recycled materials.

Sustainable materials applied to IONIQ 5



Sustainable materials applied to IONIQ 6

Establishment of a Circular Economy

ESTABLISHING THE ELV RESOURCE CIRCULATION SYSTEM

ELV Service for Customers To meet the needs of customers who want to scrap their vehicles, in Korea we provide a one-stop service that assists our customers through the vehicle recovery, dismantling, and recycling processes. Customers can apply for the service at Hyundai's website. We pick up the scrapping vehicle at the time and place desired by the customer, after which the vehicle is sent to an eco-friendly junkyard for eco-friendly dismantling and recycling based on the principle of indoor storage of recovered materials and recycling of all recovered parts and materials.

Recovering and Recycling ELVs To demonstrate the feasibility of applying the Extended Producer Responsibility (EPR) recycling system—already implemented in the packaging and electronics sectors – to the automotive sector, Hyundai signed an agreement with the Ministry of Environment in 2011 to execute a pilot project aimed at advancing the resource circulation system for end-of-life vehicles. To that end, we have facilitated recycling by providing vehicle dismantling manuals and training to scrap car companies, as this helps them to differentiate between economically viable and non-viable resources, guiding them on proper handling techniques. We are also strengthening our collaborative relationships with scrap car processors by supporting the collection and treatment of environmentally-harmful substances such as waste refrigerants, iron scrap from vehicle shredding, and scrap metal, as well as subsidizing the cost of treating materials that are difficult to recycle. Approximately 199,841 tons of resources were recovered from scrapped vehicles in 2023, with a recycling rate of 82.4% without heat recovery and 91.0% with heat recovery. In the meanwhile, Hyundai does not have a financial benefit from the end-of-life vehicles' take back programs, but it supports recycling companies to enhance the recycling rate.

Eco-friendly ELV Principles

Resources Recovered from ELVs

(Unit: Tons)

UPCYCLING PROJECTS

Hyundai goes beyond the reuse and recycling of wastes and continues with upcycling projects that create new value based on wastes, such as fashion accessories, new materials, and renewable energy. We will make continued efforts to conduct various upcycling projects, thereby creating new value of waste resources in the automotive industry as well as other industries.

Re:Style

Hyundai unveiled "Re:Style," a sustainable upcycled fashion platform, in 2019 in collaboration with designer Maria Cornejo to combine leftover leather and fabric from car seats that are discarded in the automobile manufacturing process with Maria Cornejo's signature pieces to be reborn as 15 innovative pieces of clothing. For the second project of Re:Style, we took a step further from the 2019 project to use various waste materials, such as vehicles' glass, carpet, and airbag that are discarded in the automobile manufacturing process, and create a collection that reflects the philosophies of six sustainable designers.

In early 2023, we joined hands with the world-renowned fashion designer Jeremy Scott and unveiled a collection that used bio plastic skin (fabric containing a bio-material extracted from sugar cane), a sustainable material that was applied to the IONIQ 6, as well as wipers, tail lights, and seat belts used for EVs. In addition, the "parametric pixel," which gives a geometric form to pixel, the smallest unit to constitute an image, was used to produce various accessories for sale, including micro mini bags, notes, and keyrings.

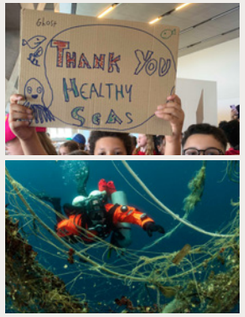
Producing clean hydrogen using biogas based on organic waste resources

Hyundai is moving forward with a business that produces and supplies clean hydrogen by using biogas (methane) generated at public sewage treatment plants in collaboration with the Ministry of Environment, Cheongju City in North Chungcheong Province, and Institute for Advanced Engineering, through which we seek to contribute to reducing carbon and vitalizing the hydrogen ecosystem. We plan to complete construction of a hydrogen production facility in a public sewage treatment plant in 2024 after commencing construction in 2023 in partnership with Cheongju City, with an aim to begin operations in 2025. Once the hydrogen production facility goes into operation, 500 kg of hydrogen is planned to be produced a day. The facility will later be extended to increase daily hydrogen production to 1,000 kg in 2027. Hydrogen produced at the facility will also be supplied to hydrogen charging stations in the local community to supply local residents with clean hydrogen at reasonable prices compared to byproduct hydrogen. Its areas of use will be expanded to include mobility for public services, such as hydrogen buses and hydrogen cleaning trucks. Overseas, we are running a business of producing electricity by converting livestock excretions into biogas in Lampung, located on the island of Sumatra, Indonesia, through which we are contributing to reduction of GHG emissions and job creation for the local community.

Appling renewed materials based on marine waste

Hyundai is collaborating with Healthy Seas, a European marine conservation organization, to implement the Eco Cycle Project – a marine ecosystem restoration program – and to promote education and prevention activities concerning marine pollution. In 2022, we conducted a large-scale marine cleanup and education activity in Ithaca, Greece, collecting 18.5 tons of discarded fishing nets and 5 tons of other types of marine waste. These were then transformed into eco-nylon, a material made by upcycling nets, rags, and such like that is widely used in both fashion products and the vehicle floor mats of the IONIQ 5 and IONIQ 6 models.

In addition to its activities in Europe, Hyundai promotes eco-cycling activities in Ulsan, Korea. This project involves collaboration with the Ulsan Buk-gu Office, Ulsan Fisheries Cooperative, Netspa—a social venture company that upcycles discarded fishing nets—and Blue Siren, a non-profit marine restoration organization, to build a resource recycling system for discarded fishing nets at Jeongja Port in Ulsan. Located in the northern district of Ulsan and known to be the largest breeding ground of red sea bream in Korea, Jeongja Port discharges about 130 tons of discarded fishing nets annually. Under this project, the construction of a 110m² waste fishing net collection site has been completed at Jeongja Port. As for the respective roles of the project participants, Blue Siren manages the collection site and collects waste fishing nets, Netspa will be responsible for recycling the collected nets, and Hyundai supports the project's operation and promotes the transformation of the re-materialized waste fishing nets into automotive parts. The project is scheduled to run from 2024 to 2026.



Establishment of a Circular Economy

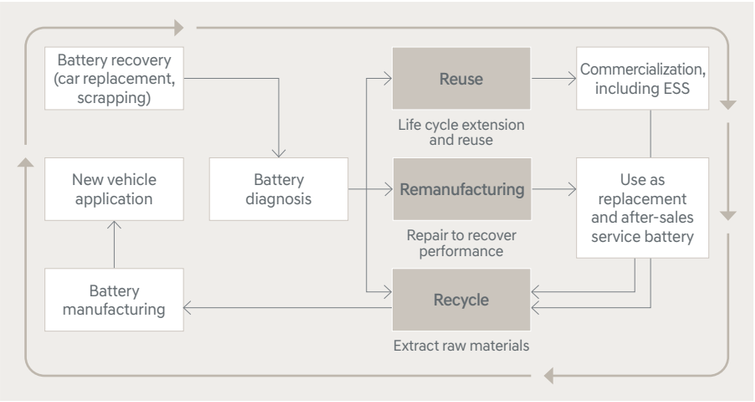
Establishment of a Virtuous Circulation System for Batteries

Establishment of Cooperative System for Battery Circulation Based on the battery life cycle, Hyundai is establishing a battery circulation system that aims for sustainability through the recycling and reuse of second-life batteries generated from end-of-life EVs. The battery life cycle consists of a sustainable virtuous cycle encompassing manufacturing of battery cells using raw materials to production of battery systems for electric vehicles, reuse of batteries after use, extraction of materials from finally discarded batteries, and application of the extracted materials to battery manufacturing. We formed a taskforce team in 2022 to establish a group-wide cooperative system throughout the battery life cycle, while exploring sustainable business models and developing relevant competencies.

In building a cooperative system for battery circulation among Hyundai Motor Group affiliates, Hyundai Motor Company will be in charge of creating a system that enables us to obtain large amounts of second-life batteries through our global sales and service network. We will also establish a virtuous circulation system for batteries through which we extract such key battery materials as cobalt, lithium, and nickel, from second-life batteries that cannot be recycled or remanufactured, and then use them for battery-manufacturing process.

Hyundai GLOVIS plans to use its global logistics network to conduct a business that recovers second-life batteries through ground/marine transportation and then links them to recycling operations. It will also reuse the collected second-life batteries for energy storage system (ESS). Hyundai MOBIS is planning a remanufacturing business that prolongs the life of batteries by means of new packaging, such as sorting out collected batteries and restoring performance, and inputs them for use. Remanufactured batteries will be used for old electric vehicles and repair (after-sales service).

Virtuous Battery Circulation System



Recovery of Second-Life Batteries Hyundai is collaborating with Hyundai GLOVIS, a group company, to establish a global network and transportation control system that systematically collects and transports waste batteries from various locations around the world, including scrapyards, dealerships, after-sales service centers, and Battery-as-a-Service (BaaS) sites. We are also building an integrated diagnostic and pre-treatment system for recovered batteries in collaboration with Hyundai Glovis. In particular, Hyundai GLOVIS has developed and patented a dedicated platform container that can transport used batteries, which are difficult to handle, safely and effectively. It is also collaborating with ER (Environment Recycling), a company possessing pretreatment technology for waste batteries, in the construction of a system that will enable easy transportation and in securing a black powder that can extract valuable metals.

Additionally, we have secured a logistics system that complies with the complex and diverse regulations of each country. Hyundai will use Hyundai GLOVIS' logistics expertise and network to build a foundation for the recovery, diagnosis, and pre-treatment of waste batteries throughout their entire lifecycle, thereby strengthening the reuse and recycling system.

Reuse of Second-Life Batteries Hyundai has been conducting pilot projects to reuse second-life EV batteries for ESS. In December 2020, we became the first company in Korea to obtain approval to give a special regulatory sandbox demonstration of an energy storage device for reusing second-life batteries. Having built a 2 MWh ESS and a 300 kWh ESS, respectively, at our Ulsan Plant and the Gongju plant of OCI Specialty, our demonstration partner, we began commercial operations using photovoltaic power in January 2021.

In April 2022, in cooperation with the Korea Water Resources Corporation, we built a new 400 kWh ESS in Busan Eco Delta Smart City, which will be used in the P2P-based power transaction pilot project. Since 2023, Hyundai's various ESS pilot projects based on second-life batteries have been led by Hyundai GLOVIS. We will also strengthen the ESS business based on waste batteries through a unified pipeline ranging from Hyundai GLOVIS' second-life battery recovery/diagnosis/pre-treatment system to the reuse business.

Remanufacturing of Second-Life Batteries Among second-life batteries generated from our battery life cycle, top-quality second-life batteries with high residual value will be linked to remanufacturing business according to our own classification criteria. We will work together with Hyundai MOBIS to establish a collection system and a remanufacturing base by using the domestic and global after-sales parts supply chains of Hyundai MOBIS. We then remanufacture purchased/collected second-life batteries into batteries for old vehicles and after-sales service, thereby prolonging the service life of batteries.

Recycling of Raw Materials from Second-life Batteries Second-life batteries that cannot be remanufactured or recycled via Hyundai's battery circulation system are broken into pieces and sent to a recycling business that extracts from them valuable metals such as lithium, cobalt, and nickel. Hyundai is concentrating on securing technology that can recycle a large amount of second-life batteries in a sustainable, safe way. By linking the raw materials that are secured as a result with battery manufacturing processes, we will complete the virtuous circulation system of batteries. We plan to build a stable electric vehicle ecosystem by strengthening our battery raw material supply capabilities in the region through the virtuous battery circulation system.

Responding to the EU Battery Regulation As the demand for core battery materials such as lithium, cobalt, and nickel increases with the increasingly widespread adoption of electric vehicles, it is becoming more important to secure a stable supply and price competitiveness for these materials. Additionally, a significant surge in waste batteries from electric vehicles is expected within the next 8-10 years. As a response to the risks of supply and price fluctuations of battery core materials, the recycling industry for materials derived from waste batteries is also attracting attention.

Reflecting this trend, battery-related regulations have been tightened recently, especially in the EU. The EU adopted the new EU Batteries Regulation in 2023 and enforced it in February 2024. This regulation mandates environmental and safety credentials for batteries distributed in the region. All batteries distributed in Europe must declare their carbon footprint, including the amount of emissions generated over their entire lifecycle. Also, EV and industrial batteries must use a certain percentage of recycled materials for key raw materials such as cobalt, lead, lithium, and nickel starting in 2030. Moreover, due diligence on the supply chain of electric vehicle and industrial batteries and the digital disclosure of battery-related information (Digital Battery Passport) will be required. Battery companies will be legally obligated to collectively and individually take back all waste batteries. This regulation affects not only battery manufacturers but also the entire value chain, including automobile manufacturers that receive batteries for electric vehicles, produce electric vehicles, and collect, reuse, remanufacture, and recycle waste batteries.

In anticipation of the global expansion of regulations mandating the use of recycled materials for core battery materials, Hyundai is collaborating with Hyundai GLOVIS and other Group affiliates in the establishment of a value chain for urban mining based on waste batteries in Europe. In the first place, we are establishing upstream sides of this urban mining value chain, including creating a dealer program to recover customer-owned waste batteries and establishing an integrated recovery and pretreatment center.

Hyundai also plans to stabilize the supply and demand of core battery materials and reduce costs in the mid- to long-term perspective, while responding to the EU's mandatory application of recycled materials for core battery materials based on the European urban mining value chain. In addition to the mandatory application of recycled materials for batteries, we are building a regulatory response system in collaboration with battery companies in response to the Digital Battery Passport – a regulation requiring the digital disclosure of battery-related information, including the carbon footprint, and due diligence. Regarding the digital battery passport, we are considering establishing a digital disclosure system for battery information, including the carbon footprint, in collaboration with the Global Battery Alliance (GBA). We will also work with battery companies to establish a due diligence system for the battery supply chain.

Reduction of Environmental Impact

Companies have the responsibility to meets the needs of the present without compromising the ability of future generations to meet their own needs. In addition, there are rapid changes in the internal and external environment that surrounds companies, while water shortage grows in severity due to climate change and reckless corporate activities, and such environmental issues as air and water pollution cause negative impacts to all life on Earth. There is also increasing raw material risk, which was triggered by war and inflation. Amid stricter regulations of environmental authorities, sustainable use of natural resources has become an important issue more than ever. Hyundai therefore strives to restrain increases of resource use and waste discharge that are connected to the rise in production, which has been increasing after COVID-19.

Sustainable Use of Resources

RESOURCES INFLOWS

Increased Efficiency of Raw Material Input Volatility of raw material prices is rising, mainly attributable to global inflation, supply chain conditions, and wars. Raw material price volatility is a factor that directly affects finance. Hyundai is therefore striving to minimize internal and external risks that can be triggered by raw materials, including a rise in costs, instability in supply and demand, and depletion of natural capital, by enhancing raw material usage efficiency and promoting recycling.

The primary raw materials used at Hyundai's production plants include steel (iron), aluminum, paint, thinner, and casting yarn. Steel sheets and aluminum are predominantly used in the body shop, while scraps from the pressing process are fully recycled through external sales. In 2023, these scraps accounted for 32.4% of the total amount of raw materials used. We are working to reduce the amount of iron and aluminum used at each production plant.

Raw Material Use[1)] (Unit: Tons, Tons/Vehicle)

Classification	2021	2022	2023
Steel/aluminum use	1,195,358	1,297,894	1,388,888
Use per vehicle produced	0.31	0.33	0.32
Steel/aluminum scrap	423,617	435,192	449,781

[1)] Raw material data of the Hyundai de Mexico (HYMEX), which were previously omitted from past performance calculations, have been incorporated, resulting in revised figures for raw material quantities for the period 2021 to 2022 compared to the previously disclosed figures.

Ratio of scrap amount in 2023

In 2023, despite the year-on-year increase of the production volume, the amount of iron and aluminum used by each unit showed a slight decrease. Meanwhile, efforts to minimize the use of raw materials at individual production facilities are ongoing. For instance, our Brazil plant reduced the amount of iron input by approximately 8% by adjusting the thickness of the fenders, while our India plant cut its use of iron by 161 tons by reducing the pitch of the blanks.

Water Management Programs Hyundai monitors trends of water usage, recycling, and pollutant discharge at each of its production plants on a monthly basis, and manages its wastewater systems through regular inspections. Internally, we regularly assess and conduct due diligence on water efficiency and water pollutant management at each production plant using the Hyundai Environmental Assessment Tool (HEAT), which was developed by our headquarters' environmental organization. Externally, we undergo annual ISO 14001 certification audits by third-party organizations, such as TÜV NORD and DNV, to assess our water efficiency, recycling, and treatment management practices. Based on the results of both our own internal management and the internal and external environmental assessments, we identify and implement improvements in water efficiency and wastewater quality.

We are improving water efficiency to ensure that our water usage does not increase in conjunction with our production growth, and we are working hard to expand our water recycling initiatives. Hyundai also assesses water risks at each business site using the WRI Aqueduct Water Risk Atlas Tool. These assessments have identified extremely high water risks at our HMI, HAOS, HMMA, BHMC and HMMI sites, and we are now committed to enhancing water efficiency and increasing the volume of water recycled at these high-risk sites.

In 2023, Hyundai recycled 2,631,445 tons of water, a year-on-year increase of 15.2%, with the recycling rate also rising slightly to 23.8%. Our water use target for 2023 was set at 11,099,702 tons, aiming for a reduction of 4% compared to the business as usual (BAU) calculated based on the year's production plan. We accomplished this goal, using 11,060,941 tons of water, while our water intensity was 2.58 tons, representing a decrease of 4% from the previous year.

Each Hyundai production plant is actively working to reduce its water usage while expanding its recycling efforts. The plant in Chennai, India (HMI), nearing "day-zero" status, and the Asan plant in Korea, have established a zero liquid discharge that recycles 100% of water, thereby eliminating the discharge of wastewater.

Meanwhile, the Ulsan plant is constructing a wastewater recycling system that includes a water transfer pipeline. This system will recycle water from the wastewater treatment plant into circulating water for the cleaning dust collector in the painting booth, and is expected to recycle 52,000 tons of water annually.

Water Use[1)] (Unit: Tons, Tons/Vehicle)

Classification	2021	2022	2023
Total use[2)]	10,360,025	10,602,057	11,060,941
Use per vehicle produced	2.66	2.69	2.58
Recycling	2,179,600	2,284,154	2,631,445
Recycling rate	21.0%	21.5%	23.8%

[1)] Water data of the Hyundai de Mexico (HYMEX) and Hyundai Thanh Cong Vietnam (HMTV), which were previously omitted from past water data calculations, have been incorporated, resulting in revised figures for the period 2021 to 2022 compared to the previously disclosed figures. Water data of Hyundai Motor Group Innovation Center Singapore (HMGICS) and HTWO Guangzhou, which commenced operations in 2023, are included in the performance figures for the year 2023.

[2)] Excluding water discharge from the sum of urban (industrial) water, surface current, groundwater, and seawater fresh water intake quantities

Water recycling rate in 2023

Reduction of Environmental Impact

In 2023, our Czech plant (HMMC) optimized its reverse osmosis (RO) system, saving 17,280 tons of water. It has also set a mid- to long-term goal to reduce its water use by 30% by 2029, compared to 2022. To meet this target, the Czech plant is considering the introduction of nano filters to recycle wastewater from the paint shop's RO system, enhancing degreasing and skid purification, promoting the recycling of previously challenging wastewater such as anode solution, installing additional flow meters, and strengthening its internal audit of water consumption. As for the Brazil plant (HMCSA), it is reducing its water consumption by improving its RO system, recycling backflow from the carbon filter system, and adjusting the water pressure in restroom sinks.

Furthermore, Hyundai conducts annual environmental education for its employees based on its environmental policy for fostering water conservation and recycling initiatives. More specifically, on World Water Day (March 22, 2023), designated by the United Nations, the Mexico plant (HYMEX) provided education to raise its employees' awareness of the paramount importance of water conservation. Meanwhile, the Vietnam plant (HMTV) engaged employees in a 'turn off unused water' campaign in a drive to further reduce its water usage.

In terms of measures to improve wastewater quality, Hyundai complies with local and regional standards for wastewater pollutants before discharging wastewater from each plant. We manage these pollutants to levels that are generally below the legal requirements through advanced treatment processes. Our wastewater treatment involves not only physical and chemical processes but also advanced tertiary treatment techniques. Furthermore, we monitor water pollutants, including biological oxygen demand (BOD), total organic carbon (TOC), and suspended solids (SS), at each production plant. We also measure and manage specific pollutants – such as nitrate (T-N) and phosphate (T-P) - that are generated by our automobile painting and washing operations. Water quality tests of these major pollutants are conducted each month by nationally accredited water quality measurement organizations.

RESOURCES OUTFLOWS

Waste Management Programs Hyundai monitors and manages the amounts and types of waste discharged and recycled at each production plant on a monthly basis. Internally, our headquarters' environmental organization conducts audits and due diligence on waste management using the Hyundai Environmental Assessment Tool (HEAT), developed in-house. Externally, we undergo annual ISO 14001 audits to assess our waste management practices. Based on the results of our self-management, as well as internal and external waste, we identify and act upon opportunities to reduce waste and enhance recycling efforts.

Hyundai is committed to reducing waste and expanding recycling initiatives to ensure that our waste generation do not rise in parallel with our production volumes. In our automobile production process, we successfully recycle 100% of metal wastes and are actively working to broaden recycling efforts to include waste paint, waste thinner, packaging materials, and sludge waste. In 2023, Hyundai Motor's total waste discharge (excluding recycling amount) amounted to 66,692 tons, a decrease of 1.5% from the previous year. The amount of waste per vehicle also saw a slight reduction, coming in at just 0.0155 tons. Conversely, our recycling volumes saw a significant year-on-year increase due to a temporary surge in recycled construction waste, associated with the construction of the new electric vehicle factory in Ulsan. Consequently, the recycling rate climbed to 93.5%. We set our waste generation target for 2023 at 70,262 tons, aiming for a 5% reduction compared to the business as usual (BAU) calculated based on the year's production plan. Ultimately, we generated 66,692 tons of waste, successfully meeting our 2023 waste target.

Each production plant is actively working to reduce its waste, expand its recycling initiatives, and minimize its landfill use. The U.S. plant (HMMA) has developed and is implementing a plan to reduce its waste generation by 420 tons per year. This initiative includes changing the unit of waste disposal from volume to weight and compressing the drums that hold waste, as identified in its waste minimization study. The India plant (HMI) has decreased the amount of scrap it generates by altering the grade of coil packing scrap, separating it, and reusing it. In Korea, the Jeonju plant now recycles waste synthetic resin, which was previously incinerated, and avoids landfill disposal of waste casting yarn. The Asan plant and Brazil plant (HMCSA) have been certified as "zero waste to landfill" plants. The Asan plant, due to its high recycling rate and landfill minimization performance, has achieved the 'Platinum' level (100% recycling rate) in the Zero-Waste-To-Landfill (ZWTL) certification of UL Solutions, an international safety and science certification organization. As for the Brazil plant, it has earned the highest level of the "Responsible Company Seal" for its waste management, Diamond, which is awarded by the Brazilian certification bodies PCN Do Brasil, the National Institute of Metrology Standardization and Industrial Quality (INMETRO), and the Zero Waste Institute from the Instituto Lixo Zero Brasil (ILZB).

Hyundai also conducts annual environmental education for its employees based on its environmental policy to promote waste reduction and recycling. During Environmental Week (June 20-23, 2023) at the Brazilian plant, education was held on the theme of 'The Circular Economy and Solutions to Plastic Pollution.' This event aimed to increase employees' awareness of the importance of reducing waste and enhancing recycling efforts. Similarly, the headquarters launched a campaign encouraging the use of multi-use cups to decrease reliance on disposable paper cups. Additionally, we invest heavily in waste and recycling facilities, allocating a total of KRW 1.24 billion to improve the waste and recycling infrastructure of our domestic plants in 2023 alone.

Reducing Pollutant Emissions To minimize air and water pollutants, Hyundai enforces internal management standards that exceed the legal requirements of the countries in which it operates. We are committed to reducing pollutant emissions by actively replacing equipment and investing in new facilities. In 2023, the Ulsan plant allocated KRW 44.6 billion in operating expenses in order to enhance its air pollution control facilities, and spent approximately KRW 6.65 billion on renovating the prevention facilities and odor fields, including the replacement of RTO activated carbon systems. The Jeonju plant invested around KRW 590 million in the installation of new dust collectors and the replacement of dust shields and bag filter fillers. The Czech Republic (HMMC) and India plants (HMI) are working to reduce pollutants through the implementation of waste heat recovery systems, fuel switching, and optimization activities. Both the Ulsan and Jeonju plants manage the concentration of water pollutants by analyzing monthly discharge data. They also invest in facility upgrades to prevent environmental accidents and enhance the efficiency of water treatment, focusing on the continuous improvement of existing equipment.

Waste[1] (Unit: Tons, Tons/Vehicle)

Classification	2021	2022	2023
Total waste[2]	60,371	67,694	66,692
Waste per vehicle produced	0.0155	0.0172	0.0155
Total recycling	505,770	561,670	957,463
Recycling rate	89.3%	89.2%	93.5%

[1] Waste data of the Hyundai de Mexico (HYMEX) and Hyundai Thanh Cong Vietnam (HMTV), which were previously omitted from past performance calculations, have been incorporated, resulting in revised figures for the period 2021 to 2022 compared to the previously disclosed figures. Waste data of Hyundai Motor Group Innovation Center in Singapore (HMGICS) and HTWO Guangzhou, which commenced operations in 2023, are included in the performance figures for the year 2023.

[2] Excluding recycled amount

Waste recycling rate in 2023

93.5%
(957,463 tons)

Reduction of Environmental Impact

Management of Harmful Substances

HARMFUL SUBSTANCE MANAGEMENT SYSTEM

Harmful Substance Management Standard Hyundai classifies and manages harmful substances in three stages – prohibition of use, limited use, strengthened management – according to international standards and initiatives. Substances classified as "prohibition of use" are banned from use as high-risk regulated substances for which substitutes must be found, while substances falling into the category of "limited use" can only be used for purposes specified in the exception article, and those falling into the category of "strengthened management" can only be used under constant monitoring and systematic management.

Although we strive to minimize harmful substances under internal standards, it is difficult to completely block harmful substances from products because automobiles consist of many thousands of parts. We therefore apply the same management standards for harmful substances to our supply chain in order to ensure that the products that are delivered to us do not contain any regulated substances.

Inspection and Analysis of Harmful Substances Hyundai has adopted the International Material Data System (IMDS), jointly operated by global automobile manufacturers, to systematically manage information on harmful substances. We also apply the Material Analysis Management System (MAMS), developed in-house, to conduct risk assessments based on substance information on parts collected from the development/design stage of a new vehicle, thereby blocking the use of high-risk substances from the outset. Moreover, we investigate the inclusion of regulated substances during the new car development stage in order to preemptively respond to newly regulated substances. Hyundai also checks information on substances that are liable to change during the mass production processes through parts and material analysis and inspections during regular supplier site inspections.

Management of Harmful Substance Information Hyundai does its utmost to prevent accidents by preemptively reviewing new high-risk substances and replacing them with alternative substances. Upon handling hazardous chemicals, we are striving to maintain a safer working environment by utilizing the integrated monitoring system of environmental facilities to check for leakages of hazardous chemicals in real time. Since 2003, we have been sharing information on domestic and international harmful substance regulations and response requirements with our suppliers, as well as strictly managing harmful substances in the supply chain by helping suppliers set up their own systems of response to harmful substance regulations, whenever necessary, in addition to running annual IMDS user trainings to improve the consistency of IMDS data.

Preemptive Response to Regulation and Initiatives Hyundai supports international regulations, standards, and initiatives concerning harmful substances. We strive to preemptively develop and apply alternatives even before finalization of regulations that prohibit/restrict the use of harmful substances in Korea and abroad. In response to amendment and/or strengthening of End-of-Life Vehicles Regulation (ELVR) and Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) of EU, a leader of governing harmful substances, we work on replacing high-risk substances. In addition, anticipating the global discussions on the comprehensive regulation of persistent organic pollutants (POPs), known to have adverse effects on ecosystems and human health by not decomposing in the natural environment or accumulating in the food chain, leading to central nervous system damage and immune system disruption, Hyundai has formulated preemptive measures to address the issue.

With perfluorinated compounds (PFAS) currently under regulatory scrutiny in Europe and the U.S., we are actively reviewing our use of these substances and their substitutes, targeting a ban before the anticipated European regulation in 2027. In the U.S.A., Alabama, the location of our plant, has announced PFAS regulations for workplaces, including the mandatory requirement to submit emissions data. In response, we are intensifying our research into PFAS generation factors, which includes analyzing all the constituent substances of paints.

Focused Management of Four Major Heavy Metals Hyundai prohibits use of the four major heavy metals – lead, cadmium, hexavalent chromium, mercury – that are prohibited from use in the EU market in accordance with the Directive on end-of-life vehicles (ELV Directive), a new regulation proposed by the EU Commission in July 2023, and that can accumulate in the human body and cause heavy metal poisoning. In addition, we strictly prohibit the use of high-risk substances such as brominated flame retardants. We manage such harmful substances in accordance with the harmful substance management standards established in December 2002.

Ulsan Plant's commitment to zero hazardous chemicals

Hyundai's Ulsan Plant is striving to reduce hazardous chemicals themselves with a goal of reducing chemical accidents. It has been making continuous plant facility improvements since 2014, while developing alternatives together with suppliers. As a result, it achieved a 90% reduction in hazardous chemicals and plans to become a zero hazardous chemicals business site by 2030.

Reduction of Environmental Impact

BUSINESS CASE

Environment Enhancement Activities by Sites

Hyundai is improving quantitative environmental indicators for each business site in Korea and overseas. Our business sites also have been taking active part in environmental enhancement activities and initiatives. These qualitative activities are included in business sites' performance indicators, along with quantitative indicators, and reflected in their environmental performance evaluations. Based on this performance system, we are strengthening the environment enhancement activities of each business site and leveling up the company's environmental management based on the horizontal development of excellent environmental activities.

Business Sites in Korea

Ulsan Plant As the largest single plant in Korea, the Ulsan Plant undertakes various environmental improvement initiatives across its unit plants. According to its target of "zero serious environmental incidents" and its aim of preventing environmental accidents and carrying out immediate responses, the Ulsan Plant has equipped a total of 808 high-risk facilities – including wastewater collection tanks, cutting oil concentrators, hazardous chemical handling facilities, atmospheric TMS (chimney automatic measuring devices), and odor meters – with an IoT system that enables real-time monitoring and swift action in the event of an accident.

At Plant 2, we hosted a joint labor-management ESG workshop to enhance corporate value and sustainable management. The workshop activities included environmental management resolutions and plogging. Additionally, Plant 2 issues its own environmental publications to ensure that all its employees adhere to the environmental management policies and ESG-related issues. It also fosters a commitment to environmental preservation by encouraging employees to participate in environmental competitions organized by the Ministry of Environment.

Asan Plant Thanks to its high recycling rate and landfill minimization efforts, the Asan Plant became the first Korean automaker to achieve the highest Platinum level (100% recycling rate) in the Zero-Waste-To -Landfill (ZWTL) external certification of UL Solutions, an international safety and science certification organization. This certification system grades workplaces based on their actual recycling rates. The Asan Plant achieved a 100% rate by recycling scrap metal from the automobile pressing process into steel products and transforming all waste casting yarn and waste aluminum from engine production into raw materials.

Korea Business Division The Korea Business Division conducts various activities to respond preemptively to environmental legal and regulatory risks at high-tech centers, with the aim of enhancing the environmental work capabilities of each center. It conducts semi-annual environmental audits, supports comprehensive environmental management at certified used car centers, and ensures compliance with the environmental laws. Additionally, to standardize and improve our environmental management tasks, we have produced a guidebook on environmental work practices, a standard timetable calendar for environmental work, and a secret notebook for environmental inspections, all of which are distributed to our high-tech centers.

Overseas Business Sites

Hyundai Motor Manufacturing Alabama (HMMA) With the initiation of the mass production of EV/HEV models, HMMA has established a process for recovering and recycling high-voltage waste batteries that are found to be defective during production. Through collaboration between departments (Production Management, Quality Management, Safety, etc.), waste batteries are sorted, transported, and 95% recycled by an external company to extract valuable materials like lithium carbonate and cobalt for reuse, while reducing waste disposal costs in the process.

Hyundai Motor Central & South Americas (HMCSA) Hyundai Motor Brasil is dedicated to realizing ESG values by acquiring various environmental certifications. It was the first automobile company in Brazil to receive the Responsible Company Certification for Waste Management from the Zero Waste Institute and PROCERT for Social and Environmental Corporate Responsibility. Additionally, it has consistently earned a "Gold" rating in the GHG Protocol and maintains the Environmental Management System (ISO 14001) certification.

Hyundai Motor Manufacturing Czech (HMMC) To reduce industrial water usage, HMMC recycles reverse osmosis (RO) water from its paint shop. By reusing the clean wastewater for high-pressure washing processes, the plant expects to save approximately 17.28 million liters of water and about 91,238 euros per year, thereby reducing its polluted water emissions and achieving positive environmental and economic impacts

Hyundai Motor Manufacturing Indonesia (HMMI) HMMI has signed a renewable energy supply agreement with Indonesia's state-owned electricity company (PLN) to realize RE100. This commitment ensures that from 2023, all electricity required to operate the plant will be sourced from renewable energy. Additionally, the effectiveness of the environmental management system has been externally validated through a BLUE rating from PROPER, an environmental management evaluation system operated by the Indonesian Ministry of Environment and Forestry. This rating signifies 100% compliance with the environmental laws and regulations.

HTWO Guangzhou HTWO Guangzhou received the highest grade of "GREEN" in the 2023 Corporate Environmental Credit Rating by the Guangzhou Municipal Ecological Environment Bureau. It was recognized as a sincere environmental protection company for fully complying with China's environmental legal obligations and proactively implementing six environmental improvement activities.

Hyundai de Mexico (HYMEX) In response to the increase in wastewater emissions due to the aging of existing facilities and the rise in trailer production, HYMEX enhanced the wastewater treatment facility at its paint shop to improve its treatment capacity. By replacing aging water treatment equipment, including pH meters and flow meters, and installing new automation technology such as PLCs and flow controllers, the plant is expected to save approximately USD 30,000 per year. These savings largely stem from its efforts to protecting nearby water supplies and recycle paint booth-treated water.

Hyundai Motor Group Innovation Center in Singapore (HMGICS) In alignment with the Singapore government's goal of achieving carbon neutrality by 2050, HMGICS installed solar panels on the rooftop of its facility to increase its use of green energy in 2023. Moreover, we are continuing to advance the paradigm of hydrogen production by collaborating with the Singaporean government on research into a natural hydrogen ecosystem.


1

2

3

1 Ulsan Plant Labor-management joint environmental (ESG) management workshop
2 Responsible Company Certification granted to HMCSA
3 Solar panels installed on HMGICS

Protection of Biodiversity

Biodiversity is essential for life on Earth, allowing humans, plants, and animals to live in harmony with nature. Recognizing that biodiversity has a significant impact on natural capital—including human food safety, health, air and water quality, and raw material supply—Hyundai strives to assess its impacts on, and risks to, biodiversity and to ameliorate any negative impacts based on this assessment. Furthermore, under the company-wide “Colorful Life” campaign, we aim to prevent further loss of biodiversity and turn it into a net gain by implementing various projects, such as protecting endangered species and preserving natural habitants within the communities near our sites and regenerating land and marine ecosystems while taking into account their natural characteristics.

Preservation, Restoration, Expansion of Biodiversity

BIODIVERSITY PROTECTION SYSTEM

Hyundai Motor Company Biodiversity Protection Policy

Establishment of Biodiversity Protection Policy In 2022, Hyundai established the Biodiversity Protection Policy based on the Convention on Biological Diversity (CBD), Convention on International Trade in Endangered Species of Wild Fauna and Flora, and Guidelines for Applying Protected Area Management Categories. We are complying with laws and regulations on diversity promotion, wild fauna and flora management, natural habitat conservation, and use of forest/soil/water resources of countries where our business sites are located. Also implemented based on the biodiversity policy includes the assessment of environmental impact throughout our business operations and conservation/restoration activities. Implementation of our pledge on mid- to long-term biodiversity restoration and promotion, biodiversity policy declaration and establishment/amendment, assessment of biodiversity and setting of impact reduction activities, and forest destruction prevention and reforestation project is endorsed by BOD (Sustainability Management Committee) or management (C-level).

Biodiversity Assessment and Protection by Business Site Hyundai conducts an environmental impact assessment of its large business sites based on relevant laws and regulations in the respective country to forecast and analyze the impact on resident life and natural environment by environmental factors that arise in the process of newly building/extending business sites or operating business sites. The air environment, water environment, land environment, fauna and flora, and other factors are subject to environmental impact assessment. Based on assessment results, we identify major risk factors and establish mitigation measures. Some production subsidiaries additionally conduct a biodiversity risk assessment that identifies numbers of fauna and flora and ecosystem status, through which they forecast impact and risk factors on specific species and population and establish mitigation measures. In addition, each business site carries out biodiversity and habitat protection activities and collaborates with government and relevant organizations, non-profit groups, and professional organizations to raise the effectiveness of protection activities.

Methods for assessing the species and individual inhabitation status (picture-taking, spot survey, field inquiry)

Biodiversity Assessment – Numbers of Fauna/Flora and Analysis of Impact

① Select species and individuals We select species and individuals that are subject to an assessment in a way that allows identification of fauna and flora as well as the ecosystem status in consideration of a business site’s operation method, operation size, and nearby local environment characteristics. In particular, we include endangered animals, protected wild animals, natural monuments, and species that are designated for preservation/protection by international agreements in assessment targets.

② Set the assessment area (range) The area that has the business site’s major axis length as the radius is used as the basis, but we set impacted neighboring areas from business site boundaries as the assessment range. If needed, we expand the assessment range in consideration of fauna and flora’s movement route, area of activity, and vegetation distribution. Also, in consideration of seasonal characteristics, we conduct an assessment at a different time.

③ Define the assessment method (means) We carry out a basic survey of ecosystem geography and ecology, including an inquiry, documentary survey, and questionnaire. We identify the status of numbers of species through unaided eye observation, field inquiry, picture-taking, sound detection, spot survey, and trap installation, in consideration of fauna and flora’s area of activity, time, frequency, and other factors. Assessment results are managed as characteristics information, including method of confirming species per assessment spot, legally protected species, indigenous species, and observed and confirmed population.

④ Forecast and analyze impact We forecast and analyze the impact and risk factors of natural environment changes caused by business operations, air/water/soil pollution, and noise and vibration generation on changes in species and population. When forecasting impact, we refer to similar assessment cases, such as establishment of new business site, capacity expansion, and business operation. Based on assessment results, expected changes to species and population are described in quantitative or qualitative form. We forecast impact in detail for major species and individuals that are expected to be substantially impacted from business operations. Priority is placed on considering species that are sensitive to anthropogenic interference.

⑤ Establish mitigation measures Based on the results of forecasting and analyzing negative impact on species and population, we establish measures on mitigating negative impact on fauna and flora species and population. We change business site locations, adjust business operation schedules, and establish alternatives to avoid significant impact, and adopt environmental facilities to remove and minimize environmental pollution. In case of unavoidable damage to a major habitat, we establish alternative habitats and vegetation belts, and artificial space, including wildlife passage.

Biodiversity Risk Management Based on the mid- to long-term goal of halting any further losses of biodiversity by 2020 and transitioning to a net gain from 2030, as outlined in the UN’s Kunming-Montreal Global Biodiversity Framework in 2022, many developed countries and major regions such as the EU have developed their own regional/national biodiversity strategies for 2030 in order to move beyond simply halting biodiversity loss to achieving a net gain at the regional/national level. Building on these strategies, they are earnestly beginning to regulate the industries that have the greatest negative impact on biodiversity.

First and foremost, the EU recognizes deforestation as a major driver of biodiversity loss and accordingly has enacted the EU Deforestation Regulation (EUDR), which will start to apply on 30 December 2024. The EUDR mandates that any operators or traders engaged in importing or exporting commodities including palm oil, cattle, coffee, wood, cocoa, rubber, and soybeans – along with relevant products such as leather, furniture and rubber tires, within the EU market must demonstrate that the products are not linked to deforestation or forest degradation. The relevant commodities and products covered by EUDR will be screened for links with deforestation and, if such links are confirmed, they will be banned from importation and distribution within the EU. Further additions to the list of covered commodities and relevant products are expected in the future.

Hyundai integrates biodiversity risks into its company-wide risk management system. Both the ESG Planning Team, which reports directly to the CEO and manages sustainability-related risks, and the Business Risks Management (BRM) Group, which is responsible for managing company-wide risks are responding to biodiversity-related risks. In particular, leather and rubber among commodities and relevant products covered by EUDR are used in vehicle interior parts including seats and tires, and the future use of rubber and leather raw materials linked to deforestation will be subject to an import ban in Europe. Such a ban could in turn lead to delays and disruptions in EU parts procurement. Hyundai therefore proactively prevents and mitigates potential risks arising from the EUDR through two main strategies – risk identification and risk prevention. As regards the first of these two strategies, risk identification, Hyundai requires the directive suppliers of parts made with leather and rubber to provide the origin information of material they use during the bidding process, and identifies high-risk sourcing based on this information. For risk prevention, the directive suppliers of parts made with leather are obligated to use LWG (Leather Working Group) certified leather. Hyundai is working on making our high-quality genuine leather even more sustainable with expanding the use of high-quality artificial and recycled leather. Regarding rubber, Hyundai works with tire companies to secure and utilize natural rubber that is not linked to deforestation. Moving forward, Hyundai will strengthen its due diligence on sourcing from countries designated as high-risk by the EU and continue to develop and apply sustainable materials, including recycled materials for leather and rubber parts, in the medium to Long term. On the other hand, Hyundai provided training sessions for its internal procurement staffs to explain EUDR’s requirements and guide on how to respond to EUDR and distributed the guidance material to them.

Protection of Biodiversity

COMPANY-WIDE "COLORFUL LIFE" CAMPAIGN

Colorful Life – Environmental Contribution Campaign Hyundai provides guidelines on all CSV activities aligned with the company-wide CSV initiative. In 2023, we launched the company-wide biodiversity conservation campaign, "Colorful Life," with biodiversity as the central theme of our environmental contribution activities, reflecting the critical loss of biodiversity on the global scale. Colorful Life highlights the significance of life's diversity and suggests that the conservation of biodiversity can enhance and enrich our lives. Each domestic and overseas site has developed and implemented a CSV activity business plan centered on biodiversity.

MBTI-linked Endangered Species Exhibitions at Yangjae Headquarters, Namyang R&D Center, and Nambu High-tech Service Center The Yangjae Headquarters hosted an MBTI-linked exhibition of endangered plants and animals and a biodiversity-themed talk concert featuring the eco-conscious actress Jin-hie Park in a bid to raise awareness of the importance of biodiversity conservation among employees and the general public. Meanwhile, the Namyang R&D Center conducted the Colorful Life campaign internally, and the Nambu High-tech Service Center hosted the same MBTI-linked endangered species exhibition at the headquarters at Yeouido Hangang Park near its business site.

Ulsan Plant – Publishing the Ulsan Protected Wildlife Leaflet To protect endangered animals and preserve biodiversity, the Ulsan plant published the Ulsan Protected Wildlife Leaflet in collaboration with the Taehwa River Conservation Association. This leaflet, which introduces 57 species designated as protected wildlife by the city of Ulsan, has been distributed to the Biodiversity Center and the Ulsan City Office of Education as an educational material for local citizens and elementary school students.

Asan Plant – Planting Trees at Yeonginsan Arboretum Since 2019, the Asan Plant has run a "one-company, one-mountain" partnership for the Yeonginsan Recreational Forest in Asan City, and has allocated an annual budget of KRW 10 million to support the Hyundai Motor Forest program at Yeonginsan Mountain. In 2024, Hyundai will continue making efforts to mitigate climate change and preserve biodiversity by planting Yoshino cherry trees, a species known to be highly effective in absorbing carbon, in collaboration with the Asan Facilities Corporation.

Jeonju Plant – Endangered Plant Conservation & Restoration Project The Jeonju Plant has signed an MOU with the Jeonbuk Regional Environmental Office and the Deogyusan National Park Management Office and the Plant Conservation Center of Korea National Park Service to conserve and restore several endangered plants of Deoyusna such as the Cypripedium japonicum (Gwangneung Yogang Flower: Class I Endangered Species) and the Lilium tsingtauense (Nalgae Haneulnari Flower: Class II Endangered Species). Based on the agreement, we have installed biodiversity observation cameras and protective fences, and implement conservation and restoration activities such as habitat surveys, seed collection, and seeding.

Colorful Life talk concert at the Yangjae Headquarters (featuring actress Jin-hee Park)

Colorful Life exhibition at the Yangjae Headquarters (featuring endangered plants and animals linked to MBTI)

Hyundai's Mitigation Measures

In order to directly and/or indirectly mitigate negative impacts on biodiversity identified through the biodiversity assessment, Hyundai takes follow-up measures based on mitigation hierarchy.

Mitigation Hierarchy	Hyundai's Mitigation Measures
Avoid	• Before establishing/changing/expanding a large business site, we pre-assess how the activity will impact the nature assets, including biodiversity (flora and fauna) and natural environment (air, water, soil), of the planned project site and surrounding area. According to assessment results, we decide on carrying out the project or restricting/putting off the project.
Reduce	• We adopt environmental facilities that can minimize discharge of air/water/soil pollutants of our business sites, such as use of the regenerative thermal oxidizer (RTO), dust collector, zero liquid discharge system, and waterborne-based paint. • We conduct life cycle assessments (LCAs) in the areas of global warming, acidification, eutrophication, and photochemical oxidant generation to assess our vehicles' potential impact on the environment, using CML (Centre of Environmental Science – Leiden University) methodology. LCA results indicated that EVs can reduce the carbon footprint as much as 67% compared to ICEVs, when using new and renewable energy-based electricity. Hyundai is therefore striving for 100% electrification by 2045. • We apply exhaust gas-reducing technologies, such as the gasoline particulate filter (GPF) and diesel particulate filter (DPF), to reduce vehicle exhaust gas such as NOx and PM.
Transform	• We are establishing eco-friendly ecological parks based on private-government cooperation and developing/spreading new technologies that restore the ecosystem. – We established the Yeouido Saetgang Ecological Park based on a three-party agreement among Hyundai Motor Company, Seoul Metropolitan City, and social cooperative Hangang, adopted non-point pollutant source reduction facilities, and conducted a planting project in the area. – In partnership with The Nature Conservancy (TNC) in Brazil and Sao Paulo State University's Department of Forest Science, we established a research forest to develop new technologies for forest restoration (Green Field, etc.) and are spreading new technologies.
Restore	• We restore endangered high-risk species and endangered species threatened by climate change. – Animal restoration: We strive to preserve and restore species, such as by setting protection zones for the endangered long-billed ringed plover and eagle, which is a natural monument, living in the Taehwa River in collaboration with Ulsan Metropolitan City and East Asian-Australasian Flyway Partnership. – Plant restoration: Following a project in the Hongcheon area to restore Korean fir and tulip tree, endangered species threatened by climate change, we collaborated with the Korea National Park Service and conducted a project on restoring plants on Mt. Deogyu that are categorized as endangered species, including cypripedium japonicum and lilium cernuum.
Regenerate	• We undertake regeneration projects for terrestrial, marine, and pond ecosystems. – Terrestrial ecosystem: Through the IONIQ Forest project, we will regenerate forests by planting 1 million trees by 2025 across the globe, to provide sustainable habitants for both flora and fauna (Trees support over 80% of the world's terrestrial biodiversity). – Marine ecosystem: In collaboration with Healthy Seas, we will collect a total of 230 tons of ocean waste (waste fishing nets, etc.) in 10 European countries (Greece, France, etc.) and Korea by 2025 to increases in marine life population, including return of marine fish species. – Pond ecosystem: We have promoted a project to regenerate two dried-out ponds in Chennai, where our Indian plant is located. This project has successfully restored and increased the populations of the species that inhabit the ponds, and revitalized their ecosystems as habitats for diverse organisms.

Classification	Metrics	Target	Progress	Detailed Strategies for Achieving Goals
Terrestrial ecosystem	• Area of regeneration • No. of trees planted to build forests	• Area of regeneration: Regenerate a total of 650 ha of terrestrial ecosystem (forest, grassland) by 2025 • Planting trees: Plant 1 million trees by 2025	• Regenerated Area: From 2016 to 2023, a total of 588 ha of forest, grassland, and other terrestrial ecosystems were regenerated (achieving 90% of the target, with 309 ha regenerated in 2023) • Tree Planting: Between 2016 and 2023, a total of 498,582 trees were planted (50% of the target achieved, with 268,319 trees planted in 2023)	• Aim to achieve the goal by expanding the global market for the IONIQ Forest, starting in Korea and then extending the scope of the projects to major countries with our production plants in the U.S., Brazil, and the Czech Republic
Marine ecosystem	• Collected marine wastes, including waste fishing nets	• Collect 230 tons of marine wastes by 2025	• From 2021 to 2023, a cumulative total of 106 tons of marine debris were collected on approximately 35 occasions in eight countries across Europe, Korea, and the U.S. (46% of the target achieved with 1.75 tons of waste fishing nets in 2023)	• Plan to expand the areas for marine debris collection, including Korea, in addition to 8 European countries, aimed at achieving the goal
Pond ecosystem	• Number and area of regenerated ponds	• Regenerate 2 ponds with an area of a total of 1.4 ha by 2023	• In 2023, the rehabilitation of two ponds covering a total area of 1.4 ha was completed, regenerating pond ecosystems and securing a water storage capacity of approximately 14 million liters (100% of the target achieved)	• Achieved the goal by expanding our pond revitalization projects in India, including the revitalization of three ponds in Hariahera, Palasoli, and Tajnagar in 2022, and the completion of two ponds in Chennai in 2023

Protection of Biodiversity

BUSINESS CASE

Ulsan Plant – Conducting Biodiversity Impact Assessment

Overview of Biodiversity Assessment

Hyundai's Ulsan plant conducted an assessment of its impact on biodiversity in the area near the plant from February to May 2023, as the plant is building a new electric vehicle factory. The Ulsan Pant is located within a 0.07-kilometer radius of the Taehwa River, whose downstream area has been designated as an ecological landscape conservation area and a wildlife reserve in order to preserve the habitat of various wild animals and plants, including migratory birds. As for the upstream area of the Taehwa River, it is the main source of drinking and industrial water for the Ulsan area. The Ulsan plant, Hyundai's largest single factory in terms of production, uses a large amount of water for cooling, cleaning, and painting purposes. Through this biodiversity impact assessment, we investigated the habitats and presence of wildlife and plants in the Taehwa River, and assessed the impact of the new plant on biodiversity and ecosystems in the vicinity of the Ulsan Plant, including the Taehwa River, aimed at mitigating any negative impacts.

Description of the Assessment Area

The biodiversity assessment area covered approximately 2.2 kilometers around the Ulsan Plant, including the migratory bird migration area downstream of the Taehwa River and the ecological landscape conservation area and wildlife reserve located south of the Ulsan plant. We assessed the flora (vegetation) and fauna (birds and legally protected species) of the assessment area by conducting a combination of literature and field surveys.

This has enabled us to better understand the status and population distribution of plant and animal species around the Ulsan Plant, as well as to assess the impact on biodiversity of the environmental factors generated by the Ulsan Plant. For any anticipated negative impacts, we have been developing and implementing activities to mitigate (maintain-restore-enhance) them.

Biodiversity Assessment Methodology

Flora and Vegetation We conducted a literature review to ascertain the nature of the flora and fauna in the assessment area, and two field surveys using the quadrats we had installed there.

Birds Considering the radius of activity and ecological characteristics of the bird species that inhabit the assessment area, we employed the Line Census Method, which consists in identifying and recording all birds observed around the site with binoculars while walking at a speed of 1 km/30 min, in combination with the Spot Census Method, which consists in recording the species observed around the site while staying in one place for 10 minutes.

Species and Individual Inhabitation Status

The results of the biodiversity assessment show that plant life and vegetation are most prevalent in the water area (80%), with some 5,453 individuals belonging to 33 species of fauna (birds) identified there. In addition, one Eurasian goshawk was spotted just 38 meters away from the Ulsan Plant during the field survey, and seven legally protected species identified in the literature, including kestrels and Eurasian Scops owls, were observed there, possibly using the surrounding water system for foraging activities.

Area Distribution of Existing Vegetation

Vegetation Type	Survey Area	
	Area (m^2)	Percentage
Water body	1,899,253	80.20
Amur silver-grass community	153,026	6.46
Amur silver-grass and reed community	52,402	2.21
Shortgrass prairie	89,196	3.77
Roads, buildings, and bare ground	98,431	4.16
Others	75,606	3.20
Total	**2,367,914**	**100.0**

Status of Bird Appearances by Family

Family Type	No. of Species	Percentage
Anatidae	12	36.36
Laridae	3	9.09
Podicipedidae	2	6.06
Corvidae	2	6.06
Motacillidae	2	6.06
Ardeidae	2	6.06
Accipitridae	2	6.06
Others	8	24.25
Total	**33**	**100.0**

Results of the Biodiversity Assessment

Flora and Vegetation The site of the new EV factory within the Ulsan Plant is located in an area where natural vegetation is not distributed, so there should be no damage to flora and vegetation other than landscape trees, while the impact on flora and vegetation is expected to be minimal due to the nature of the surrounding area (urban center). However, localized sources of pollution such as fugitive dust and dust generated during excavation work may accumulate on the leaves of woody and herbaceous plants near the Ulsan Plant, affecting their photosynthesis and respiratory functions.

Terrestrial Fauna (Birds) Due to the highly mobile nature of the taxonomic group, when anthropogenic disturbances occur due to certain processes, direct impacts such as the loss of species and populations are not expected to be significant due to immediate migration and avoidance of the surrounding water system (Taehwa River) and streamside, grassland areas, forests, etc. However, it is difficult to completely exclude the possibility of impacts caused by fugitive dust or soil discharge into the nearby water system (Taehwa River) during rainfall.

Legally Protected Species (High-Risk Species) The possible presence of six legally protected species has been identified based on the literature review, including the Eurasian goshawk, which was confirmed during the field survey. Although the impacts of the construction of the new plant are expected to be insignificant, ongoing improvement activities are necessary for the Taehwa River riparian area, which serves as both a food source and a habitat for these six legally protected species.

Mitigation Measures

Based on the results of the biodiversity impact assessment, Hyundai has implemented a series of mitigation measures centered on the following three activities:

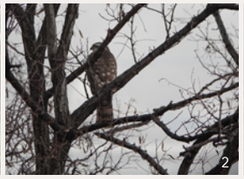
1) Minimizing Fugitive Dust Generation
- Operation of sprinkler vehicles and installation of wheel and car washing facilities
- Installation of covers for earth and sand transport vehicles, imposition of a limit on the speed of construction vehicles
- Prevention of soil spillage by using big bags and plastic when temporarily storing soil

2) Minimizing the Impact of Night Lighting
- Flexible adjustment of operating hours according to the purpose of use and situation
- Minimization of outdoor lighting and specification of distances from residential areas

3) Strengthening Activities to Protect the Long-billed Ringed Plover (Legally Protected Species)
- Promoting the Taehwa River Conservation Project: Conservation of the Taehwa River, a habitat for various bird species including the long-billed ringed plover, has been supported by Hyundai since March 2023. We have established a cooperation system with the Taehwa River Conservation Association to preserve the river's environment, and has also donated KRW 60 million as a sponsorship fund. The fund is used to support the Association's regular water quality surveys, ecosystem monitoring, environmental pollution monitoring, and environmental cleanup activities.
- Participating in Ulsan City's Migratory Bird Protection Program: Hyundai has participated in the Ulsan Migratory Bird Protection Platform Construction Project for three years, starting in 2021, in collaboration with the city of Ulsan and the East Asia-Oceania Flyway Partnership (EAAFP). We have designated the long-billed ringed plover as a protected species and carried out a number of conservation campaigns and habitat cleanup and protection activities.

1 Biodiversity assessment fieldwork
2 Bird presence in the assessment area – Eurasian goshawk (Endangered Wildlife, Natural Monument)
3 The long-billed ringed plover, a legally protected species


1


2


3

Social

* IONIQ Forest - Hyundai's eco-friendly CSV project

The primary purpose of every business is to generate profit. However, those which fail to fulfill their obligations as responsible members of society in the process of creating economic value are no longer sustainable. Having committed itself to the pursuit of sustainable growth, Hyundai considers the right direction for achieving growth and the right changes for society as a member of the global community, spreading social value so that more people can benefit from the greater value created by Hyundai.

Human Rights and Human Resources Management

Hyundai supports international standards and guidelines related to human rights and labor, and promotes human rights management across global supply. In collaboration with the relevant departments, we strive to make practical improvements, while also conducting annual due diligence across our business sites and suppliers to identify both potential and actual human rights risks, and implementing appropriate mitigation measures accordingly. Meanwhile, we have established a human resources management system that provides the highest level of value to employees. We recruit talented employees and invest in capacity building to create a culture of voluntary learning. We also have built a creative and performance-oriented organizational culture performance evaluation and fair compensation, operate customized welfare systems, and carry out activities aimed at improving the work environment and promoting diversity.

Human Rights Management

DIRECTION OF HUMAN RIGHTS MANAGEMENT

Hyundai is committed to the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. We also support international standards and guidelines related to human rights and labor, such as the International Labor Organization Constitution, the OECD Guidelines for Multinational Enterprises, and the OECD Due Diligence Guidance for Responsible Business Conduct, based on which we promote human rights management on the global scale.

Hyundai's human rights management system comprises five elements – governance, training, Policy Commitment, due diligence, and remedy. Each year, we select key issues in the field of human rights management by analyzing the status and deficiencies of these five elements. For the selected issues, we consult with the relevant departments, including the HR, ER, Legal, and Procurement Departments, in order to seek step-by-step improvements and induce practical changes. We will continue doing our best to establish a global corporate culture that protects and respects the human rights of our stakeholders.

INTERNAL MANAGEMENT

Human Rights Management Governance Hyundai collaborates with various related departments, including ESG, HR, ER, Legal, Procurement, and Safety, in order to protect and respect the human rights of the many stakeholders involved in our business. Human rights risks identified through due diligence at our business sites and suppliers are reported to the top management and the Board of Directors (Sustainability Management Committee). Going forward, we plan to establish a system to detect and prevent global human rights risks proactively through regular human rights councils and to respond promptly to human rights issues that have already occurred.

Human Rights Management Promotion System

Internal Management

	Governance	Training	Policy Commitment	Due Diligence	Remedy
	Establish a management system for each human rights topic	Provide training and education for employees and suppliers	Comply with global human rights principles	Identify and prevent potential human rights risks	Investigate human rights violations as soon as they occur
Current Status	• Set KPIs for human rights-related organizations and domestic and overseas business sites.	• Include human rights in ESG training content	• Establish and disclose the Human Rights Charter (Korean/English) • Establish and disclose the D&I Policy • Establish and disclose Non-Discrimination & Anti-Harassment Policy	• Conduct due diligence at business sites and suppliers (human rights, ethics, environment, and safety)	• Operate employee grievance channels (One Click HR, etc.)
Plan	• Establish and continue to operate the Human Rights Management Council • Expand the implementation of human rights KPIs	• Conduct regular global human rights education based on human rights principles	• Disseminate the principles of the Human Rights Charter to global business sites at home and abroad (including translation into local languages in each country)	• Conduct continuous monitoring of improvement measures based on the results of diagnostic due diligence • Conduct human rights impact assessments	• Expand the scope of data disclosure regarding receiving and handling employee grievance

Human Rights Management Governance

BOD/ Executive Leadership

Board of Directors (Sustainability Management Committee)
↑
ESG Committee
↑
Top Management (C-Level)
↑
Hyundai Motor Company Human Rights Management Organization

Working-level

ESG	HR	ER	Health & Safety
Ethical Management (Legal)	Procurement	Personal Information Protection	Domestic and International Business Sites

Roles of Each Organization

Department	Roles
ESG Planning Team	• Establish human rights management strategy and promote improvement tasks • Conduct human rights due diligence at domestic and overseas business sites • Respond to and disclose human rights-related assessments
HR	• Receive (domestic/overseas) employee grievances related to sexual harassment, workplace harassment, etc. and investigate and follow up on reports • Conduct activities to improve the employee organizational culture • Prevent unfair or unreasonable discrimination in recruitment
ER	• Maintain cooperative labor relations at home and abroad
Health & Safety	• Conduct internal safety management, prevent employee/supplier accidents, and handle accidents

Department	Roles
Legal	• Provide compliance/ethical management activities for employees
Procurement	• Conduct and support suppliers due diligence (domestic/overseas) • Improve human rights risks at suppliers • Receive and manage the grievances of suppliers
Personal Information Protection	• Protect the personal information of employees, suppliers, and consumers. • Operate the Hyundai/Genesis Privacy Center
Each Business Site	• Ensure that each business site conducts human rights protection activities for its employees

R&R System Map

Human Rights Management System / Stakeholders	Revision/Guidelines of Human Rights Policies	Human Rights Education		Human Rights Risk Diagnosis/ Due Diligence	Grievance Handling Channel & Monitoring of Remedial Measures			Establishment of Goals/ Human Rights Protection Activities
Employees	ESG / Legal Affairs	HR (domestic / overseas)	ESG	HR (domestic / overseas)	ESG	Health & Safety	Privacy	HR (domestic / overseas)	Key departments related to human rights
Suppliers		Procurement							

Human Rights and Human Resources Management

Human Rights Education Hyundai provides human rights education to ensure that its employees comply with the Human Rights Charter and to enhance their awareness of human rights. Hyundai operates a total of twenty-four human rights-related courses, which include not only statutorily mandated education such as sexual harassment prevention education and disability awareness education, but also education on human rights management concepts, cases of human rights violations, human rights-related legislation, and industry trends. In particular, since 2022, we have regularly conducted workplace harassment prevention training for all our employees once each year in consideration of the serious nature of workplace harassment as a major social issue. Additionally, to foster a company-wide shift in ethical management awareness, we have been providing ethical management training to our domestic team leaders, and we expanded this to include the heads of overseas subsidiaries and expatriates in 2023. In 2024, we plan to introduce regular human rights management training content based on the principles of the Human Rights Charter in an effort to further raise our employees' awareness of human rights issues.

For our suppliers, we held online briefings on Hyundai's "Supply Chain ESG Risk Diagnosis and Due Diligence" and "Conflict Minerals Management Procedures" to explain the necessity of human rights management and how to manage human rights risks. The briefings also covered the basic principles of human rights management with which our suppliers should comply, such as non-discrimination, humane treatment, and working hour management, based on Hyundai's Code of Conduct for Suppliers. A total of 1,830 employees from 427 suppliers participated in the ESG briefings.

Workplace Harassment Prevention Training

- **Purpose** To highlight the social issue of workplace harassment, we conduct harassment prevention education
- **Target** Approximately 70,000 employees (general, research, legal, technical, maintenance, sales, etc.)
- **Contents** Definition of workplace harassment, measures to protect victimized employees, measures to respond to harassment, etc.
- **Method** Training methods vary by job category, including both online and offline formats

HUMAN RIGHTS POLICY COMMITMENT

Human Rights Charter of Hyundai Motor Company

Human Rights Charter Hyundai implements human rights management and also strives to prevent human rights violations and mitigate the related risks in all our business operations by establishing and revising the Human Rights Policy. The policy includes key elements for the internalization and dissemination of human rights management, such as the commitment to prohibiting forced labor and child labor, guaranteeing freedom of association and collective bargaining rights, and preventing discrimination. Hyundai's Human Rights Policy applies to all its employees (executives, staff, and non-regular workers), including those of its domestic and international production and sales corporations, subsidiaries, and grandchild subsidiaries, as well as joint venture employees. Hyundai employees are expected to adhere to the policy when dealing with suppliers, sales, and service organizations. Furthermore, we encourage all stakeholders in our business relationships to respect and uphold the Human Rights Policy.

In 2023, we revised our Human Rights Charter to emphasize our zero tolerance for child labor and forced or compulsory labor, enhance our procedures for handling reports of human rights violations, and add new sections on responsible supply chain management and environmental rights. We will continue to review and revise our Human Rights Charter on a regular basis in order to ensure that it reflects current human rights issues and changes in the international guidelines in a timely manner.

Hyundai Motor Company Non-Discrimination & Anti-Harassment Policy

Non-Discrimination & Anti-Harassment Policy Hyundai accounted a Non-Discrimination & Anti-Harassment Policy, aiming to prevent incidents and issues related to workplace discrimination, harassment, and sexual harassment while respecting the right of employees to be treated equally and without discrimination. In accordance with the Non-Discrimination & Anti-Harassment Policy, the following behaviors are strictly prohibited – exclusion or rejection of individuals or groups based on their differences; inflicting physical or mental suffering by leveraging one's position or relationship within the workplace; and engaging in actions that cause sexual humiliation or feelings of disgust.

HUMAN RIGHTS DUE DILIGENCE

Scope of Human Rights Risk Assessment Hyundai has conducted human rights risk assessments of its domestic sites—including its headquarters, research centers, and the Ulsan, Asan and Jeonju plants—as well as its overseas sites in Europe, North America, Central & South America, India, and China. This includes assessments of those overseas regional headquarters, subsidiaries, and research centers with 100 or more employees, thus covering more than 90% of Hyundai's workforce. We plan to periodically refine the indicators and criteria for our human rights risk assessments and aim to achieve 100% coverage of all our manufacturing subsidiaries at home and abroad.

Human Rights Risk Assessment Targets Taking into account such factors as employee composition, business operations and locations, products and services offered, and environmental and community impacts, as well as the sourcing of products and services from the supply chain, Hyundai has identified employees, women, children, migrant workers, workers in partner companies, and local residents as key subjects of the assessment of human rights risks. In addition, we proactively identify and prevent human rights risks according to a separate ESG checklist review of investments in new or expanded factories resulting from new business relationships (including mergers, acquisitions, joint ventures, new contracts, etc.).

Design of Human Rights Risk Assessment Indicators Hyundai strives to define as accurately as possible the scope of human rights risk assessments and the potential human rights risks to be assessed. To this end, we have developed assessment indicators based on the Hyundai Human Rights Charter, referencing domestic and international human rights management standards, industry initiative manuals, and the best practices of peer companies. Furthermore, we have established and apply our own human rights risk diagnosis and due diligence indicators by analyzing the types of human rights-related grievances previously received and handled, gathering the opinions of employees, and reviewing these together with third-party specialized organizations.

Human Rights Training in 2023

Workplace Harassment Prevention Training (Korea)

Number of employees subject to training
Approximately **70,000** people

Training participation rate
Approximately **98.45**%

Online Training for Suppliers

No. of participating suppliers
427 companies
(1,830 people)

Human Rights Risk Assessment Process

Indicator design
Integrate and analyze the Human Rights Policy of Hyundai Motor Company, domestic and international standards, and industry initiatives[1] to design distinguished indicators

On-desk assessment
Identify potential human rights risks or negative impact factors based on Hyundai's unique indicators and standards

On-site audits
Visit business sites based on the results of on-desk assessment in order to clarify detailed causes and discover further actual risk

Analysis of results
Combine the results of on-desk assessment and on-site audits to draw implications such as risk definition and risk characteristics by business site or location

Improvement measures
Each business site establishes an optimal improvement plan for each risk type and checks the implementation status to ensure practical risk improvement.

[1] UNGPs, OECD Guidelines for Multinational Enterprises and Due Diligence Guideline, CHRB, Drive Sustainability, etc.

Human Rights and Human Resources Management

Prediction of Human Rights Risk Prior to conducting on-desk assessments and on-site audits of human rights risks, Hyundai conducts research on the following matters: the legal and regulatory landscape regarding human rights in each country; investigative materials from domestic and international institutions and media related to human rights; documentation from industry initiatives on human rights; and interviews and consultations with business site personnel in order to gather their insights and opinions. By investigating the internal and external environments, Hyundai aims to proactively anticipate potential human rights risks that could arise from a variety of groups, including employees, women, children, migrant workers, suppliers' employees, and local residents.

Based on the preliminary assessment of human rights risks, Hyundai applies assessment and due diligence indicators which are differentiated according to each business site and stakeholder group. Furthermore, these indicators are continuously refined and strengthened to ensure a more accurate identification of risks. As a result of the preliminary prediction of human rights risks in 2023, we estimated that there is a possibility of human rights risks in Korea in terms of our suppliers' working conditions (salary, working hours, etc.), discrimination, workplace harassment, and collective bargaining right, freedom of association. Additionally, we determined that there is a potential for risks overseas in terms of forced labor, child labor, and discrimination against migrant/contract workers and women/children.

On-desk Human Rights Risk Assessment Hyundai identifies potential human rights risks in various areas by carrying out a written diagnosis in the form of a questionnaire, based on human rights risk diagnosis and due diligence indicators developed with our business environment and characteristics in mind. Regarding the written diagnosis, we aim to enhance its effectiveness by providing specific criteria and requirements designed to facilitate each business site's response. Potential risks identified through the written diagnosis are further verified and validated through on-site audits. In 2023, we conducted a written diagnosis based on 28 items, and we will proactively identify potential human rights risks in our workplaces and take the appropriate corrective measures based on the insights derived from the results of the human rights risk assessment. The written diagnosis indicators are updated periodically by referencing the global guidelines.

On-desk Assessment Indicators of Human Rights Risks

1. Governance and Human Rights Policy	
1-1	Human Rights Policy
1-2	Human rights management responsibilities
2. Embedding Respect and Human Rights Due Diligence	
2-1-1	Incentive and performance management of persons in charge of human rights management
2-1-2	Dissemination and communication of policies
2-1-3	Protection of the human rights of local residents
2-1-4	Encouraging business partners to human rights management
2-1-5	Education
2-2-1	Identification of human rights risks and impacts
2-2-2	Tracking of human rights risk measures and effects
3. Remedies and Grievance Mechanisms	
3-1	Grievance channels for workers
3-2	Grievance procedures for workers
3-3	Grievance mechanisms for external stakeholders and communities
3-4	Stakeholder engagement in designing, implementing, and improving grievance mechanisms
3-5	Remediation of adverse impacts
3-6	Evaluating data management and effectiveness of grievance mechanisms

4. Corporate Human Rights Practices	
4-1-1	Wages
4-1-2	Prohibition of child labor
4-1-3	Prohibition of forced or compulsory labor
4-1-4	Employment contract
4-1-5	Freedom of association and collective bargaining
4-1-6	Women's rights
4-1-7	Working hours
4-1-8	Employee welfare and benefits
4-1-9	Responsible mineral resource procurement
4-1-10	Disciplinary actions
4-2-1	Occupational non-discrimination
4-2-2	Employment non-discrimination
4-2-3	Prohibiting workplace bullying

Preliminary Diagnostics of Human Rights Risk and Major Risks Identified

● Potential Risk ○ Low Risk

	Prohibition of child labor and force labor	Prohibition of discrimination and harassment	Compliance with working conditions	Guarantee of the freedom of association and collective bargaining	Guarantee of industrial safety	Protection of the human rights of local residents	Guarantee of environmental rights
Domestic							
Employee	○	●	○	○	●	○	○
Supplier	○	●	●	●	●	○	○
Local Community	○	○	○	○	○	●	●
Woman	○	●	○	○	●	●	○
Overseas							
Employee	○	●	○	●	●	○	○
Immigrant and contract workers	●	●	●	●	●	●	○
Supplier	●	●	●	●	●	○	○
Local Community	○	○	○	○	○	●	●
Woman	●	●	●	○	○	●	○
Child	●	○	○	○	○	●	○

On-site Human Rights Risk Audit To ensure the reliability of the results of the document-based assessment, Hyundai selects business sites for on-site audits, taking into consideration various factors such as the location of the site and its operational characteristics, worker composition, and its impact on the local community. Particular attention is paid to business sites where potential human rights risks are identified or where negative impacts are anticipated, prioritizing them for on-site inspections.

On-site audits are conducted by internal experts responsible for HR, safety, and organizational culture. In addition, consultation with external experts in labor and law may be involved, if necessary. At the audit sites, we review various documents in order to verify the working conditions and conduct site tours to assess the working environments, such as safety devices and environmental facilities. In particular, we conduct interviews with the employees and personnel in charge of each workplace in order to hear their grievances and identify human rights risks. In the future, we will continue to refine our on-site audits methods so as to incorporate more diverse perspectives and enhance the reliability of our human rights risk assessments.

Results of Human Rights Risk Assessment (On-desk & On-site)

(Unit: %)

Classification		Results
Hyundai business sites	Ratio of business sites where human rights risks assessment was conducted[1)]	100
	Ratio of business sites where risks were identified	17
	Ratio of improvement measures and activities taken	100
Suppliers	Ratio of suppliers where human rights risks assessment was conducted	100
	Ratio of suppliers where risks were identified[2)]	8.1
	Ratio of improvement measures taken	100

[1)] Percentage of business sites where the human rights risk assessment was conducted to total number of business sites subject* to the assessment

* Domestic: Sites with on-site workers, Overseas: Sites with over 90% of headquarters' ownership and more than 300 employees

[2)] Ratio of suppliers where risks were identified = No. of tier-1 suppliers where risks were identified (118) / No. of tier-1 suppliers that took written diagnosis (1,454)

Human rights due diligence at Hyundai business sites Human rights due diligence at suppliers

Human Rights and Human Resources Management

Results of On-desk Assessment and On-site Audit The result of the on-desk assessment and on-site audit shows that the compliance rate across all domestic and overseas workplaces was approximately 80%. However, the results of the assessment tended to vary by region as we utilized more advanced assessment indicators compared to last year. The European region has demonstrated leadership in minority protection and non-discrimination, with ongoing improvements in working conditions aligned with social safety nets. Manuals have been created and disseminated to guide workers in reporting and addressing human rights issues. In India and China, it has been observed that human rights management is still in the early stages due to national laws and regulations, social customs, and cultural backgrounds.

Results of Human Rights Risk by Region Hyundai diagnosed human rights risks at a total of 58 sites, including domestic and overseas plants and joint ventures. Of these, 24 sites were located overseas in North America, Central & South America, Europe, India, and China. Through due diligence, we assessed the status of human rights management and potential risk factors in each region, and prepared necessary improvement measures and implementation plans.

Analysis of On-desk Assessment and On-site Audit Results by Area The result of on-desk human rights risk assessment and on-site audits indicate that potential risks were identified in some overseas workplaces, as well as in Korea, particularly in terms of policies and systems. The issues identified do not constitute actual human rights violations at each workplace but rather items that can be addressed by establishing the policies at the headquarters level and through dissemination and training. Furthermore, low-level risks were identified in the areas of non-discrimination and humane treatment. We took immediate action on-site against minor risks at each business site and distributed the principles of the Human Rights Charter to all our global business sites to mitigate potential risks. We also plan to provide in-depth human rights training to all global workplaces in the future, including case studies on human rights violations.

Measures to Address Human Rights Risks Through on-desk assessments and on-site audits, improvement tasks are identified, and each business site establishes implementation plans for these tasks and takes relevant measures. For identified risks, the business site representatives discuss and establish improvement tasks, considering the timing, approach, and potential issues related to the implementation. Our headquarters monitors the progress of implementing improvement tasks by each business site. As for the tasks that require a significant amount of time or necessitate regulatory or systemic improvements or large-scale investments and structural changes are set as company-wide tasks, and long-term implementation plans are being developed from a strategic perspective.

Plan to Advance Human Rights Risk Assessment Hyundai is committed to establishing a system for managing human rights risks that arise at business sites and minimizing the negative impact of human rights risks on its business operations. To identify and address actual issues with a high operational impact and potential risks at business sites, we plan to enhance the assessment and due diligence indicators. Through due diligence, all identified human rights risks will be actively mitigated to prevent their dissemination and transmission.

In 2024, Hyundai plans to enhance the assessment indicators and expand the scope of the human rights risk assessment to include business sites with 50 or more employees, as well as an on-desk assessment and some on-site audits. We plan to focus on on-site audits primarily at our production sites in Asia, where we estimate the risk of exposure to human rights abuses to be relatively high. Through periodic human rights due diligence, Hyundai aims to minimize human rights violations across its supply chains, including global business sites, by identifying actual human rights risks at business sites, establishing improvement plans, and continuously monitoring them.

Analysis of Human Rights Risk by Region

Europe

Our subsidiaries in Europe strictly prohibit discrimination based on gender, ethnicity, age, race, and other factors through our Code of Conduct. The company provides clear guidelines on how employees should act in the event of human rights risks, specifying the appropriate actions to be taken. Through due diligence, we recognized the need for a dedicated human rights organization for each subsidiary, and identified the need to establish a systematic process for addressing human rights risks and supplementing the human rights-related policies.

North America

Both federal laws and state regulations provide detailed provisions for human rights protection. The country ensures national-level human rights protection for minorities, including gender, ethnicity, race, and sexual orientation.

Central & South America

Our subsidiaries in Central and South America have independently implemented human rights protection policies, including the establishment and dissemination of policies among their employees, and provide education on preventing sexual harassment and workplace bullying. In this region, a variety of policies and regulations are being enacted to address labor-related issues and promote their resolution. The due diligence of the business sites has highlighted the need to establish a dedicated human rights organization as well as identifying supplementary needs, such as expanding the channels of communication to allow the input of external stakeholders.

India

Although the formal caste system has been abolished, the influence of social stratification persists. Societal awareness regarding workplace harassment is relatively low, yet, severe consequence is imposed in case of human rights violation occurs within the company. In order to protect maternity, subsidiaries in India operate various support policies such as guaranteeing maternity and postpartum leave and operating an in-house daycare center.

China

The Labor Law of the People's Republic of China prohibits discrimination and ensures equal rights for workers. Many of our subsidiaries in China have their own obligations and compliances related to the rights and interests of employees; and, in line with the revised Civil Law of 2021, which introduced the obligation of companies to prevent sexual harassment, we have established internal regulations (including discipline) and conducted preventive education for their employees. In addition, we have introduced an employee assistance program (EAP) for individual psychological counseling and organizational diagnosis.

Measures to Address Risks by Type

Human Rights Policy Commitment

Disseminate the principles of the Global Charter on Human Rights to all domestic and overseas business sites and employees

Remedy Procedures

Consider revising the grievance procedure for overseas business sites by adding sections on appeal procedures, whistleblower protection measures, prohibition of retaliation, and guarantee of anonymity

Evaluating the Effectiveness of Human Rights-Related Risk Mitigation Measures (Survey of Trainees)

Course Title	Key Feedback
Ethical Management New Team Leader Course	• Based on real-life cases, enhanced understanding of ethical management - Group discussions utilizing case studies (57.4%) - Improved understanding of ethical management and reminders (26.2%)
Ethical Management Overseas Course	• Positive (70%), needs improvement (19%) - Positive: Improved understanding of human rights/ethical management, awakened ethical sensitivity - Needs improvement in explanation about specific cases

Human Rights and Human Resources Management

REMEDY PROCEDURES

Handling of Human Rights Grievance Hyundai has set in place a procedure for receiving, addressing, and taking action on issues related not only to discrimination, harassment, and sexual harassment but also to improving organizational culture and working conditions. The grievance handling channels are operated in a variety of forms, both online and offline, such as postal services, hotlines, and cyber audit office, to enhance accessibility for complainants. The anonymity and confidentiality of complainants are ensured, and any form of retaliation, identity exposure, or adverse employment actions related to reporting complaints is strictly prohibited. Upon receiving a complaint, the process involves promptly assessing the situation according to the established procedures. If necessary, efforts are made to address the root causes of the complaint, improve internal systems or work methods, and prevent recurrence. Furthermore, for employees who have had a negative impact on human rights through actions such as discrimination or harassment, we review the criteria and procedures specified in employment rules and disciplinary regulations to consider appropriate personnel measures.

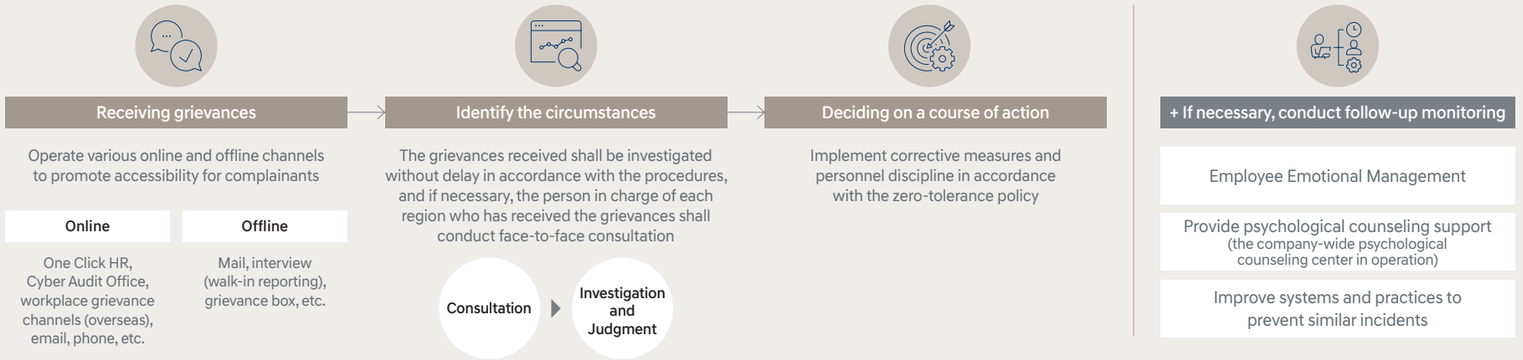
Hyundai refers to "Principle 31" of the UN Guiding Principles on Business and Human Rights to verify the effective and efficient operation of the grievance handling procedure, encompassing receipt, processing, actions, and prevention of recurrence.

Receiving and Handling of Employee Grievance in 2023

- Number of grievances received 59
- Number of grievances handled 59
- Grievance handling rate 100%

* Limited to grievances received through the One Click HR (Korea)

Grievance Procedure



Strategic HR Management

TALENT RECRUITMENT AND MANAGEMENT

Talent Recruitment Process and System Hyundai enhances its recruitment process by taking into account the perspective of each candidate. Recently, we introduced a "predictable" permanent recruitment strategy by combining the advantages of large-scale and rolling recruitment. We conduct monthly recruitment drives for experienced candidates and quarterly ones for new recruits, enabling applicants to predict when they will be able to submit their job applications. We also run various internship programs for domestic and global talents, including those from ASEAN, providing them with opportunities to gain practical experience and enhance their skills at Hyundai.

To this end, we define the expertise, qualifications, and skills required by departments seeking talents in advance, establish the selection criteria, and have a system in place for the timely recruitment of job-oriented talents with active departmental participation. We also have "a dedicated recruitment support organization" composed of decision-makers from the HR department and other relevant departments who evaluate the expertise and suitability of applicants in a fair manner.

After the recruitment process, we conduct regular internal audits to ensure transparency and take remedial actions if issues of fairness and reliability are found. We also operate a checklist for self-checking the fairness of applicant selection to enhance transparency and have revamped our job posting website to make it easier for applicants to access information and apply. Additionally, we provide preferential treatment to those with employment protection (individuals with disabilities, veterans, etc.) in accordance with relevant laws and regulations and have advanced our internal recruitment management system to strengthen the fairness and reliability of the recruitment process through data-based analysis.

Talent Acquisition Strategy for New Businesses/New Technologies To proactively secure talents for new businesses and new technology fields and strengthen our future competitiveness, Hyundai implements various recruitment strategies, including talent sourcing, and operates a dedicated sourcing organization. We are proactively building our talent pool for new business strategies, conducting activities to discover talents through various channels, and enhancing our recruitment brand image as a future mobility technology company.

Internal Recruitment and Job Transfer Hyundai has established the "Internal Recruitment and Job Transfer" system which enables the company to have right talent in a timely manner within its talent pool and provides opportunities for employees to gain new job experiences. When there is a need for personnel in a particular department, employees can apply for the desired department and position based on their career and competency. Through the evaluation process, including document review and interviews, candidates for internal transfer are selected. Hyundai actively utilizes this system to reduce costs associated with new recruitment, shorten the organizational adjustment period, and provide opportunities for existing employees to develop their abilities as managers.

Performance Evaluation System In order to ensure a fair and inclusive evaluation based on performance/competence, Hyundai has set in place performance evaluation by objective and continuous feedback system, targeting general and research employees. Employees manage annual key tasks and objectives according to the goals of their organization and conduct year-round performance management to achieve the tasks assigned to each individual. Leaders and team members exchange continuous feedback during the work process, documenting the process for use in the year-end evaluation.

360° Multi-Faceted Evaluation Hyundai has implemented "Leadership Surround View" for leaders and "Peer Surround View" for staff members as a way to build a culture of sound feedback. Leadership Surround View helps leaders have objective self-awareness and develop leadership through an annual 360-degree feedback (self/superiors/members/peers) on leadership. Peer Surround View is operated continuously for about two months each in the first and second halves of the year, aiming to foster individual growth and expand the collaborative culture of the organization through feedback among collaborating colleagues.

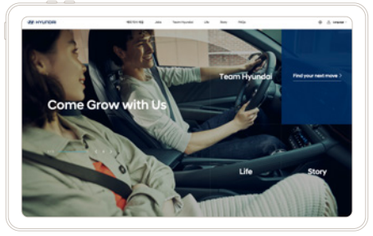
View-T System We are operating a continuous View-T System to ensure timely exchange of opinions and feedback between leaders and team members. Members share their work plans, progress, and support needs, while leaders provide feedback considering not only the performance of the members but also collaboration with colleagues and contributions to the organization in a comprehensive manner during the work process. Through this continuous feedback system, work performance is shared between leaders and team members, and feedback is utilized in evaluations. In addition, this system enables leaders to promote fair performance management while motivating team members for their growth and development.

Human Rights and Human Resources Management

Remuneration System Hyundai provides variable pay (performance-based bonuses) that is linked to performance evaluations, and salary increase is adjusted considering internal and external economic conditions, market conditions, and business performance. The company does not discriminate irrationally among employees when it comes to setting base salaries or determining salary increases. Wages above the minimum wage are paid on a regular basis on fixed dates.

Performance-based Compensation At Hyundai, employees' variable pay is determined fairly based on their job performance. In addition to variable pay based on performance evaluations, we also motivate our employees by distributing surplus profits to all employees annually based on the company's business performance.

Employee Stock Ownership Plan Hyundai has implemented an employee stock ownership plan (ESOP) to enhance employee motivation, job engagement, and alignment of business objectives with personal values. As part of this plan, a portion of the variable pay is provided to employees in the form of company stock. In 2023, a total of 1,298,438 shares were subscribed, comprising 980,120 company-issued shares and 318,318 individual-issued shares. A total of 3,937,894 shares (1.86% ownership) were issued through the Employee Stock Ownership Plan. All our full-time employees, who account for about 90% of the company's total workforce, are eligible for both the ESOP and the employee stock repurchase plan.



Hyundai Motor Company Talent Recruitment Website

TALENT DEVELOPMENT AND PROFESSIONAL COMPETENCIES

Hyundai operates various talent development systems and programs to support self-directed growth for future growth.

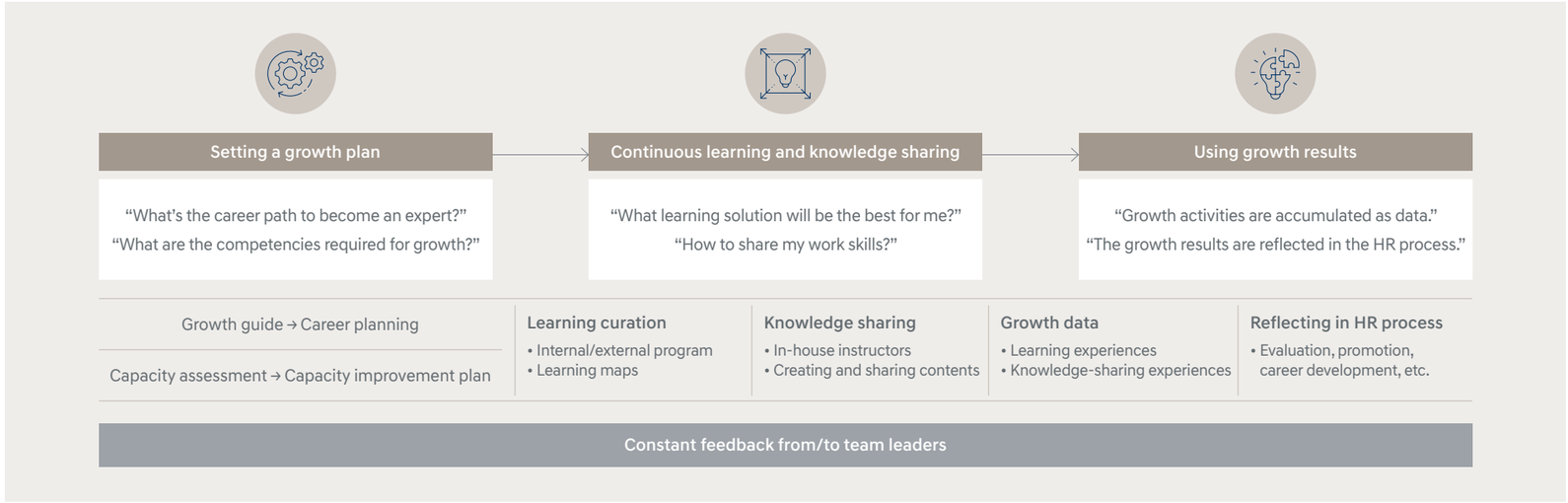
The New Growth System focuses on developing competencies for future growth engines such as the transition to electrification, strengthening software competitiveness, and autonomous driving. To this end, we are creating an environment that encourages employees to learn voluntarily, and we are establishing career development and competency improvement plans based on growth guidelines and competency diagnosis data. Data accumulated through continuous learning and knowledge sharing is used to develop growth platforms and new training programs. The Global Career Development Program provides opportunities for talented employees with global awareness and expertise to lead global field organizations and create results by dispatching them to overseas bases. This enables employees to grow as global talent and successfully drive future business plans.

The Learning Lounge is a new system for self-directed growth, providing an environment where employees can learn autonomously by establishing future growth plans and receiving recommendations for the learning solutions they need. It offers about 12,000 learning solutions to help employees drive change and lead innovation. Learning Labs are voluntary gatherings among employees to learn about common topics. They are designed to empower employees by allowing them to decide what, when, where, and with whom they want to learn, while fostering a culture of growth. Various learning activities are being conducted, such as exploring advanced location positioning technology and analyzing big data.

Education Offered through Learning Lounge in 2023 (Unit: No. of courses)

	Education, lectures, and Learning Lab
Company-related	Management/strategy (389), Product/automobile technology (969), Development process (28), Organizational and corporate culture (704)
Leadership-related	Continuous learning (1,142), Formal education (888)
Job-related	Quality/production-related (1,982), R&D (2,506), Strategic technology/ICT (580), Business-related (2,062)
Compulsory education	Compliance/security (169), Fire/safety, etc. (624)
External training	Offline lecture (463), Online learning such as e-learning (260)

New Growth System



Human Rights and Human Resources Management

Project-based Joint Research Programs In collaboration with renowned research institutions at home and abroad, Hyundai is running a "project-based joint research" program. Through this program, we are strengthening R&D capabilities in future core technologies and address persistent issues in our products. The outcomes of these joint research efforts are then applied to our finished vehicles and advanced technologies. In addition, we have been organizing a variety of research dissemination seminars based on these research findings to foster technology internalization and enhancing their research and development capabilities.

Results of Project-based Joint Research in 2023 (Unit: Number of cases)

Development of new technologies	Creation of solutions to on-site problems	Patents and research paper	Dissemination of research results	Participation rate
31	25	37	41	100%

Customer-oriented Car Master Training Program Hyundai focuses on customer-centricity through our "Car Master Training Program" to cultivate talents in sales, customer service, and service sectors from a customer experience perspective. We have established a service convergence education system to strengthen expertise (electric vehicles, luxury cars) and enhance customer support skills (CS, CRM) through training. This enables us to enhance customer touchpoint services. As a result, the Korean Customer Satisfaction Index (KCSI) has shown improved customer satisfaction in passenger vehicle and RV sectors compared to the previous year, having achieved consecutive wins in the passenger vehicle sector for 30 years and in the RV sector for 20 years. In addition, we won an award in the subcompact sector, which we entered for the first time, while also being a winner in the newly established EV sector.

Results of Car Master Training Program in 2023 (Unit: Person, %)

	No. of participants	Participation rate
Regular Car Mater Course	1,821	99.5%
Subscription-type Streaming	4,526	100.0%
Total	**6,347**	**99.9%**

* Based on domestic business sites

Leadership and Job Competency Training The strong leadership exhibited by the top management is crucial in actualizing Hyundai's management philosophy, which aims to fulfill the aspirations of humanity by fostering innovative thinking and embracing continuous challenges to forge a new future. Hyundai is conducting a variety of leadership training programs such as a customer-oriented mindset for top leaders, a collaboration system that can create synergy with the highest level of expertise, and an organizational culture to generate innovative minds. In order to enhance competitiveness in future mobility, we are operating job competency reinforcement training courses to learn about major core technologies such as vehicle electrification and autonomous driving. Furthermore, we encourage and provide support to employees aiming to obtain job related certificates. Hyundai has established the Master's Leave Program to enhance job expertise. The program provides up to two years of leave for employees with at least three years of service who wish to pursue a full-time master's degree, including a work-related major or MBA.

On/Offline Training for Leadership and Competency (Unit: Number, %)

	No. of courses (on/offline)	Percentage of learning hours
Leadership	750	7.2%
Job	22,698	68.4%
Organizational culture	469	5.4%
Onboarding	284	14.3%
Others	361	4.7%
Total	**24,562**	**100%**

Training to Internalize Sustainability Hyundai is conducting sustainability awareness improvement training to integrate sustainability into the job responsibilities of our employees. In particular, we operate ESG education programs in the areas of human rights, safety, environment, and quality to enhance the management of our suppliers. Furthermore, we strive to internalize the concept of sustainability among our employees by providing specialized ESG training tailored to specific job roles. Through this approach, our aim is to build a sustainability mindset and strengthen the capabilities of sustainability management.

Sustainability Education Programs in 2023

	Human rights	Safety	Environment	Quality	Total
No. of courses	24	1,304	930	845	**3,103**

* Keyword search results in the Learning Lounge platform

Great Workplace Culture

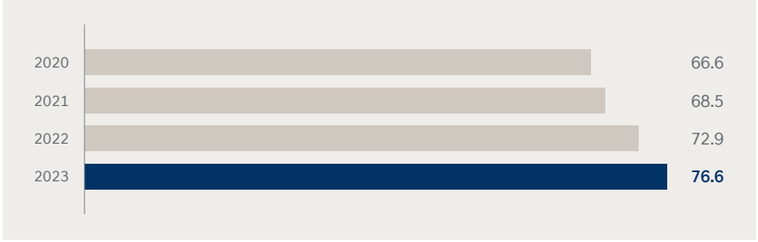
IMPROVING WORKPLACE CULTURE

Diagnosis of Organizational Culture Hyundai recognizes that high employee engagement is a significant factor that influences the company's performance and individual talent development. We therefore conduct an annual diagnostic assessment to gauge the level of organizational culture among our employees. The assessment consists of 59 questions in the areas of satisfaction in work, team, and company. In 2023, 80.6% of all employees, including general, research, and legal positions, participated in the organizational culture diagnostic assessment. Based on the results, we will make continuous efforts to enhance employee engagement.

Corporate Culture Activities and Programs Hyundai adopts a strategy that combines leadership and employee engagement for organizational culture innovation. Each department has appointed a change and innovation agent, who works closely with the leader to improve the working environment by collaborating to understand the needs of the department members and continuously implementing activities to improve the organizational culture. Staff members have the opportunity to submit inventive concepts anytime via the Hyundai Idea Contest, with chosen ideas subsequently implemented into real-world projects. 3,458 ideas were proposed in 2023, and a total of 18 ideas were awarded. This process encourages innovative thinking and contributes to the company's development.

Hyundai has introduced a hybrid work system in order to create an autonomous working culture where employees are engaged with work not place. In addition, the H-Work Station-based offices allow employees to freely choose their workspace, improving both job satisfaction and work efficiency. These changes reflect Hyundai's future-oriented organizational culture.

Results of Culture Survey (Unit: Points)



Human Rights and Human Resources Management

Labor Union Communication in Korea Hyundai ensures that employees' fundamental rights under the Korean Constitution, including the rights to organize, engage in collective bargaining, and take collective action, are upheld. Additionally, it maintains both a collective bargaining council and a labor-management council. The collective bargaining agreement is renewed every two years through collective bargaining, and wage negotiations (supplemental negotiations) and labor-management councils (including consultations by sector, business unit, and region) are held annually to discuss improvements in wages and separate working conditions. In addition, for workers not covered by a collective bargaining agreement, the contents of the collective bargaining agreement are applied equally to similar workers in accordance with Article 35 (General Binding Force) of the Trade Union and Labor Relations Adjustment Act. Separate employment rules are applied to some workers, such as executives, and are operated in compliance with the procedure for changing employment rules under the Labor Standards Act. Hyundai has also established the Future Change Response Task Force and Employment Safety Committee to build consensus and discuss future changes in advance. Hyundai is continuing to improve labor-management trust and innovate organizational culture to stabilize mature labor-management relations.

In 2023, Hyundai established the 5th Advisory Council for the Job Stability Committee, consisting of a total of five experts. With the acceleration of changes in the automotive industry, such as electrification and future mobility, and increasing internal and external uncertainties, the 5th Advisory Council sought solutions for employment issues and crisis management. The Council also played a role as mediators in resolving any differences of opinion between labor and management.

Labor Union Communication Overseas Among Hyundai's overseas subsidiaries, unions have been established in Hyundai Motor Manufacturing Czech (HMMC), Hyundai Motor Central & South America (HMCSA), and Hyundai Motor India (HMI). Overseas subsidiaries in China have established the Chinese Trade Unions, a worker representative organization. Corporations with established labor unions engage in collective bargaining with labor unions in accordance with local labor-related laws and regulations. We conduct both scheduled and ad hoc meetings to understand employees' desired working conditions and welfare systems. Utilizing this information, we strive to reach agreements from a perspective that is mutually beneficial and satisfies both labor and management. While labor unions are not established in subsidiaries located in the U.S., Türkiye, and Indonesia, we actively engage in direct communication with our employees to listen to their voices and address their concerns.

At unionized worksites like those in the Czech Republic, Brazil (Central & South America), and India, when a collective bargaining agreement is reached, its effects extend to non-members through a mechanism akin to the general binding force of a collective agreement. However, the bargaining method differs depending on the country, especially in Brazil, where bargaining is conducted by industry. In other workplaces where no separate union exists, collective bargaining and agreement procedures are not conducted, but the corporation itself operates employee councils or appoints employee representatives to improve welfare benefits and other working conditions (excluding wages). In particular, we strive to improve the working conditions of employees in light of inflation and price increases.

Moreover, at the head office level, surveys and interviews are conducted among executives and employees of overseas subsidiaries on a biennial basis, and based on the results, improvement activities are conducted to enhance employees' satisfaction, trust, and pride in the company. Each overseas subsidiary is making efforts to preemptively resolve employees' grievances and requests by individually holding regular meetings between employees and management, operating grievance counseling centers, and touring the field sites.

PROMOTING EMPLOYEE DIVERSITY

Hyundai Motor Company D&I Policy

Establishment of Diversity Policy Hyundai strives to create an organizational culture that respects diversity and to contribute to the transition to an inclusive society. To this end, we formulated and released the "Hyundai Motor Company D&I Policy," which stipulates our diversity and inclusion management factors, in June 2022.

Employee Resource Groups Hyundai believes that sharing common interests and promoting cultural exchange among employees with diverse backgrounds is one of the effective ways to foster a leading organizational culture. Therefore, we at Hyundai support Employee Resource Groups (ERGs) where employees with shared interests, including gender, culture, age, and hometown, can communicate and connect. Through the ERG program, we provide career development opportunities at the individual and team levels, cultural-based mentoring, and engagement in external activities such as community involvement. Hyundai hopes that these initiatives will not only have a positive impact within the company but also extend to the local community, spreading positive influence.

Key Diversity Programs

Classification	Outline
Learning Lab	(All employees) Under this platform, members of the organization with similar interests and job roles come together for voluntary learning, experience sharing, and other activities aimed at enhancing organizational synergy.
Team Dynamics Course	Enhancing mutual understanding based on team members' Berkman diagnosis results and establish ground rules to strengthen team synergy
Coaching Leadership Course	Basic coaching leadership skills training to understand the diversity of team members based on their individual strengths and to enable the expression of these strengths
Expatriate Staff Assignment Course	Conducting a GlobeSmart diagnosis to understand the cultural diversity in the country of assignment and providing training to improve understanding of cultural diversity based on the diagnosis

Hyundai ERG Activities

Title	Target	Key activities
Women @ Hyundai	Female	• Create an inclusive environment that grants independence to female employees, customers, and employees of partner companies • Implement mentoring programs and females-supporting activities aimed at career development from the perspective of female employees
Hyundai @ Soul	African American	• Discuss how to enhance the Hyundai brand image within the African American community • Provide a variety of support to improve cultural competency of Hyundai management
HANA (Hyundai Asian Network Alliance)	Asian	• Develop strategies utilizing the characteristics and perspectives of Asian culture, and explore opportunities for leveraging technology and networks • Provide support for Hyundai corporate promotions and community events
Amigos Unidos	Hispanic and Latin American	• Present innovative management ideas using the cultural intelligence of the Latino community • Present ideas for Hyundai's future direction from the perspective of Latino employees
Young Leaders	Millennials	• Think about a variety of ideas, solutions, and improvements using the strengths of the millennial generation • Conduct a mentoring program for individual employee development and self-development
Equality	LGBTQ+	• Provide training, career development, networking, and workplace collaboration opportunities for LGBTQ employees • Share ideas to raise awareness of Hyundai's brand within the LGBTQ community
Hyundai CARES	Disabled	• Improve the work life of the disabled and raise positive awareness of disability • Support employees with congenital or acquired disabilities, middle-aged employees with disabilities due to aging, etc.
Stars & Stripes	Veteran	• Implement a forum where Hyundai employees, their spouses, their families, and supporters of U.S. Army veterans gather • Provide a safe and inclusive space where one can feel a sense of belonging

Health, Safety and Welfare of Employees

Hyundai places the highest value on the life and safety of all its employees and other stakeholders, thereby promoting activities aimed at enhancing health and safety based on firm principles and standards of health and safety. We have established a company-wide health and safety system in order to comply with the relevant laws and regulations, while identifying and improving hazards and risk factors so as to promote our employees' health and enhance their working environments. We are also making active investment in human and material resources to implement mid-to long-term roadmap, thereby achieving key performance objectives. Moreover, we will contribute to spreading a culture of health and safety built upon participation and communication by sharing our progress and implementation status with all of our stakeholders including employees.

Strengthening Health and Safety Leadership

HEALTH AND SAFETY SYSTEM

Establishment of Health and Safety Governance Hyundai's Board of Directors and management inspect and supervise the operation of the health and safety system, the status of its implementation against the set goals, action plans, and major achievements at least once per quarter. A Chief Safety Officer (concurrently serving as the CEO) has been appointed to operate the overall health and safety governance, and the company-wide health and safety organization is operated under the direct control of the CEO.

Under the overall supervision of the Chief Safety Officer (CSO), the health and safety managers at each business site prioritize health and safety management, establish implementation plans, and conduct regular meetings in which managers and employees from across the organization and specific workplaces participate in order to share and discuss health and safety issues and risks. Furthermore, external experts in industrial health and safety inspect the health and safety conditions at workplaces and identify potential injuries, illnesses, and accidents, while also participating in post-incident investigations. Management, responsible personnel at each business site, and process managers with health and safety responsibilities set health and safety KPIs and evaluate performance based on the status of their implementation compared to the targets.

Introduction of the Health and Safety Management System All domestic and international workplaces have implemented a health and safety management system that includes the establishment of implementation plans, identification and improvement of hazardous and risky factors, evaluation of health and safety performance, and the development of improvement measures based on an activity analysis. Each workplace obtains a third-party certification for its health and safety management system, taking into consideration the laws, regulations, market conditions, and business characteristics. Additionally, efforts are made to encourage and support subcontractors in establishing their own health and safety management systems, thereby enabling them to secure their own health and safety capabilities.

Health and Safety Management System (ISO 45001)-certified Workplace

All manufacturing subsidiaries at home and abroad

100%

Labor-Management Joint Declaration to Create a Safe Workplace In September 2023, representatives of labor and management, including CSO, gathered to prioritize respect for employees' lives and announced a joint declaration of labor-management for the prevention of industrial accidents and the creation of a safe workplace. The joint declaration includes the establishment of a culture of voluntary safety management, joint efforts to prioritize safety, safety inspections for high-risk processes, identification and improvement of risk factors, expansion of continuous investment in safety, establishment of a systematic health and safety management system, promotion of activities to enhance safety awareness and improve risk factors, and support for subcontractors' health and safety. Furthermore, both labor and management have agreed to actively cooperate on preventing major accidents and formed a joint labor-management task force team to that end.

Safety Leader Seminar Hyundai conducted safety leader seminars (one in the first half and one in the second half of the year) to keep abreast of external trends related to the enforcement of the Serious Accidents Punishment Act and to strengthen its safety leadership and safety awareness. The CSO participated in these seminars to disseminate safety policies and foster a shared understanding among domestic and international safety professionals regarding the establishment of a safety culture and improvement of the company's health and safety management systems. Hyundai is taking the lead in creating a safe workplace through such efforts as enhancing on-site safety awareness and strengthening two-way communication.

Results of the 2023 Safety Leader Seminar

Date	Seminar overview	No. of participants
First half	• Issues related to the Serious Accidents Punishment Act and safety trends • Sharing of excellent improvement cases and advanced safety technologies	50
Second half	• Dissemination of the safety policy of the CSO • Safety leadership for me and my colleagues	61

Safety Vision Strategy Roadmap In December 2022, Hyundai conducted an in-depth diagnosis of the safety management system at its business sites, with the participation of safety experts engaged in research and consultation, and carried out a survey of global best practices. Based on the results, we developed a safety vision and strategy roadmap comprising a development plan for the safety management system.

In addition, we are implementing improvement tasks (safety culture, labor-management relations, safety education, safety budget, and risk assessment) step by step, that were selected through the in-depth occupational safety diagnosis. In 2023, we prioritized risk assessment as a key area for improvement, introducing risk assessment techniques to complement any safety blind spots and establishing a risk assessment-based self-discipline prevention system tailored to Hyundai's characteristics. Based on this, we will continue to strengthen our management system according to our goal of becoming a top global safety company.

Directions of Safety Vision Strategy

Establishment of a safety culture	• Establish Hyundai's unique safety culture by realizing safety-first core values and developing it into a "Just Safety Culture" as an advanced company
Advancement of safety training	• Advance the specialized training programs to raise the safety awareness of employees and strengthen their risk awareness capabilities in order to strengthen safety education beyond the level required by laws and regulations
Leap towards the Global Best	• Establish future strategic tasks centered on the headquarters to expand global safety governance, and actively promote a pilot introduction of advanced cases, such as the safety management system (Safety Career)
Field-based risk assessment	• Establish self-regulation by conducting risk assessment activities in which all employees participate, develop and advance employee capacity building programs for this purpose, and establish a system for identifying and improving harmful risk factors
Strengthening labor-management cooperation	• Introduce various systems (Safety Merit System) to strengthen the capability to comply with labor-management health and safety standards and enhance labor-management cooperation.
Win-win cooperation	• Reinforce various support measures (excellent partner discovery system, etc.) in order to raise the safety management capabilities of our partners to the same level as Hyundai

Health, Safety and Welfare of Employees

CHECKING THE LEVEL OF HEALTH AND SAFETY MANAGEMENT

Accident Management Centered on Serious Injuries and Fatalities (SIF) Hyundai has adopted the concept of SIF (Serious Injuries and Fatalities) to select processes with a high potential for major accidents and to investigate and improve any accidents that occur in those processes in order to prevent major accidents. In addition, we measure the related processes and actions to prevent industrial accidents, such as improving the health and safety management system, which is a leading indicator of the accident rate, and carrying out activities aimed at preventing the recurrence of industrial accidents. In 2023, the accident rate increased by approximately 16%p year-on-year, largely due to an increase in the number of occupational disease cases among employees (107 in 2022 and 171 in 2023). To ensure their right to health, Hyundai ensures that employees receive the appropriate medical treatment and return to work, and is implementing various safety culture activities to curb the occurrence of serious accidents.

Assessment of the Health and Safety Management Level (H-SAT) Hyundai has set in place the H-SAT (Hyundai-Safety Assessment Tool), a tool developed inhouse in order to quantitatively evaluate and analyze the health and safety level of its business sites, address vulnerable areas, and raise the overall level of health and safety. The results of the evaluation are being linked to the KPIs of the management and business site managers, with the aim of enhancing health and safety leadership and promoting activities to prevent workplace accident. The assessment of Hyundai's health and safety management level focuses on safety, health, and firefighting, and utilizes detailed indicators such as critical accident prevention activities, site safety management, maintenance of the health and safety management system, and the health and safety roles and responsibilities of leaders. In 2023, some 534 deficiencies and field issues related to the health and safety management system were identified, of which 100% were improved according to the improvement implementation evaluation conducted in the second half of the year.

Composition of H-SAT

	Safety	Health	Firefighting
Management System Assessments	Serious accident prevention activities, etc.	Management of musculoskeletal diseases, etc.	Emergency response systems, etc.
On-Site Workplace Inspections	Robot protection devices, etc.	Ventilation facilities, etc.	Fire-prone areas, etc.

Safety Management KPIs Hyundai recognizes safety as a pillar of corporate management in its efforts to enhance sustainability, and establishes and evaluates the safety management KPIs every year. The evaluation indicators are set to reflect the business characteristics of each organization for the purpose of preventing major accidents and establishing safety governance, and each organization practices safety management by striving to achieve these goals. The evaluation indicators are broadly composed of leading indicators (prevention activities) and lagging indicators (results): The leading indicators include comprehensive SHE (Safety, Health, Environment) evaluation, identification and improvement of critical risk factors, safety leadership activities, and safety management of customer events, while the lagging indicators include the occurrence of major accidents, accident rate, and absenteeism rate.

Classification	Target	Key performance indicators	
Domestic	All (66)	• Accident rate/absenteeism target achievement rate • Pollutant emission rate • Customer event safety management	• Comprehensive she assessment and risk assessment • Safety culture and compliance with the laws and regulations, etc.
Overseas	Manufacturing subsidiaries (7)	• Accident target achievement rate • Pollutant emission target achievement rate	• Safety leadership activities, comprehensive SHE evaluation • Excellent disaster prevention activities at business sites, etc.

Health and Safety Management Activities

Risk Assessment
We identify hazards and risks related to the work environment, machinery, equipment, raw materials, gases, vapors, and work procedures; and based on the findings, we implement preventive measures to mitigate risks and hazards.

Tags of Health and Safety Signs
We put the safety sign tags in identifiable locations to warn employees and visitors of hazardous or risky areas, facilities, or substances; and provide guidance on how to behave in emergency situations.

Safety Measures for Working Environments
We set management criteria for areas where there is a risk of falls, collapses, drops, or other potential hazards; and perform regular maintenance and inspections.

Safety Measures for Machinery, Equipment and Facilities
We take protective measures that take into account the functions and characteristics of machinery, equipment, and facilities, and perform regular maintenance and inspections to eliminate potential hazards.

Preventive and Health Measures against Health Hazards
To prevent health hazards caused by raw materials, gases, vapors, high temperatures, noise, etc., we implement necessary preventive and health measures.

Provision of Personal Protective Equipment
We provide appropriate personal protective equipment (PPE) for the work environment and ensure the availability and management of spare PPE. Wearing protective equipment is mandatory.

Health and Safety Diagnosis
We conduct health and safety diagnoses of workplaces that have a high risk of safety accidents, such as falls, collapses, fires, explosions, and leaks of hazardous materials.

Response to Emergencies
We conduct training based on emergency scenarios such as falls, collapses, fires, and leaks of hazardous materials. We also inspect the functionality of firefighting equipment on a regular basis.

Management of Hazardous Substances
We compile and provide a list of material health and safety information for the handling of hazardous substances. We also regularly measure and address physical and chemical hazardous factors, and implement improvement measures.

Activities for Health Promotion
We conduct regular health check-ups and implement programs for the prevention of work-related diseases such as respiratory and musculoskeletal disorders, as well as managing job-related stress.

Support for Health and Safety at Subcontractor
We have established a health and safety management system for subcontractors to substantialize risk assessments, and have strengthened accident prevention through close management including diagnosis, education, and consultation.

Investigation of Accidents
We conduct investigations of the causes of any accidents that may occur and develop measures to prevent their recurrence. We also perform statistical analysis of industrial accidents and incorporate them into our performance improvement goals.

PROMOTION OF HEALTH AND SAFETY ACTIVITIES

Health and Safety Management Activities Hyundai conducts risk assessments and health and safety diagnoses, measures noise and hazardous chemicals in the work environment, and provides emergency response training for workplace health and safety management. Based on these efforts, Hyundai is promoting safety measures, preventing health hazards, and enhancing activities aimed at ensuring the health and safety of all its work environments, machinery, instruments, and facilities. In particular, we are fostering an on-site safety culture by holding monthly safety inspection days, identifying and mitigating risk factors through on-site inspections of high-risk facilities, and enhancing risk management based on the findings of our risk assessment teams.

Furthermore, we conduct investigations and assessments of hazardous factors to prevent the kinds of occupational diseases that may affect our employees. We also carry out post-measures such as individual health check-ups and treatment. We have developed measures and programs for the prevention of musculoskeletal disorders and continue to implement activities designed to improve employees' lifestyle habits and prevent job-related stress.

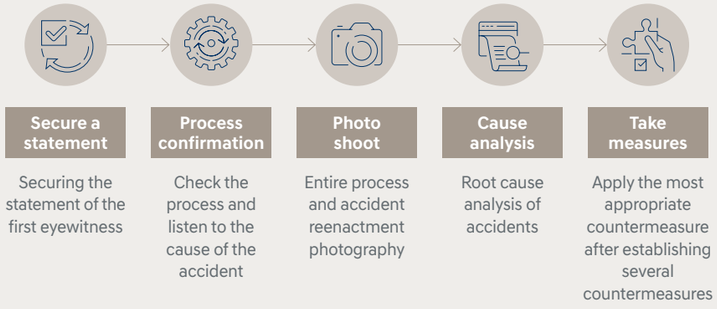
Health, Safety and Welfare of Employees

Comprehensive Emergency Response Drills To protect human life and property, Hyundai conducts two mock emergency drills each year - including rapid evacuation and response in the event of an emergency such as fire, explosion or leakage - in accordance with the Emergency Action Drill Plan. We aim to maintain and improve our ability to respond to emergencies through comprehensive emergency drills, which are planned by reflecting the major risk factors identified during the risk assessments, and consist in creating scenarios for each situation, implementing actions for each emergency situation, and performing tasks across individual divisions. The person in charge of the comprehensive drill evaluates whether the drill is carried out in accordance with the standards and procedures, and the evaluation criteria are continuously revised to improve the level and intensity of the drills.

Activities to Prevent Serious Accidents at Workplaces

Classification	Description of activities
Regular mobile safety inspections	• Introduction of mobile inspections to ensure the safety of work processes and operating facilities.
Installation of smart motion sensors	• Prevention of serious accidents by installing sensors, primarily in safety management blind spots.
Installation of human body detection sensors	• Installation of human body detection sensors, etc. to reduce the risk of accidents caused by workers' negligence when operating transportation machinery such as forklifts
Development of safety management regulations	• Development of step-by-step regulations for managing non-routine construction work conducted during non-working hours, from design to construction
Inspection of high-risk facilities	• Execution of on-site inspections of high-risk facilities such as suppliers' delivery vehicles, cranes at press plants, and mobile simple lifts.

Investigation Procedures and Step-by-step Actions in Case of a Safety Accident



* Behavioral instructions for an accident investigation: In the event of an accident, follow the steps above and do not omit a step or rush through the steps

** Prevent missing information by conducting an accident investigation that is based on the "5 Ws and 1 H," and start from large causes and then move onto small causes (top down approach)

STRENGTHENING THE RESPONSE TO SERIOUS ACCIDENTS

Enhancing Civil Serious Accident Management Hyundai is expanding the scope of its safety management and strengthening the health and safety governance of its CSOs, who are responsible for managing operational risks, to prevent accidents due to defects in the design, manufacturing, or management of "raw materials and manufactured products," or accidents at the "public use facilities" they actually control, operate, and manage.

The Raw Materials Division inspects and reports on compliance with the health and safety system – including manpower, budget, inspection, improvement, and training – on a semi-annual basis, and the 17 laws and regulations (encompassing environment, firefighting, dangerous goods, gas, nuclear power, etc.) with which Hyundai must comply. It disseminates the CSOs' opinions on the inspection reports to business sites and continuously checks and inspects on-site operations.

Meanwhile, the Manufactured Goods Division listens to the voice of the customer (VOCs) that may arise in relation to such matters as product recalls and campaigns, as well as various production processes established by Hyundai (body, painting, assembly, and inspection of finished vehicles), and identifies, improves and manages any problems. Furthermore, we produce consistent and excellent vehicles through strict quality system management and constantly strive to ensure safe and convenient transportation for our customers.

Public use facilities (such as multi-use facilities) are categorized into one to three types depending on their purpose and area, with safety plans established and managed for each. The safety plan is operated according to Hyundai's twelve management standards, and in addition to statutory inspections such as precision safety diagnoses and precision safety inspections, we continuously identify vulnerabilities in, for example, buildings that are over 30 years old and conduct 18 internal inspections to ensure thorough safety management of public use facilities.

Moreover, we establish our own safety management standards (by audience size) for the large-scale customer events organized by Hyundai Motor Company and manage them in a step-by-step manner, including establishing safety plans, operating safety councils, and conducting on-site safety inspections, to ensure that the participants in such events enjoy them in a safe and comfortable environment.

Step-by-Step Safety Management

Health, Safety and Welfare of Employees

SPREADING THE CULTURE OF HEALTH AND SAFETY

Establishing Safety Culture Diagnostics System In 2023, Hyundai developed the Hyundai safety culture indicator (H-SCI), which can be quantitatively evaluated, to establish a safety culture diagnosis system for measuring and analyzing the level of safety culture at its worksites. Consisting of nine factors (67 questions), the indicator is used to assess the level of safety culture of workers in relation to safety behavior, safety motivation, safety leadership, etc. Using the H-SCI, we analyze the level of our safety culture every two years and evaluate the effectiveness of the related activities in order to establish strategies for improving the safety culture and promoting the related activities.

On-site Safety Awareness Activities We promote activities aimed at fostering employees' safety awareness through CSO safety messages, head of operations safety card news, safety plays involving employees' families, safety poster contests for employees' children, and safety emphasis weeks in the first and second halves of the year (safety cafes, LOTO experience booths, and TBM/safety standup meeting contests). We have also strengthened on-site participation through safety inspection days and CPR booths, and have expanded the available rewards for divisions that have established a safety whistleblower (Sinmungo) system. Additionally, we have collaborated with the Ministry of Employment and Labor and corporations based in industrial complexes on promoting the safety culture, including the posting of safety culture messages on commuter and workplace buses.

Supporting the Acquisition of Safety Professional Certifications To strengthen professional competencies in on-site safety management, we are operating an occupational safety (industrial) engineer certification course for all employees at the Ulsan plant, and 70.9% of the participants have obtained the certification so far. In 2024, we plan to expand the program to all domestic production subsidiaries.

Occupational safety (industrial) engineer certification course

HEALTH AND SAFETY TRAINING

Establishment of a Health and Safety Training Platform and Development of Content Hyundai has established its own training system, the Safety Education Platform, which enables all employees to take health and safety training consisting of 94 educational videos easily and conveniently in an online and mobile environment. We produce engaging and informative safety educational contents in various formats - including short films, entertainment, and talk shows - for each of our videos, which are focused on safety rules, accident prevention, and the prevention of disasters.

Health and Safety Training in 2023

Classification		No. of trainings offered	No. of participants
Regular trainings	Office worker	105	2,628
	Production staff	45	1,787
	General[1)]	6,034	195,017
	Sub total	6,184	199,432
Special trainings		444	2,238
New and other trainings		3,989	174,683
Online/mobile regular trainings		18,236	434,280
Total		**28,853**	**810,633**

[1)] Number of mobile trainings

On-site Experiential VR We operate experience-based safety education facilities where employees can wear VR devices in order to experience safety hazards in virtual reality and raise their safety awareness.

SUPPORT FOR SUPPLIER'S SAFETY MANAGEMENT

Preventing Serious Accidents at Subcontractors To improve the safety management level of its subcontractors, Hyundai provides safety education and operates a reward system for excellent safety management partners. We also have developed a subcontractor safety management system that enables us to assess potential accident prevention capabilities in advance and select qualified subcontractors in the first place. To establish a safety management system for our subcontractors, we have carried out safety management activities such as registering subcontractors' information, evaluating our subcontractors' safety management competency, operating a safety council, and conducting joint inspections. In addition, we strived to help our subcontractors prevent serious accidents by conducting special construction safety training (3 sessions) for the CEOs of 170 construction companies and safety supervisor training for internal subcontractors (5 sessions).

Efforts to Prevent Industrial Accidents Involving Subcontractors Hyundai has strengthened external collaboration for on-site and process safety management at each business site by considering the nature of the business operations, the types of subcontractors, and potential risks comprehensively. In 2021, the Asan Plant entered into a business agreement with its key subcontractors (30 in total) to create an industrial accident-free automobile parts manufacturing industry. Efforts are being made to support subcontractors through safety diagnosis consulting and to establish a foundation for collaborative safety inspections between the automakers and subcontractors. In 2023, the Jeonju Plant entered into a business agreement for the prevention of major accidents and overall safety with all its subcontractors. Joint on-site inspections between labor and management were conducted, focusing on three major types of accident (falls, entanglements, and collisions) and eight major risk factors. Based on the results of the on-site inspections, guidance was provided for the improvement and implementation of safety measures in those areas where deficiencies were identified.

Safety Inspections and Support Programs for Suppliers Hyundai operates safety inspection and support programs to improve the safety management level of tier-1 suppliers and prevent industrial accidents. In 2023, we conducted safety inspections of our tier-1 parts suppliers (192 companies) and high-risk suppliers in integrated purchasing (aluminum melters and chemical suppliers) (19 companies) to enhance their safety management.

We run a safety equipment cost support program for tier-1 and tier-2 suppliers, providing LOTO, safety sensors, and forklift safety devices to prevent serious accidents in hazardous processes. Additionally, we held safety academies (twice) and safety seminars (once) to support the safety management practices of suppliers' safety team leaders and managers. We disseminate Hyundai's best practices in safety management to suppliers to improve their safety levels, and also provide health and safety education to all suppliers and small and medium-sized enterprises in the same industry through the Global Win-Win Cooperation Center and the Foundation for Industrial Safety Partnerships. Hyundai is committed to raising its employees' safety awareness by requiring all suppliers to complete safety training before entering its business sites for work and construction purposes.

Health, Safety and Welfare of Employees

Customized Welfare Benefits

EMPLOYEE WELFARE SYSTEM

Selective Working Hours System Hyundai implements a selective working hours system that allows employees to choose their own most efficient working hours, taking into consideration the nature of their work. This flexible system applies to certain job positions, allowing employees to select their own start and end times for work within the available time slots, excluding mandatory working hours. We also operate a flexible work system that allows domestic employees to work overtime during peak business periods and only the mandatory hours during quieter periods, provided that they meet the set total of work hours per month. By enabling employees to determine their own efficient work hours through the flexible working-hours system, Hyundai aims to enhance employee engagement and support performance outcomes.

RETIREE SUPPORT PROGRAM

Retirement Pension System Hyundai is implementing a retirement pension scheme for all its employees to enable employees who are eligible for retirement to prepare for life after retirement and old age. The retirement pension is protected by the external accumulation of retirement pension reserves, and education on the relevant products is provided to subscribers to create a stable foundation for employees after their retirement.

Retirement Planning Hyundai operates various programs to support and assist employees with their post-retirement planning. These programs include differentiated future planning courses and specialized educational programs based on employees' positions and job functions, which have been provided to a total of 4,232 persons.

Retirement Pension Asset under Management

(Unit: KRW million)

Classification	As of 2022 year-end	As of 2023 year-end
Insurance products	5,985,348	5,995,760
Others	2,572	1,968
Total	**5,987,920**	**5,997,728**

Support System for Maternity, Childcare, Family Care, and Employee Health

Classification	System	Description
Maternity	Reduced hours during pregnancy	• The daily working hours of employees in early pregnancy (within 12 weeks) or late pregnancy (beyond 36 weeks) are reduced by two hours. The reduction can be taken either as 2 hours after the start of the working day, 2 hours before the end of the working day, or 1 hour after the start of the working day plus 1 hour before the end of the working day.
	Maternity leave	• Providing a 90 days maternity leave to female employees before and after childbirth (120 days for multiple pregnancies)
	Bereavement leave	• Offering a leave whose period is determined by the pregnancy period in case of miscarriage or stillbirth
	Partner's leave	• Offering up to 10 days of partner's leave within 90 days of childbirth
	Child Happiness Travel	• Providing hotel lodgings and meals within six months before and one year after a childbirth to employees and their spouses, which includes up to two nights at hotels designated by the company
Childcare	Parental leave	• Providing up to two years of leave of absence for each child under the age of 8 or a child in second grade to both male and female employees (Can apply for employment insurance maternity leave benefits for up to a year when taking a leave of absence for more than 30 days, with an application of 80% of the ordinary wages and a monthly ceiling of KRW 1.5 million)
	Reduced hours during childcare period	• For employees with children under the age of 8 or in the 2nd grade of elementary school, both male and female employees are eligible for a maximum of 2 years of reduced working hours per child. (The reduced working hours can be divided twice in the first year, and they can be divided once in the second year) • Can be used in conjunction with parental leave. Employees who have taken a total of two years of parental leave with reduced hours can take an additional year with reduced hours during the parental period • Can take a reduction of 2 or 4 hours before starting work, a reduction of 2 or 4 hours before the end of work, or a reduction of 2 hours after starting work plus 2 hours before ending work
	Providing breast-feeding time	• For female employees with infants under 1 year old, a paid lactation break of 120 minutes per day is provided
	In-house daycare centers	• In-house daycare centers available at six locations: Headquarters, Ulsan Plant, Asan Plant, Jeonju Plant, Namyang Technology Research Center, Korea Business Division
Employee health	Workplace stress management	• Operation of the Talk Talk Center (a psychological counselling center) and the Employee Mindfulness Class (offering psychological counseling and emotional well-being programs that address childcare, job-related stress management, and conflict resolution within the workplace) • Operation of an International SOS service for employees stationed overseas or GEP employees, as well as their accompanying family members (support for stress management)
	Sports and health initiatives	• Operation of dedicated fitness centers (gymnasiums) and exercise programs for employees at our headquarters, the Ulsan, Asan and Jeonju plants, and the Namyang Research Center
Family care	Family care leave	• Offering up to 90 days of family care leave per year to employees whose parents, children, spouses, or spouses' parents need care due to illness, accident, or old age

Retirement Planning Programs in 2023

Targets	Managers or below (Union members)	
Course	Future planning 57-60	Counseling
Age	57-60	57-60
Participants	2,617	947
Type	Lectures and counseling	Counseling
Curricula	• Self-examination for awareness of changes and happiness in old age • Customized education and consulting according to retirement plans	• One-on-one customized career counseling • Re-employment, return to rural areas, self-development, lifetime design, business start, etc.

Targets	Car Master
Course	Future planning 60
Age	60
Participants	127
Type	On/offline lectures
Curricula	• Educational support to help retirees quickly adapt to the changed life after retirement and to have confidence (employment policy, rural migration know-how, successful start-up cases, adapting to changes after retirement, re-employment, financial management, career planning)

Targets	Senior employees	
Course	Basic course in planning for life after retirement	Intensive course in planning for life after retirement
Age	59	60
Participants	395	320
Type	Online live + Counseling (online/offline hybrid)	Online live + Counseling (online/offline hybrid)
Curricula	• Channing perception about retirement, preparations, and exploration of careers/interests (re-employment, social contributions, business start) • Financial diagnosis and planning • Career/interest diagnosis and exploration	• Career analysis and decisions according to individuals' desired paths (re-employment, social contributions, business start, return to rural areas)

Introduction of Hyundai's employee benefits

Sustainable Supply Chain

Hyundai enhances the foundation for win-win growth through operating the Transparent Purchase Practices Center, Foundation of Korea Automotive Parts Industry Promotion, and Global Partnership Center. Furthermore, we are establishing an organic cooperation system with our suppliers, the government, and public institutions in order to make a successful transition to the future mobility. We are also conducting courses aimed at building suppliers' capabilities in terms of quality, technology, and management, and promoting win-win activities tailored to the automotive industry. These activities include expanding joint R&D and patent applications, providing financial and tax support, and promoting business diversification. Going forward, we will establish a win-win growth model that goes beyond fair trade between large companies and SMEs, and thus develop competitiveness, productivity, and technological capabilities of the entire automotive industry.

Establishing a Win-win Growth Ecosystem

STRENGTHENING THE FOUNDATION FOR WIN-WIN GROWTH

Supplier Grievance Handling

Hyundai Motor Group Partner

Transparent Purchase Practices Center It is important for Hyundai to provide suppliers with guidelines on ethical conduct and carbon neutrality in order to establish a fair and transparent win-win partnership. To this end, Hyundai Motor Group operates the Transparent Purchase Practices Center on its Hyundai Motor Group Partner website while operating a "suggestion box for transparency and ethical practices" and "suggestion box for tier-2 and tier-3 suppliers" so that its suppliers can voice their difficulties and propose various system improvements. We are making utmost efforts to establish fair trade practices and strengthen transparency throughout the supply chain, such as implementing a "retaliation prohibition policy" so that even when a supplier reports Hyundai's fair trade law violation to a relevant organization or raises an objection with content in a contract with Hyundai, we do not suspend trade with the supplier or restrict traded products and quantity.

Supplier Competency Building

Global Partnership Center Global Partnership Center (GPC) is helping suppliers enhance their competencies and competitiveness in the world's automotive industry based on the principle of "establishing a virtuous cycle in which Hyundai Motor Company and its suppliers can grow together." In addition to providing training programs targeting tier-1·tier-2 suppliers, the Center provides training facilities and instructors to suppliers in need of their own training. It also offers 18 tracks and some 580 training programs in five categories – future competitiveness, global competency, leadership, nurturing automotive industry experts, and basic job training – for tier-1·tier-2 suppliers.

Composition of the Transparent Purchase Practices Center Website

- Supplier Code of Conduct
- Guidelines on implementing carbon neutrality
- Four major measures about subcontracting
- Guidelines on retaliation prohibition
- Suggestion box for transparency and ethical practices
- Suggestion box for tier-2 and tier-3 suppliers

Transparent Purchase Practices Center

Foundation of Korea Automotive Parts Industry Promotion

Hyundai operates the Foundation of Korea Automotive Parts Industry Promotion together with Kia and Hyundai MOBIS to strengthen automotive parts suppliers' overall capabilities in the areas of quality, technology, and management. We run various programs, including field instruction activities and training, as a way to contribute to improving quality and technological competencies as well as to nurture talent in the automotive parts industry.

Technical Training for Suppliers

Hyundai provides technical training through the Foundation of Korea Automotive Parts Industry Promotion to help both metal suppliers (presses, heat treatments, welding, metal plating, forging) and non-metal suppliers (rubber, painting, electrical & electronics, IT) improve their parts quality and productivity. We anticipate these efforts will lead to improve suppliers' quality defects, reduce raw material purchase costs, and increase productivity.

Management Consulting for Suppliers

Hyundai offers management consulting to suppliers, free of charge, through which we share professional experiences and know-how so that suppliers can strengthen their management capabilities in the areas of R&D, production, quality, logistics, cost, and management activities.

Supplier Training in 2023 (Unit: Persons)

Classification	No. of Participants		Remarks
Foundation of Korea Automotive Parts Industry Promotion	Quality Academy	3,143	13 customized training courses
	General training, etc.	2,610	General management training, seminar, etc.
Global Partnership Center	Training by industry, etc.	75,184	580 courses
Total		**80,937**	

Foundation of Korea Automotive Parts Industry Promotion's Field Trainings and Educational Projects

Field Trainings	Technical Training	Quality/technical training in the production field
	Management Consulting	Transfer of know-how by experts
Educational Projects	Quality Academy	13 courses designed to establish quality management system
	Quality Technology Seminar	Dissemination of best practices in technical guidance by industry
	General Training	Training courses designed for productivity innovation
	Onsite Training for Parts Suppliers	On-site training support through direct visits

HIGHEST RANKING IN THE WIN-WIN GROWTH INDEX

In 2023, we received the highest rating in the Win-win Growth Index, an annual evaluation of win-win growth levels among 200 major large corporations, organized by the Korea Commission for Corporate Partnership, for the fourth consecutive year. This index measures the level of cooperation between large and SMEs (small and medium-sized enterprises) through "the Fair Trade Agreement Evaluation" conducted by the Fair Trade Commission and "the Comprehensive Evaluation of Win-win Growth" conducted by the Korea Commission for Corporate Partnership. We received the highest rating based on a comprehensive evaluation of our performance in signing fair contracts, establishing systems to prevent and monitor violations of the laws, such as subcontracting, and operating the win-win cooperation support system. In addition, the evaluation considered the actual performance of the win-win growth system, based on a survey of SMEs.

No. of Suppliers Received Technical Training or Management Consulting (Unit: No. of companies)

Sustainable Supply Chain

ENHANCING QUALITY COMPETITIVENESS

5-Star System Hyundai sets in place the "5-Star System" which quantitatively evaluates suppliers' level of quality, technology, and delivery level to provide the evaluation results so that suppliers can set detailed improvement goals and achieve them. We provide incentives to 5-star-certified suppliers, such as giving priority for new car development. Through the 5-Star System, suppliers can expect such effects as curtailing quality control costs and developing independent export capabilities, in addition to enhancing their competitiveness in quality, technology, and delivery.

5-Star Evaluation Items

Quality 5-Star	Technology 5-Star	Delivery 5-Star
• Quality management system • Defect rate • Claim reimbursement ratio • Quality management performance, etc.	• Technology development personnel, investment • New technology development, patent • Parts development work system (planning/design/evaluation), etc.	• Production line stoppage cases, time, reimbursement amount (ratio) • A/S parts delivery rate • KD parts delivery rate

Quality Evaluation of Tier-2·Tier-3 Suppliers (SQ Mark) Hyundai operates the "Supplier-Quality Mark" program with an aim to identify professional business types that have a major impact on automotive parts quality and improve the quality of tier-2·tier-3 suppliers in the respective business areas. We evaluate tier-2·tier-3 suppliers based on process management activities, such as raw and subsidiary material inspection criteria, facility preservation and daily inspection activities, and creation and improvement of operation standards, as well as quality management activities, including finished product inspections, corrective measures, and continuous field improvements. The SQ Mark is provided to outstanding suppliers.

Activities to Improve Durability Hyundai shares its know-how in enhancing durability with suppliers in order to help them effectively address their chronic issues (customer inconveniences and economic losses, such as claims and recalls). We have a technology meeting three times a year to improve dependability issues that occur at suppliers. In addition, we are collaborating with around 100 tier-1 suppliers to resolve dependability issues.

Quality Education for Suppliers Hyundai Motor Company provides quality training for its domestic tier-1 and tier-2 suppliers in order to enhance their quality competitiveness to a world-class level. The Global Partnership Center facilitates this through an online platform and group training, making quality education accessible to our partners. We cover all aspects of quality, including system establishment, technology, management, and assurance, and continuously support their efforts to improve their product quality management capabilities.

2023 Quality & Safety Training Programs (Suppliers)

Classification	Training Contents	No. of Suppliers	No. of Trainees	Frequency
Tier-1 and Tier-2 Suppliers	Quality technology training in areas such as painting, rubber, injection molding, pressing and machining; establishing the quality management system; electronic product quality assurance; design quality management, etc.	3,260	6,646	Ongoing

* Conducted training for all domestic suppliers (100% coverage)

Supplier Quality Meeting We hold a monthly supplier quality meeting with representatives from our local suppliers at all our overseas plants. During these meetings, we share the best practices and address areas for improvement related to our delivery quality, monitoring the progress and effectiveness of the implemented measures. Additionally, we conduct bi-monthly seminars for the heads of the local subsidiaries of our suppliers that have advanced into international markets with us. These seminars focus on sharing trends and know-how related to quality improvement.

2023 Suppliers Quality Meeting

- **Category** Supplier Quality Seminar
- **Content** Sharing quality-related trends and know-how
- **Participants** 100% of suppliers that have advanced into international markets with Hyundai
- **Frequency** Once every other month

IMPROVING TECHNOLOGY DEVELOPMENT CAPABILITIES

R&D Technical Support for Suppliers Hyundai runs a win-win growth program whereby it shares its R&D and technology development know-how with suppliers, and thus helps suppliers strengthen their capabilities in areas which need improvements. The supplier R&D technical support program consists of case studies and function/design concept training to enhance their quality mindset; customized technical support that conducts prior analysis of areas for R&D improvements and helps suppliers improve key pending matters; and R&D competency-building support that improves product development capabilities by using new technologies and methods. We look into supplier requests in the process of quality improvement, customized technology, and R&D capability-building support, and then reflect them in improving the technical support program. We also run consultative bodies and exchange meetings among suppliers in the same industry to continue mutual communication and cooperation.

Sharing Technology Patents Hyundai shares patent, free of charge, with suppliers, and transfers patents that suppliers need. When a supplier requests for a patent transfer, we conduct on-site investigations and consultations regarding the supplier's major business areas; technologies that the supplier owns and is developing; supplier's patents; and patent that the supplier hopes to be transferred. By having discussions with the supplier, we finalize the patent transfer and sign a patent agreement. We also hold New Technology Exhibitions after patent transfers to share information on cases of patent application to advance R&D and patent application to products.

Building Smart Factories Hyundai implements a smart factory-building project for SME tier-1·tier-2 suppliers. The project uses ICT to integrate the entire production process, ranging from product planning to sales, to produce customer-tailored products at minimal costs and time. A total of KRW 25 billion was contributed to the project from 2019 to 2023 to provide consulting and facility investments required for building a smart factory to some 900 suppliers so that they can switch to a smart factory. The smart factory-building project is categorized into different levels in consideration of the status of production facilities of tier-1·tier-2 suppliers. They include the basic level which enables partial standardization, data management, and real-time production information monitoring; mid-level which supports collected information-based control and optimization of decision-making through simulations; and advanced level where monitoring to control-optimization takes place autonomously.

Guest Engineer System Hyundai sets in place a guest engineer system, through which parts suppliers' research staff in charge of design/evaluation take part in our new car development process. We provide a free office space where supplier researchers can stay, as well as the facilities, equipment, and test sites needed for parts performance evaluation. We also transfer our parts design and performance development know-how. Through new car parts design and performance development collaboration, Hyundai and suppliers anticipate to raise parts and performance development efficiency, develop quality in advance, and nurture technical experts at suppliers.

Protection of Suppliers' Technology Hyundai operates the technical material escrow system for safe storage of suppliers' key technical materials and trade secrets, and proof of technology development in the event of leakage of a supplier's key technology or a dispute. We develop technologies jointly with suppliers and then make patent applications together to prevent the possibility of infringement upon small- to mid-sized suppliers' technologies and patents. We also strive to protect suppliers' technology directory or indirectly by providing online patent education on patent application and patent search methods and helping them reduce their patent cost.

Sustainable Supply Chain

STRENGTHENING A FOUNDATION FOR SUSTAINABLE GROWTH

Making Cash Payments and Adjusting Raw Material Prices Since 2006, Hyundai has been making payments in cash to MEs and SMEs with sales less than KRW 500 billion and in promissory notes (60 days) to large companies and MEs with sales more than KRW 500 billion. Also, we make payments on a weekly basis. For large companies, MEs, and SMEs that supply parts for exports, we make payments fully in cash twice a month. In addition, to ease the burden on suppliers that is caused by raw material price increases, Hyundai absorbs the impact from raw material price changes. In case of steel plates and precious metal, we operate a system whereby we directly purchase the items at international prices and supply them to suppliers. In case of aluminum and plastics, we adjust payments made to suppliers according to international prices.

Joint Entries into Overseas Markets and Support for Increased Exports Hyundai is jointly entering overseas markets with suppliers to support their continued growth and globalization. As of the end of 2023, we expanded to global markets with a total of 690 suppliers, including 309 tier-1 suppliers and 381 tier-2 suppliers, through which suppliers have harnessed opportunities to receive orders from overseas OEMs. To help Korean parts suppliers increase overseas exports, we are supporting the establishment of joint logistics and proof-of-origin systems. We identify difficulties experienced by suppliers in the export process and continue to explore activities that make actual improvements.

STRENGTHENING THE TIER-2 AND TIER-3 COOPERATION NETWORK

5-Star System for Win-Win Cooperation In our efforts to build win-win relationship between tier-1 suppliers and tier-2 suppliers and to establish a culture of win-win growth, we operate the "5-Star Win-win Cooperation" system, which evaluates tier-1 suppliers' win-win efforts toward tier-2 suppliers and reflects the results in the bidding process. We evaluate tier-1 suppliers' win-win activities toward tier-2 suppliers, and evaluation items include payment terms; including cash payment ratio and payment period; contractual fairness, such as use of a standard subcontract; and win-win support, including management fund, R&D, and productivity support. We also conduct qualitative evaluations on tier-2 suppliers' subjective evaluation about tier-1 suppliers' win-win activities. Survey items include transaction relationship, including fair trade and transaction conditions; cooperation relationship, such as for management fund, R&D, and productivity; and overall operations, such as vision-sharing and implementation system.

Improving Quality and Technology of Tier-2·Tier-3 Suppliers Hyundai has been making continued efforts to improve quality, technology, and productivity of tier-2 and tier-3 suppliers by dispatching experts with automobile-related expert skills and know-how to tier-2 and tier-3 suppliers.

Win-Win Payment System Hyundai has set in place a win-win payment system that enables tier-2·tier-3 suppliers to be paid in cash on the payment date and cash in their payments in advance. Within the limit of the accounts receivable bond (payment) issued by Hyundai, a tier-1 supplier issues a bond to a tier-2 supplier and a tier-2 supplier issues a bond to a tier-3 supplier for settlement.

This system ensures tier-2 and tier-3 suppliers to receive payment on the payment date. Tier-1 and tier-2 suppliers that make payment can receive financial benefits, including interest income from the win-win payment deposit account and commission income from early encashment of win-win payment.

Major Fund Support Programs for Suppliers

Future Growth Mutual Fund	• Deposited KRW 37.4 billion, provided KRW 93.5 billion – Provide investment funds at low interest rates for quality and productivity improvements of tier-1 and tier-2 suppliers (Industrial Bank of Korea)
Future Growth Win-Win Fund	• Deposited KRW 150 billion, provided KRW 225 billion – Provide investment funds at low interest rates for quality and productivity improvements of tier-1 and tier-2 suppliers (Hyundai Commercial)
Dedicated Loan for Tier-2 and Tier-3 Suppliers	• Deposited KRW 200 billion, provided KRW 200 billion[1)] – Provide investment funds intended to improve the management environment of tier-2 and tier-3 suppliers and operating funds at low interest rates (Woori Bank, Shinhan Bank)
Business Diversification Support Fund	• Deposited KRW 50 billion, provided KRW 100 billion – Provide investment funds at low interest rates to support business diversification in response to the expansion of electrification among internal combustion engine parts suppliers (Hana Bank)
Raw Materials Price Indexing Support Fund	• Deposited KRW 50 billion, provided KRW 100 billion – Provide investment funds to tier-1 suppliers to extend the raw materials price indexing system to include tier-2 and tier-3 suppliers at low interest rates (Shinhan Bank)
Loan Interest Support Fund	• Deposited KRW 100 billion, provided KRW 200 billion – Provide investment funds to tier-1 and tier-2 suppliers to aid their liquidity due to interest rate increases at low interest rates (Hana Bank, Shinhan Bank)

1) A joint contribution from Hyundai Motor Company, Kia Motors, and Hyundai Mobis

5-Star System for Win-win Cooperation

Goal	Win-win cooperation and joint growth between tier-1 and tier-2 suppliers
Outline	Evaluate tier-1 suppliers' win-win cooperation efforts toward tier-2 suppliers and reflect the results in the supplier selection (bidding) process (Evaluate once a year)

Tier-1 suppliers' win-win cooperation activity performance (Quantitative evaluation: 50%)	Tier-2 suppliers' subjective evaluation about win-win cooperation (Qualitative survey: 50%)
• Payment terms (cash payment ratio, payment period, etc.) • Fair contract (use of a standard contract, etc.) • Win-win support (financial, R&D, productivity support, etc.)	• Transaction relationship (fair trade, transaction conditions) • Cooperation relationship (financial, R&D, productivity support, etc.) • Operational systems (vision-sharing, implementation system, etc.)

Technical Training (Quality and Technology Support Group)

Composition	Technical experts in various production areas
Duration & Frequency	3 to 12 months per year, providing customized support for quality and technical issues in the production field
Areas	Listening to supplier opinions on key quality/technology-related difficulties and supports improvements; and providing focused instruction on quality management system operation to improve suppliers' ability to respond to the Supplier-Quality Mark system

Management Consulting (Management Innovation Support Group)

Composition	Industry-specific management specialist
Duration & Frequency	3 to 12 months per year, providing consulting on overall management free of charge
Areas	Providing consulting support on overall management, including R&D, production technology, quality control, planning, etc.

Sustainable Supply Chain

Supply Chain Sustainability Management

EXPANDING SUPPLY CHAIN SUSTAINABILITY

Enactment and Amendment of the Supplier Code of Conduct Hyundai's Supplier Code of Conduct stipulates basic matters in the areas of ethics, environment, labor and human rights, safety and health, and management systems that should be observed by all suppliers that provide goods and services or signed a contract for other transactions. All suppliers that signed a contract with Hyundai must comply with the Supplier Code of Conduct and also recommend compliance with matters specified in the Code of Conduct to the overall supply chain, including companies they trade with (tier-n suppliers).

Suppliers must consider the matters presented in the Code of Conduct in their management decision-making and business operation processes, and actively respond to a sustainability risk due diligence that Hyundai carries out directly or through a third-party organization. In addition, in accordance with Hyundai's risk improvement recommendations, suppliers must establish a risk mitigation plan and implement measures based on mutual discussion. The Board of Directors supervises and reviews important matters related to supply chain sustainability management plans and programs.

In 2023, we have added items that require conducting supply chain due diligence to ensure that no raw materials, parts, or components manufactured using forced labor, either directly or indirectly, at any stage of the supply chain are supplied. We also require our suppliers to establish and implement a code of conduct prohibiting the use of forced labor.

Establishment of the Supply Chain Sustainability Management Department To respond to the strengthening of the international laws on global supply chain due diligence, Hyundai Motor Company has established the Supplier Sustainability Management&Safety Team (within the Procurement Division), whose role is to provide timely responses to sustainability management issues related to parts, raw materials, facilities and equipment used in both our domestic and overseas automotive operations.

Incorporating Sustainability to Supplier Selection Criteria Hyundai monitors the status of safety and environmental incidents at its suppliers by distributing guidelines on safety, health, and environmental management standards, assessing sustainability risks, and conducting due diligence. Also, when selecting our suppliers, we impose penalties on those who are responsible for accidents. Moreover, when selecting new suppliers, we evaluate not only their quality management systems, financial structure, and management capabilities, but also their sustainability, safety, and security practices. The results of these evaluations are incorporated into the transaction conditions, and existing suppliers may also face penalties such as bidding sanctions based on the outcome of their evaluation.

Furthermore, we have strengthened our supply chain due diligence policies and updated our website and standard contracts to reflect these enhancements. As part of these measures, we consistently enforce our suppliers' adherence to sustainability criteria aligned with our supply chain standards during contract renewals. We have included clauses in our basic contract for the transaction of standard parts that require compliance with the laws on environmental issues and human rights; and, additionally, we have incorporated these requirements into our requests for quotations to ensure zero tolerance of forced labor.

Receiving Sustainability Documents for Supplier Registration If we determine that a supplier is qualified for trade as a result of a supplier evaluation, we receive from the supplier its evaluation report, survey on actual conditions, financial statements, as well as pledges on improving sustainability, including a written ethics pledge, a written agreement on supplying eco-friendly parts, a written quality pledge, and a written information protection pledge.

Current Status of Hyundai Suppliers Hyundai's suppliers are in various regions across the globe, including Korea, US, China, Europe, India, Latin America, Southeast Asia, etc. Of these suppliers, those that supply core parts (hydrogen fuel cell parts, battery parts, control parts, electrification parts, etc.), have a low level of replaceability, or have a large trade volume are chosen and managed as significant (key) suppliers.

Tier-1 suppliers registered and managed in 2023 totaled 1,454 (purchase percentage of 100%), consisting of 372 suppliers in Korea and 1,082 suppliers overseas. Of the tier-1 suppliers, there are 55 key suppliers (purchase percentage of 69%). In addition to tier-1 suppliers, we identify tier-2 suppliers that have a significant impact on business operations. Number of key suppliers among tier-2 and lower suppliers stands at 24.

Spreading and Disseminating Sustainability Among Suppliers

Win-Win Cooperation Letter Hyundai produces the Win-Win Cooperation Letter to provide information on programs that we operate for win-win growth with suppliers and to share major policies and activities in the fields of occupational safety, information security, and sustainability management. The newsletter is issued every other month and distributed to all tier-1 suppliers through notices, the win-win growth portal (http://winwin.hyundai. com), and the website of Hyundai Kia Automotive Suppliers Association.

Key Supply Chain Sustainability Management in 2023

- 02 Sustainability Regulations and Supply Chain Due Diligence Obligations
- 04 Trends in EU Environmental Regulations
- 06 Supplier Sustainability Assessment-Consulting and CDP Supply Chain Assessment Participation Guide
- 10 Support for the Component Life Cycle Assessment (LCA)

Briefings and Online Training We hold briefings and run training courses for suppliers to prevent sustainability-related risks throughout the supply chain and improve suppliers' sustainability capabilities. We operate online training courses that can be taken by all suppliers. We also hold various briefings for working-level employees of suppliers and share information on index that should be managed in major areas, including ethics, environment, labor and human rights, and safety and health, major trends, and best practices.

Supplier ESG Capability-Building Training in 2023

• Total training hours	2,582 hours
• No. of participating suppliers	427 companies
• No. of staff who received training	1,830 persons

Basic Principles of the Supplier Code of Conduct

Hyundai Motor Company and Kia Supplier Code of Conduct

Ethics
- Transparent management and anti-corruption
- Prevention of unfair trade, etc.

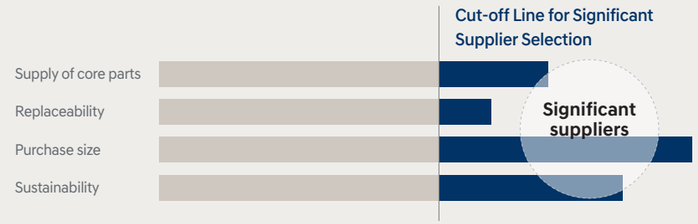
Environment
- Establishment of an environmental management system
- GHG and energy management, biodiversity, etc.

Labor and Human rights
- Guarantee of freedom of association
- Prohibition of child and forced labor, etc.

Safety and Health
- Establishment of an occupational health and safety management system
- Response to emergency situations, etc.

Management Systems
- Transparent management and anti-corruption
- Prevention of unfair trade, etc.

Criteria to Select Significant Suppliers



Sustainable Supply Chain

SUPPLY CHAIN SUSTAINABILITY DUE DILIGENCE

Risk Due Diligence Process Hyundai's management of the supply chain sustainability risk evaluation consists of on-desk assessment, on-site audit, identification of high-risk suppliers, and improvement and monitoring. We strive to continuously improve the due diligence indicators in accordance with global trends to identify potential sustainability risks in the supply chain more effectively. In addition, to comply with the global supply chain due diligence laws, we have established a compliance program related to the risk of forced labor to enhance our integrated supply chain sustainability risk management system.

Composition of Risk Due Diligence Indicators Hyundai established its unique supply chain ESG risk due diligence indicators by using laws related to fair trade/environment/labor/safety and health/supply chain due diligence, the OECD Guidelines for Multinational Enterprises, EcoVadis, Responsible Business Alliance (RBA), Drive Sustainability, and other indices and standards. The supply chain sustainability risk due diligence indicators consist of ethics, environment, labor and human rights, and safety and health areas. In consideration of a supplier's size and whether it satisfies key indicators, we reflect the evaluation results in supply chain operation strategies. In particular, we assess forced labor risks based on the types of risks and indicators, such as forced labor in prisons, vocational training centers, etc.

Steps of Risk Due Diligence

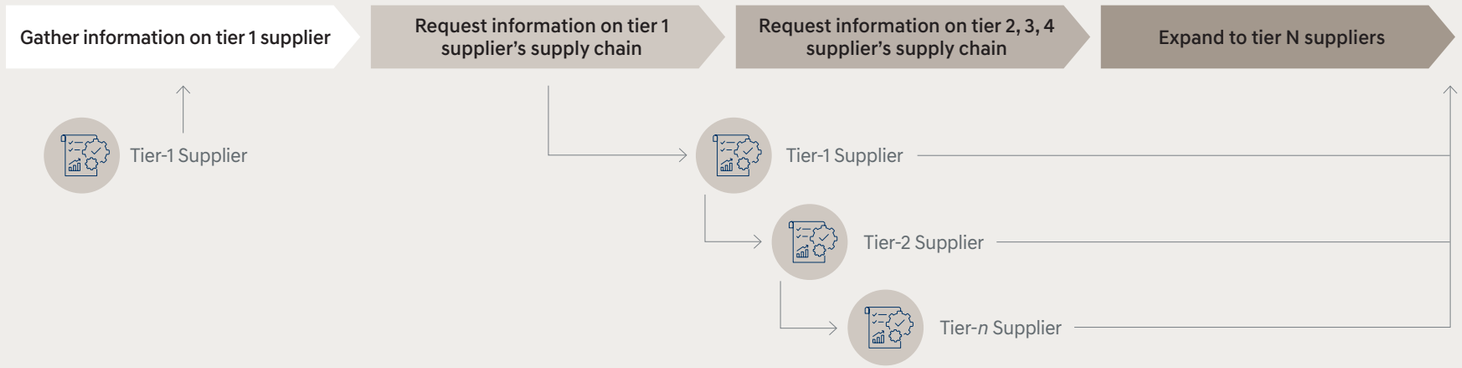
Risk filter	• Analyzing expected risks by country where suppliers are located, affiliated industry, and supplied product • Using an external risk database provider to screen for forced labor risks
On-desk assessment	• A supplier accesses an online system (IT), and conducts a self-assessment (checklist) on its sustainability risk level and provides documentary evidence
On-site audit	• A visit is made to a supplier together with an external expert to check the on-site situation or confirm authenticity of documentary evidence
Improvement measure	• Request for immediate improvement or recommend making an improvement plan for high-risk factors identified in the written assessment or on-site due diligence process
Support for execution	• Providing such financial and non-financial support as training, consulting, and guidance, to suppliers to help them implement improvement measures

Risk Filter Before a risk due diligence, Hyundai identifies, in advance, risks that it expects or are occurring in the supply chain. Hyundai chose 55 tier-1 significant (key) suppliers and 24 tier-2 significant (key) suppliers in 2023 after going through the prior identification process.

Global distribution network of suppliers	• As Hyundai's suppliers are distributed worldwide, we continue to collaborate with them in building a stable and sustainable supply chain.
Identification of risks by country, business type, part and raw and subsidiary material	• We identify and manage risks by country where our suppliers are located, business type, supplied part, and raw and subsidiary material. To this end, we use materials disclosed by each country's government and research organizations as well as various media and social network materials.
Analyzing the Results of the Supply Chain Sustainability Risk Due Diligence	• Identified risks are classified and managed based on various areas, including ethics, environment, labor and human rights, health and safety. These are incorporated into the derivation of measures for improving supply chain risks and revisions of the due diligence indicators.

In 2023, we conducted screenings of risks associated with our tier-1 suppliers using external supplier databases, focusing specifically on forced labor risks. We also initiated a supply chain mapping pilot program for selected suppliers in order to pinpoint their locations and their potential connections to alleged violators of the laws against forced labor. We plan to expand this program in the future, targeting key component groups such as aluminum, batteries, steel, tires, and polysilicon.

Continuous Supply Chain Mapping Process from Tier 1 to Tier N



On-desk Assessment Hyundai diagnoses supply chain sustainability risks based on its unique, distinctive indicators and criteria. A written assessment is conducted using an online assessment system that can be accessed by all suppliers in Korea and abroad. Suppliers respond to evaluation indicators by means of a self-assessment and attach documentary evidence. Supplier written assessment results serve as basic data for checking suppliers' sustainability risks, choosing suppliers subject to on-site due diligence, and categorizing high-risk suppliers.

On-site Audit Hyundai chooses suppliers that are subject to on-site audit by comprehensively considering countries where suppliers are located, business type, supplied parts and raw and subsidiary materials, and written assessment results. Primary on-site audit targets include suppliers that submitted insufficient responses and documentary evidence for the on-desk assessment and suppliers that have been confirmed to have potential or actual sustainability risks based on on-desk assessment results. On-site audit and evaluations are conducted by ESG consulting and due diligence experts, in close collaboration with Hyundai's procurement division.

During the on-site audit process, we checked the relevant supplier's systems and regulations to confirm measures regarding code of ethics, legitimate handling of wastes and pollutants, management of working hours and payment of salaries based on a working hour management system, hazard evaluations, and establishment of emergency situation response plans. We plan to review and apply ways to effectively identify concerning ESG risks at work sites during on-site audits.

Sustainable Supply Chain

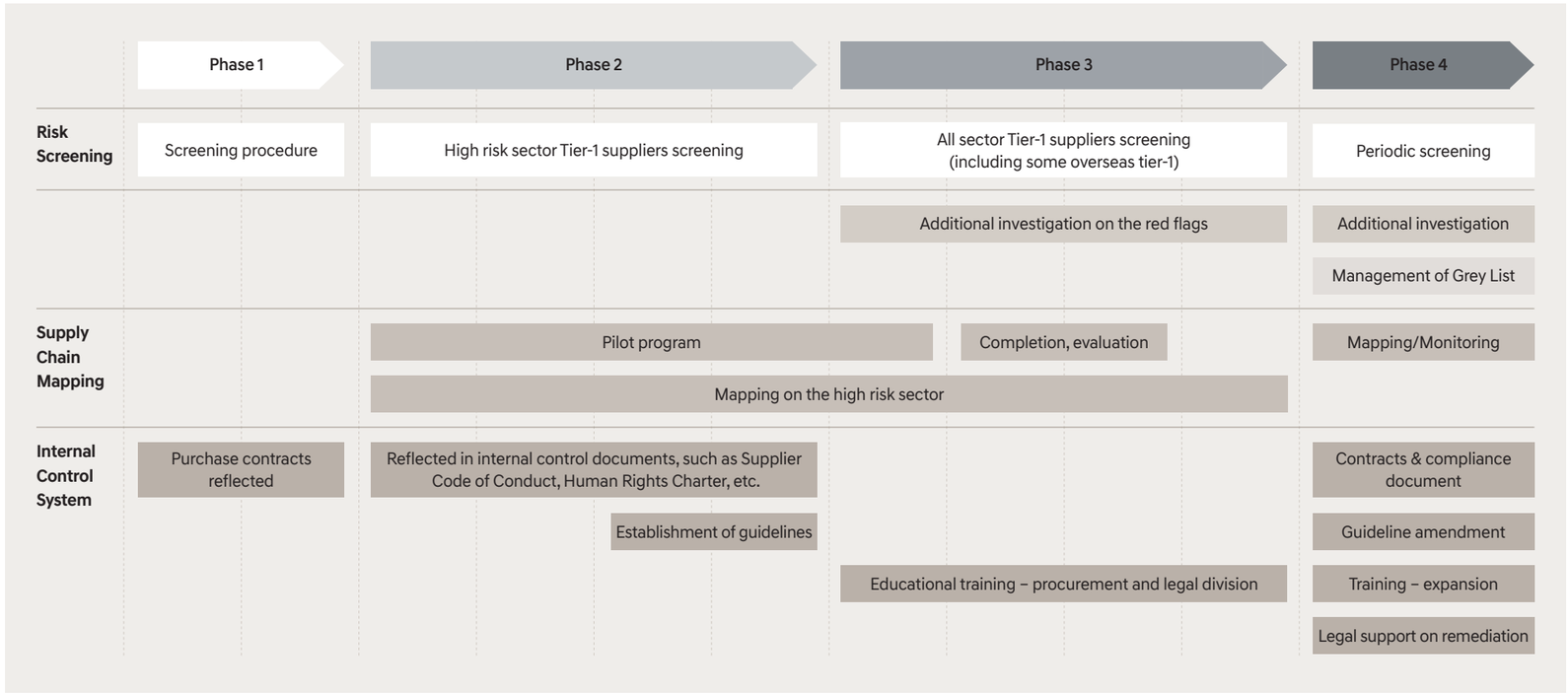
Due Diligence Aligned with Supply Chain Management Strategies Hyundai established top five strategic directions of supply chain management for suppliers' quality competitiveness, technological competitiveness, supply stability, compliance with fair trade, and establishment of an eco-friendly production system. To achieve the top five strategic directions, we established major performance indicators (delivery defect rate, reliability testing capabilities, KD parts delivery rate, payment terms, energy consumption, etc.) for each direction and monitor the execution status on a regular basis. In addition, we designed "management indicators aligned with strategy" and "sustainability risk due diligence indicators" to identify whether suppliers are participating in and executing our supply chain management strategies. Based on these indicators, we are conducting a due diligence (assessment) of supplier levels.

For new transaction targets, if a company receives an ESG evaluation score below the threshold score (70 points), it must submit an improvement plan and agree to be re-evaluated within six months. Further transactions will not proceed if the score remains below the threshold. For existing suppliers, we also emphasize the importance of supply chain ESG assessment by integrating the content of ESG assessment with our purchasing policy.

Key Areas of Improvement Hyundai conducted the on-site audit (evaluation) and thus identified key areas which need improvement as follows. We share evaluation result report with the average score of benchmark companies and the top score in addition to areas of weakness and areas for improvement for each company, thereby inducing them to make improvement.

Areas	Improvement required
Ethics	Establishment of an ESG management system and responsible purchasing of materials
Environment	Energy/GHG management and climate change response
Labor and human rights	Establishment of a human rights management system
Safety and health	Accident management

Roadmap for Establishing the Supply Chain Compliance Program



Supply Chain Management Strategies

5 Strategic Directions	Performance Indicators
Quality competitiveness	Delivery defect rate, claim reimbursement ratio, quality management, on-site evaluation of manufacturing processes, outsourcing management
Technological competitiveness	Basic competencies, performance competencies, capabilities for the future, reliability testing capabilities, S/W verification capabilities
Supply stability	Smooth supply of parts (prevention of production line stoppage), A/S parts delivery rate, KD parts delivery rate
Fair trade	Payment terms, contractual fairness, law/regulation compliance, win-win cooperation (support for win-win growth)
Eco-friendly production system	Environmental management system, energy consumption, air pollutant, waste, hazardous chemicals management

Supply Chain Sustainability Risk Due Diligence Indicators

Ethics	Environment	Labor and human rights	Safety and health	Management system
• Prohibition of corruption • Prevention of unfair trade • Prevention of counterfeit parts • Compliance with export restrictions • Information protection • Responsible purchase	• Environmental management system • Energy and GHG • Water resources • Air pollutants • Wastes • Chemical substances	• Non-discrimination • Wage and welfare • Working hours • Humane treatment • Freedom of association • Prohibition of child labor • Prohibition of forced labor	• Safety and health management system • Machine/ instrument/ facility safety • Emergency response • Accident management • Safety diagnosis • Health management	• Disclosure of corporate statement • Appointment of a person in charge • Risk checks • Education and communication • Information management • Grievance system • Business partner management, etc.

Sustainable Supply Chain

Finalization of Risks and Establishment of an Improvement Plan We are deriving improvement points to ease suppliers' sustainability-related risks through on-site audit (evaluation). Immediate corrective measures are taken for matters that can be improved right away during an on-site audit. For other confirmed risks, we hold discussions with the respective supplier on the time and method of implementation and expected issues, and establish improvement tasks. In addition to conducting a supply chain sustainability risk due diligence, we monitor whether suppliers implement improvement measures. We also actively provide support in case suppliers do not have enough ability to make improvements themselves. In 2023, we provided capacity building support and consulting services to a total of 166 suppliers (159 tier-1 suppliers and 7 tier-2 suppliers).

Performance in 2023

Increase the scope of ESG evaluation targets

All Tier-1 Suppliers

Supply Chain Sustainability Goals Hyundai has been making continued effort to expand the scope of the supplier sustainability risk due diligence to improve its supply chain sustainability. In 2022, we conducted a supply chain sustainability evaluation on all tier-1 suppliers around the world, and encouraged them to acquire environmental management system (ISO 14001) and safety and health management system (ISO 45001) certifications. In addition, we are providing a program that supports the establishment of safety facilities and security systems and the reduction of carbon emissions by 2025 to help suppliers improve their sustainability capabilities.

Supply Chain Sustainability Goals

Classification	Support provided to	Support duration
Establish safety facilities	Tier-1 and tier-2 suppliers	2023-2025 (3 years)
Establish security systems	Tier-1 and tier-2 suppliers	
Support for carbon emission reduction	Tier-1 suppliers	

* Support target: Tier-1·tier-2 suppliers based on factors such as company size, business type, and others

Results of Supply Chain Sustainability Risk Due Diligence

(Unit: Companies)

Classification			No. of companies	Remarks
On-desk assessment of ESG risks	Tier-1 suppliers		1,454	Purchase percentage of 100%
		Tier-1 key suppliers	55	69% of tier-1 purchase percentage
	Tier-2 key suppliers		24	
Identification of high-risk suppliers based on on-desk assessment	Tier-1 suppliers		17	Goal: Complete the written assessment of all key suppliers (100%)
		Tier-1 key suppliers	-	
	Tier-2 key suppliers		-	
On-site audit of ESG risks	Tier-1 suppliers		282	Including 17 high-risk suppliers identified through the written assessment
		Tier-1 key suppliers	11	Goal: Complete the on-site assessment of all high-risk suppliers
	Tier-2 key suppliers		8	
Improvement measures for high-risk suppliers	Suppliers with negative impacts identified		17	No high-risk suppliers identified among tier-1 and tier-2 key suppliers
	Suppliers with established improvement plans agreed upon		17	
	Suppliers that completed implementation of improvement plans		17	

Support Cases of Improving Risk Management

Strengthening Supply Chain Labor and Human Rights Management

To prevent and manage human rights risks in the supply chain, including child labor issues in North America, we established the Supply Chain Compliance Program in 2023. This program consists in conducting human rights risk screening across the entire supply chain and monitoring the identification of suppliers with potential human rights risks. In the same year we also implemented a procedure to check for fake IDs when issuing factory access cards, as well as enhancing our management system by specifying the KPIs related to supply chain sustainability. We also developed the "Guidelines on Compliance with the Forced Labor Laws," which outline the main contents and obligations of the Forced Labor Prevention Act, Hyundai's implementation plans, and new requirements for suppliers, and provided related training to the relevant departments.

Strengthening Overseas Supply Chain Sustainability Management

In 2022, we conducted a simplified self-assessment for our overseas supply chains. However, in 2023, we began conducting a full-scale written assessment, completed by 1,082 overseas companies. We analyzed vulnerable areas compared to domestic supply chains and the reasons for any differences in scores by country of origin, identifying areas for improvement. Starting in 2024, we plan to strengthen the on-site due diligence of overseas supply chains based on the results of the written assessment.

Implementing the CDP Supply Chain Program

As calls for carbon neutrality continue to increase, we have launched the CDP Supply Chain program to enhance our suppliers' capabilities in responding. Now, suppliers who participate in the CDP Supply Chain are required to disclose their GHG emissions, energy consumption patterns, carbon neutrality strategies and targets, and renewable energy transition plans, as well as the status of their implementation. To assist our suppliers in strengthening their capacity to disclose carbon-related information, we provided them with both online and offline training from April to June 2023. The training covered an overview of carbon neutrality, carbon emissions calculation, and how to respond and enter data into the CDP. Our suppliers completed their assessment participation by July of the same year.

Operating the Parts Supplier LCA Support Program

As the GHG management paradigm in the automotive industry has shifted from lifecycle stages to finished vehicles and parts, we have introduced a program to support our suppliers in calculating the life cycle assessment (LCA) of parts in order to estimate GHG emissions from raw materials collection, processing, and production. From September to December 2023, we collected and verified the data of 86 companies with high carbon emissions and derived carbon emission estimates for each part. Starting in 2024, we plan to expand the program to all our suppliers, including commercial and tier-2 suppliers.

Sustainable Supply Chain

RESPONSIBLE MINERALS MANAGEMENT

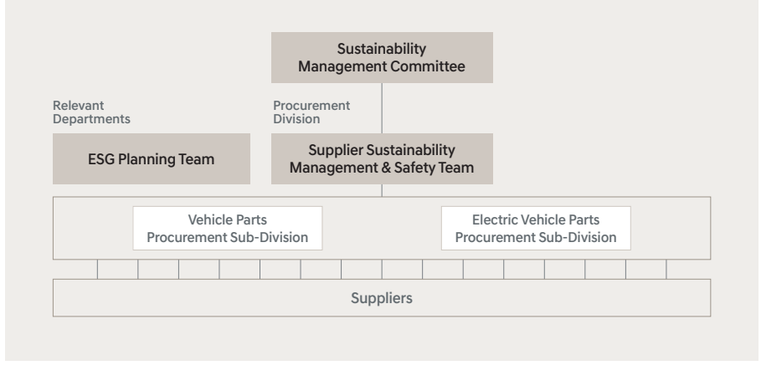
Conflict Minerals Management Governance Hyundai understands the significant seriousness of human rights violations and environmental destruction caused by mineral mining in conflict and high-risk areas. We are therefore striving to eradicate human rights violations, including exploitation of child labor, and environmental destruction that take place in the process of mining minerals, and to protect worker health and safety.

To this end, we have established management governance to operate a management process for compliance with policies and execution of social responsibilities in relation to conflict minerals. The Procurement Division's Supplier Sustainability Management & Safety Team supervises the operation of the conflict minerals-related management process and continually examines responsible mineral risks of each Procurement Division and supplier. In addition, it closely collaborates with relevant departments, including the ESG Planning Team that manages company-wide sustainability risks. Important matters related to conflict minerals are supervised and reviewed by Sustainability Management Committee under BOD, and are also included in the KPIs for CEO as a way to ensure active management of the matters.

Conflict Minerals (Responsible Minerals) Policy

Conflict Minerals Management Policy Hyundai recognizes that there are conflict minerals that are unethically mined and distributed, including human rights violations and environmental destruction, in conflict zones, and prohibits use of conflict minerals (tin, tantalum, tungsten, gold) that are unethically mined in conflict areas. Based on the basic policy of "providing products to consumers that went through a legitimate and ethical distribution process," we operate a conflict minerals management process jointly with suppliers and strictly investigate inclusion of conflict minerals in products. In addition, we are continually monitoring the cobalt supply chain in accordance with the OECD Due Diligence Guidance to manage the issue of child labor in cobalt mines of the Democratic Republic of Congo. We provide suppliers with conflict minerals management guidelines and hold relevant briefing sessions to help raise their awareness of conflict minerals. In addition, we will make continued efforts to expand the mineral purchase policy that calls for non-use of conflict minerals and fulfillment of social responsibilities to include suppliers' clients.

Conflict Minerals Management Governance

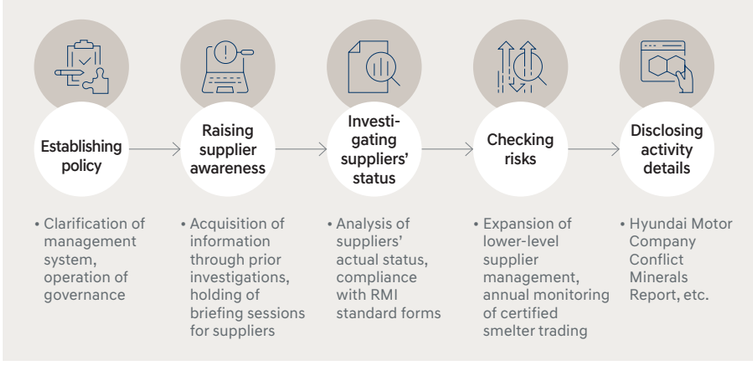


Conflict Minerals Management Process Hyundai has established a process by reviewing and analyzing the OECD Due Diligence Guidance, the US Dodd-Frank Regulatory Reform Act, and US Securities and Exchange Commission's requirements, based on which it is striving for responsible mineral supply chain management. Based on the Conflict Minerals Reporting Template (CMRT) and Extended Mineral Reporting Template (EMRT) for supplier information collection that are provided by the Responsible Mineral Initiative (RMI), we are tracking the supply chain (mine-smelter-tier-1 supplier, etc.) for tin, tantalum, tungsten, gold, and cobalt. In cases where we identify and recognize human rights and environmental risks in the mineral supply chain, we strive to mitigate or prevent them. In addition, we recommend suppliers to monitor whether they are trading with a smelter located in a high-risk area or did not receive Responsible Minerals Assurance Process (RMAP) certification. We assess whether our suppliers are trading with smelters that obtained RMAP certification on an annual basis.

Selection of High-Risk (Risk Management) Areas Hyundai has classified 10 African countries (Democratic Republic of the Congo, Rwanda, Burundi, Sudan, Angola, Uganda, Zambia, Central African Republic, Congo, Tanzania) and other conflict areas as Conflict Affected and High Risk Areas (CAHRAs). We continue to monitor suppliers' use of conflict minerals and cobalt that are illegally or unethically mined/distributed in these areas. We have also established a process for cases in which we inevitably source minerals from conflicted areas, we confirm that there is no issue through an internal review before use.

Investigating the Conflict Mineral Status of Suppliers and Checking Risks We investigated the status of suppliers that use tin, tantalum, tungsten, gold, and cobalt. For tier-1 suppliers and electric vehicle battery suppliers (51 suppliers), we received CMRT/EMRT materials from lower-level suppliers that supply parts that used conflict minerals and cobalt. We listened to difficulties experienced by suppliers that were having difficulty in creating CMRT/EMRT materials or whose materials were insufficient. We also explained on several occasions the need to actively respond to the conflict minerals management process and recommended all suppliers subject to investigation to submit materials.

Conflict Minerals Management Process



Based on the CMRT/EMRT data submitted by our suppliers, we conducted an analysis to determine if the suppliers were engaged in trade with RMAP-certified smelters. In cases where suppliers were not trading with certified smelters, we proactively requested that they implement a mineral purchasing policy that aligns with social responsibilities and to engage exclusively with certified smelters. We also approached tier-1 suppliers sourcing conflict minerals from uncertified smelters, requesting a comprehensive improvement plan outlining their mid to long-term intentions to transition to certified smelters. These measures induce all suppliers included in our conflict minerals management program to fulfill their social responsibilities, allowing us to address related risks effectively.

Disclosing Conflict Mineral Activity Details Hyundai established a conflict minerals management policy and disclose it through its website, while also issuing an annual Conflict Minerals Report. We are striving to create greater corporate value by communicating and identifying with all stakeholders, including customers, employees, and shareholders, and by continuing change and innovation. We will continue our efforts to strengthen communication by issuing reports in accordance with standards required by the international community.

Raising Supplier Awareness of Conflict Minerals Beginning with the establishment of criteria and finalization of a schedule to investigate the conflict mineral status of suppliers in March 2022, we identified in advance, whether items that are used for major electric model production use conflict minerals or cobalt. In addition, we held briefing sessions and provided training to tier-1 and tier-2 suppliers that use conflict minerals, electric vehicle battery suppliers, and Hyundai employees in charge of purchasing with regard to the background of conflict minerals management, conflict minerals regulation trends in major countries, Hyundai's conflict minerals management policy, CMRT/EMRT outline and investigation plan, and trading with RMAP-certified smelters as part of our activities aimed at raising overall awareness of conflict minerals management.

Conflict Minerals Management Practices

Visiting Mines and Smelters in the Democratic Republic of the Congo

In April 2024, representatives from Hyundai visited cobalt and copper mines and smelters in the Democratic Republic of the Congo to check the current status of sustainability management, including environmental and safety aspects, in the mineral supply chain. Organized by Glencore, a global mineral production and trading company, the visit included tours of two large-scale mines, an internal smelter, and a drying facility. During the site visits, we learned about local efforts to prevent child labor and unlicensed mining, workplace safety policies, and programs to support children and women. We also visited a hospital operated by Glencore in order to learn firsthand about the company's contributions to community issues, including the provision of free medical care to mine employees and their families and the distribution of HIV-AIDS vaccines. We will continue modifying and refining our responses based on our understanding of the various risks in the minerals supply chain with the ultimate aim of creating a more sustainable supply chain moving forward.

Customer Experience Innovation

Hyundai is striving to achieve its quality philosophy of "producing defect-free vehicles without breakdowns" and develop new safety technologies that protect drivers, passengers, and pedestrians. To this end, we continue upgrading overall quality and safety systems not only by promoting preemptive quality and safety measures from the vehicle development stage but also by preventing any significant problems afterward through early detection, early improvement, and early after-sales actions. In particular, we are focused on building a sustainable safety management system by developing training programs, operating quality and safety reporting centers, analyzing safety information, and establishing safety test sites to strengthen our quality verification capabilities, which in turn will enable us to maximize customer satisfaction and build trust.

Product Responsibility

PRODUCT QUALITY MANAGEMENT

Establishing Quality Management System Hyundai operates a quality management process for preemptive quality management of new car development, quality management of mass-produced vehicles, response to customer complaints, and quality assurance. We achieve systematic quality management by sharing quality risks, quality defects, and consumer complaints identified through our quality management system with all our business sites as well as our suppliers to produce improvement plans. Prior to mass production, the Pilot Center at the Namyang R&D Center measures and verifies quality, such as body strength and function, with a test vehicle, and we opened the Global Quality Control Center to inspect the quality of leading mass-produced vehicles from the customer's point of view.

Establishing an Integrated Quality Management System We have established a company-wide integrated quality management system to satisfy our customers' diverse quality and safety requirements, while each of our production sites operates their own quality management system to promote thorough quality management in all processes, including automobile design, parts development, process operation, pre-mass production, and mass production. Both domestic and overseas production sites have acquired ISO 9001 (quality management system) or automotive industry quality management system standard certification based on it. We convert and update certifications in line with the conversion of quality management system standards.

Quality Management Techniques Hyundai has introduced and applied quality management techniques to strengthen its market competitiveness on the basis of "defect-free quality." The techniques consist of "the best experts in each field (Man)"; "optimal equipment (Machine)"; "thorough verification (Measurement)"; and "commitment to defect-free quality (Moral)." Based on the merits, we provide customers with the highest quality vehicles in all areas, including R&D, production, sales, and services.

Quality Management Standards for Electrified Vehicles Hyundai has established quality management standards and criteria designed for each type of electrified vehicles, such as hybrid vehicles, EVs and FCEVs, in its efforts to actively respond to the global paradigm shift towards electrification. We manage our quality risks through continuous quality checks, case analysis, and improvement activities while continuously revising our quality management standards and criteria based on the data collected and analyzed.

Preemptive Management of Quality Risks From the early stage of new vehicle development, such as vehicle design, Hyundai conducts pre-verification of parts suppliers and inspects the quality of our own production processes to eliminate quality risks and related production process impediments in advance. Based on product drawings, we inspect the function, structure, reliability, and durability of parts. We issue the final approval through the inspection of supplier processes, self-inspection of production processes, etc. In addition to our own verification of test vehicles, the test-drive opinions of customers and professional quality organizations are utilized as guidelines to identify major issues and carry out improvement activities in parallel. Moreover, Hyundai holds quality inspection meetings on a regular basis, and reports the quality risk assessment results and taken measures to the highest level of management on the verge of new car models' mass production.

Prevention of Mass Production Quality Risks When a quality risk is detected from information acquired through statistical process control, periodic inspections, and shipment pass rates, we conduct joint investigations and take necessary countermeasures for quality improvement. Also, in order to prevent quality risks from occurring in the vehicle production process, we take thorough preventive measures, such as suppliers' process management, assessment of quality prevention activities, validation of quality inspection equipment, and reliability testing of parts. We have established a control tower devoted to the management of vehicle quality risks in the production process.

Strengthening Quality Verification Capabilities We enhance our verification capabilities throughout our quality value chain by regularly conducting training on roles and major tasks in the areas of pre-manufacturing quality, manufacturing quality, and market quality. Each course includes not only basic theoretical education but also practical and experience-oriented education if necessary. Furthermore, we offer expert courses on quality verification in collaboration with external educational institutions to verify new technologies following the transition to electrification and to strengthen the verification of quality issues from the customer's point of view.

2023 Quality & Safety Training Programs (Employees)

Quality-related training	Target	Cycle	No. of trainees
Preventing customer safety accident, together	Staff from quality-related organizations	Constant basis	14,956
Training to internalize safety quality	All employees of Quality Division	Quarterly basis	1,099 (Completion rate of Quality Division: 92.8%)
Quality academy	Staff from Quality Division	20 times per year (Group training)	484

Status of Quality Management System (ISO 9001) Certification

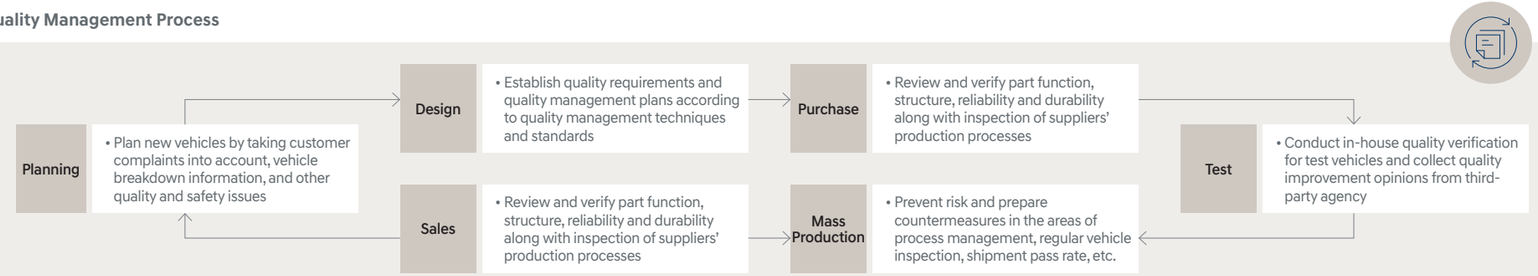
No. of business sites subject to acquisition

27

Third-party certification rate

100%

Quality Management Process



Customer Experience Innovation

QUALITY ASSURANCE AND MANAGEMENT

Hyundai has expanded the scope of its quality assurance and management from quality control and vehicle development and production to include after-sales customer safety and protection.

Warranty for Free Repairs Hyundai applies the free repair warranty period in consideration of the average life cycle, durability, and sustainability of each type of vehicle, such as passenger cars, SUVs, and commercial vehicles (trucks and buses). In particular, we expand the sustainability of eco-friendly vehicles by extending the warranty period for engines and main power transmission parts applied to hybrids, EVs and FCEVs. Regarding older high-emitting models, we strive to minimize their air pollutant emissions with guarantees for catalyst devices, electric control devices, and other exhaust gas parts.

Voluntary Recall Hyundai voluntarily implements vehicle recalls to preemptively protect customers. When we identify a manufacturing defect likely to cause accidents through our constant monitoring of customer complaints, we determine a vehicle recall and inform our customers of the defect, corrective actions, and compensation such as free service. In addition, warranty provisions are set aside as a way to proactively manage our financial risks caused by recalls and quality assurance.

Blue Basic Inspection Hyundai provides its Bluemembers customers with a basic inspection service free of charge to enable them to maintain their vehicles in top condition (8 times over 8 years for passenger vehicles, 7 times over 3 years for commercial vehicles).

Emergency Roadside Service Hyundai offers emergency roadside services to help with on-site first aid, simple maintenance, and transportation to a designated maintenance shop in the event of vehicle breakdown. The services are provided free of charge within a warranty period of up to six years after a vehicle leaves the factory.

Response to Quality VOCs Hyundai continues to promote business innovation based on voice of customers (VOCs) to establish a company-wide customer complaint response system. In addition, we operate the VOC Improvement Council participated by the Quality Division and R&D Center, and other related divisions, to diversify quality improvement agendas and respond to urgent VOCs in our efforts to focus on quality improvement based on customer opinions. We operate a variety of techniques and systems to connect, integrate, and analyze VOC data while passing on customer complaints to each service center for improvement measures. As an extension of our efforts to prioritize customer safety and satisfaction, we reflect and manage the quality index, which is linked to the number of claims that occur within three months of customer use after vehicle sales, as 5% of the CEO's KPI.

AI-based Quality Control Hyundai operates smart factories using AI and big data to create the best products. We collect and analyze external information as well as data from all our systems in the factory, such as product quality management, production facilities, and logistics. Then, we turn it into big data so that AI can operate the factories based on the information. We increase the accuracy and efficiency of our production processes by securing accurate data and eliminating unnecessary processes. We are accelerating the construction of a complete smart factory following the completion of the Hyundai Mobility Global Innovation Center in Singapore (HMGICS) in April 2023. HMGICS serves as a test bed to develop and verify intelligent manufacturing platforms that incorporate AI and the IoT while the data obtained by the center is used to build E-FOREST, a smart factory ecosystem.

Key Case of Quality VOC Response

Decision to conduct a voluntary recall of 5 EV models

In July 2023, in response to customer complaints about defects in the integrated charging control unit (ICCU) of electric vehicles (EVs), including IONIQ 5, Hyundai provided repairs free of charge and initiated a software update campaign. The issues identified in some vehicles include: discharge of the power bank due to damage caused by a temporary overcurrent in the ICCU; a gradual limitation of driving speed due to a failure of the ICCU software voltage conversion function; and the possibility of the vehicle stalling during continuous operation. Through joint evaluations by KATRI (Korea Automobile Testing & Research Institute) under the Korea Transportation Authority and NHTSA (National Highway Traffic Safety Administration) of the U.S., it was determined that these were not safety issues. We therefore conducted a software update campaign and replaced the ICCUs of some vehicles at no charge. However, after the campaign, similar customer complaints continued to emerge. As a proactive measure, we decided to conduct a voluntary recall in March 2024 of approximately 113,000 vehicles across five models, including the IONIQ 5, IONIQ 6, GV60, GV70 EV, and G80 EV.

Warranty for Eco-friendly Car Engines and Power Transmission Parts

Classification	Model name	Warranty period
Hybrid	Grandeur, Sonata, IONIQ, AVANTE (Elantra), Tucson, KONA Hybrid, IONIQ Plug-in	10 years / 200,000 km
EV	KONA Electric, IONIQ Electric, IONIQ 5, IONIQ 6	10 years / 160,000 km

* Based on passenger vehicles and SUVs

Voluntary Recall Status

(Unit: 10,000 units, KRW million)

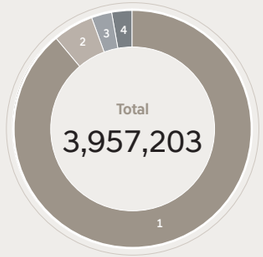
Classification	2020	2021	2022	2023
No. of recalled vehicles	623	272	389	548
Costs of recalls	305,200	1,442,300	320,900	485,173

Warranty Provisions

(Unit: KRW million)

Classification	2020	2021	2022	2023
Provision warranty balance at the beginning of the period	5,447,307	8,514,173	9,048,185	10,399,527
Warranty costs during the period	1,963,782	2,551,716	3,133,544	3,442,626

VOC Filings in 2023



Classification	No. of cases	Ratio
1 Inquiry	3,823,464	96.6%
2 Complaint	123,442	3.1%
3 Suggestion	5,142	0.1%
4 Compliment	5,155	0.1%

2023 VOCs by Type

Classification	No. of cases	Ratio
1 Service	633,185	16%
2 Sales	363,505	9%
3 Quality	590,617	15%
4 Membership	184,863	5%
5 Business support	185,484	5%

Classification	No. of cases	Ratio
6 Reservation	283,046	7%
7 Certified pre-owned car	12,022	0%
8 Emergency dispatch	955,948	24%
9 CCS	717,452	18%
10 Others	31,081	1%

Customer Experience Innovation

Customer Compensation and Dispute Resolution Hyundai is actively engaged in compensating customers and resolving disputes. Customers can report complaints and damages through on-site reception, headquarters reception, and customer centers, most of which are staffed by employees at high-tech centers nationwide, who manage the entire process from consultation to offering compensation and making payments. Hyundai provides compensation in the form of services, in-kind contributions, and cash for the full amount of verifiable losses, including direct (vehicle repair costs) and indirect losses (such as property damage and personal injury), if the cause of the damage is attributable to Hyundai's negligence concerning quality, systems, or response.

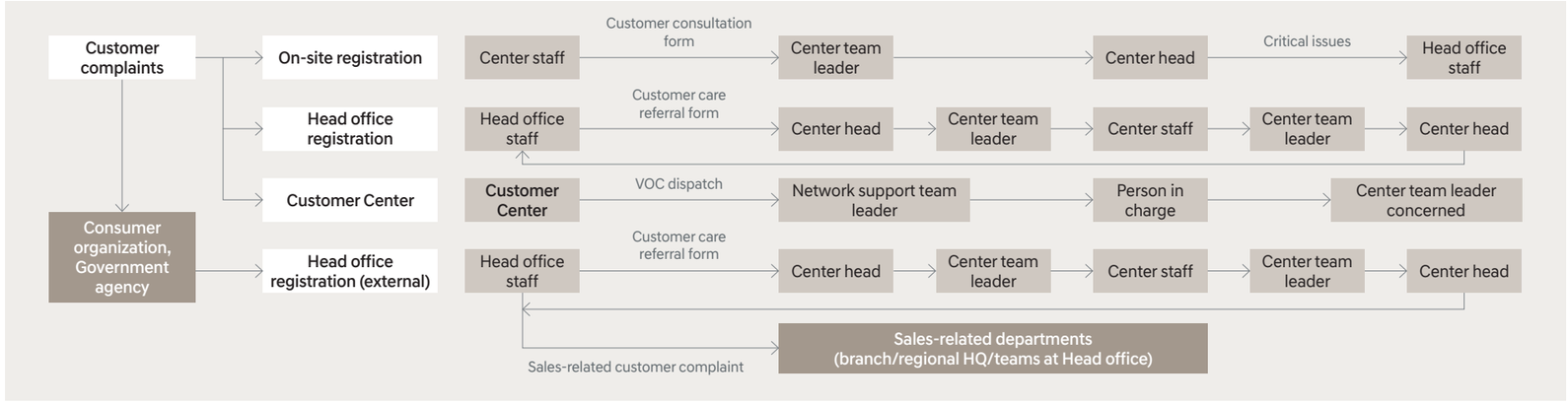
Depending on the importance of the case, we also collaborate with the Customer Care Management Division at headquarters to ensure the smooth resolution of complaints. In particular, we monitor the status of lawsuits, long-term non-delivery, and unresolved cases arising from customer complaints in real time. The Customer Service Solution Team receives updates on the status of long-term outstanding cases from each center and provides closure support through the headquarters' representative. For litigation cases, such as those involving fires and vehicle accidents, we consult with our legal team, research institutes, and Quality Division in order to prepare technical data and establish litigation response plans. In cases involving persistent quality complaints, we collaborate with the Quality Division in conducting joint investigations and helping to establish customer response plans.

VEHICLE SAFETY ASSESSMENT

Crash Safety Assessment Hyundai responds to more complex types of accidents by utilizing actual accident data disclosed by the NHTSA (National Highway Traffic Safety Administration), traffic accident data by country, a variety of information provided by the company's after-sales service network in Korea and quality divisions in our research, which is reflected in the product development process. As a result of these studies, in 2019, we developed the world's first "multi-collision airbag" to prevent secondary accidents. In addition, we have 170 sets of 27 types of manikins (dummies) that take over the role of occupants in real vehicle crash tests. This is the largest in the industry, enabling us to precisely measure even minute injuries in a variety of collision situations, contributing greatly to improving passenger safety performance. For your reference, when Hyundai develops a new vehicle model, it invests an average of 4,000 hours in evaluation and testing and KRW 10 billion in costs to ensure the highest level of crash safety.

2023 National Camp Accreditation Program Every year, Hyundai undergoes safety evaluations by leading vehicle safety organizations in major regions. In 2023, the Hyundai Kona was awarded the highest safety rating of 5 stars by the New Car Assessment Program (NCAP) of Euro NCAP in Europe and ANCAP in Australia, demonstrating its excellent safety for both adult and child occupants. In addition, 18 vehicles, including Tucson HEV, IONIQ 5, Genesis GV70, and GV80, have earned five-star ratings from the NHTSA of the U.S. Meanwhile, Hyundai's Grandeur, Kona EV, and Genesis GV60 have earned first rating, the highest rating for safety, from KNCAP in Korea.

Customer Damage Compensation and Dispute Resolution Procedures



Winners of the 2023 NCAP

Region	Ratio[1)]	5-star (top rating)
Korea	100%	Grandeur, Kona EV, GV60
Europe	100%	Kona
U.S.	85.7%	18 models including Tucson HEV, IONIQ 5, Elantra, Sonata, Santa Cruz, Santa Fe, GV70, GV80, G80
Australia	100%	Kona

[1)] Number of vehicle models rated by the NCAP with a 5-star (top rating) divided by the total number of vehicle models rated by the Program

Crash test site of Hyundai Motor Group
(Safety Test Building at Namyang R&D Center)

Scale

Test building	Collision test site
40,000 m^2	2,900 m^2

No. of crash tests

650 times per year

Performance

Maximum speed	Maximum weight
100 km/h	5 tons

Customer Experience Innovation

Maximizing Customer Satisfaction

SERVICES BOOSTING CUSTOMER SATISFACTION

Customer Service Standard Guide Hyundai produces and distributes the "Customer Service Standard Guide" based on customer experience in the process of purchasing and maintaining vehicles. This guide distinctly presents the direction of individual customer service and focuses on the key response elements for each customer contact point so that customers can receive uniform and excellent service. In addition, overseas regional headquarters and sales subsidiaries have established customer service strategic directions to carry out customer response activities that comprehensively consider the market characteristics and customer expectations of each region.

Reinforcing Customer Service Capabilities Hyundai sets in place a "service convergence education system" to strengthen the CS capabilities of its employees in customer contact channels such as vehicle sales and service. In the ICT-based CS learning environment, our employees receive training related to customer service skills along with knowledge of vehicles. Most notably, Hyundai's Domestic Business Division improves the company's customer service capabilities by disseminating specific and practical customer service solutions called "CS Way" to the business sites. Moreover, we introduce service trends and ways to improve Bluehands CS to those representatives who operate Hyundai's official service suppliers "Bluehands" while sharing best practices in customer service and customized service plans according to various situations as part of training to improve customer service capabilities.

H-Ear – Customer Communication Channel Hyundai operates "H-ear" (https://hear.hyundai.com), an open customer communication channel, to listen to customer opinions and suggestions online and develop products and services jointly with customers. Those who sign up for the H-ear website can freely write and discuss ideas and suggestions for various fields such as customer service, maintenance services, sales channels, markets and trends, as well as opinions on vehicle marketability, new technology, and eco-friendliness. Hyundai actively listens to customer opinions from the development stage of vehicles and services as part of its efforts to design the future together with customers through honest communication.

Bluelink – Connected Car Service Hyundai provides "Bluelink," connected car services that enable vehicle control and vehicle management based on the in-vehicle infotainment system and smart applications by converging information and communications technology (ICT) with vehicles. Customers who subscribe to Bluelink can access services such as remote control, safety and security, vehicle management, route search, and simple payment.

My Hyundai – Mobile Service We offer our customers an integrated customer service app, "my Hyundai," which conveniently provides all the services we provide, from Hyundai Motor membership to vehicle management and life of the car. When customers access the "my Hyundai" app, they can view the same model and color as their vehicle on the home screen, and can also view vehicle contract information, breakdown information, and related recall information. In addition, it is equipped with simple reservation and payment, use of Blue Members points, various coupon benefits, and non-face-to-face service functions, through which customers can use door-to-door car wash, hand wash, chauffeur service, vehicle transfer (consignment), and EV pick-up and charging services.

Building Service Bases Hyundai does its utmost to ensure that customers can enjoy the best "CAR-LIFE" anytime, anywhere through a service base that instills trust and confidence in its customers. We have strengthened our after-sales service accessibility by establishing 1,200 Bluehands, official service suppliers nationwide, in addition to the numerous directly-run high-tech service centers. Furthermore, for the ever-increasing number of EV owners, we have expanded the number of "Bluehands" dedicated to EVs to approximately 500 while increasing the number of those dedicated to FCEVs to over 70.

CS Training Programs in 2023

Educational Programs	No. of Attendees / Target
H-Map (service skills for visiting customers)	504
Skill of articulation	239
A stroke of genius with two outs in the bottom of the ninth inning	141
A stroke of genius	82
Image making training	55
Branch customer service training	14
Inno Guide CS training	274
CS Way	198
Customer service standards	125
Master's explanation skills	78
The Elegance of Genesis Customer Service	116
Master's counseling skills	96
Responding to dissatisfied customers	96
Black consumer response skills	135
Hole-in-one approach to handling customer dissatisfaction	25
High-tech Service Center Trip	42
Concierge/driver CS basic course	16
CS insight forum	37
Case study on complaints about customer service	22
Non-face-to-face communication skills	48
New branch manager CS Way	All new branch managers

EV GUIDE – an Electric Vehicle Purchase Counseling Guide

Hyundai published the EV GUIDE, a guide on electric vehicle purchase counseling, in 2023 to improve the overall customer experience. As a result of our 2023 annual inspection of customer service environment and quality at Hyundai & Genesis sales showrooms, we found that customer satisfaction with the explanations of electric vehicles provided during consultations was lower than that of our competitors. To address this issue, we created and distributed the EV GUIDE to all our sales sites. The Guide is divided into two parts: one designed to improve Car Masters' customer responsiveness, and the other for customers, which provides explanations tailored to each type of customer's purchase journey.

The EV GUIDE for car masters includes information on charging, EV-specific features, consultation points, and the subsidy guidance process, while the EV GUIDE MAP for customers offers guidelines and product points for each stage of product comparison and exploration, purchase and contract, and use and possession. We were able to improve customer's satisfaction by providing timely and accurate information on FAQs such as prices, infrastructure, and subsidies.

Service Brands

Bluehands	• Hyundai's official service suppliers - This network of Hyundai's official service suppliers is dedicated to improving the environment for the safety and convenience of customers, as well as providing services closest to customers.
Bluemembers	• Services for Hyundai vehicle owners - Launched in 2007, these services for Hyundai vehicle owners provide various members-specific programs as well as vehicle management services to support customers' fun and convenient CAR-LIFE.
Bluelink	• Hyundai Connected Car Service - Hyundai's connected car service taps into the latest IT and communication technology to provide remote control, safety security, vehicle management, and navigation services.

Major Services

Visiting Before Service	• Visit a location designated by a customer and provides vehicle maintenance and advice and assistance
Emergency Charging Service	• Provide 7 kWh worth of free EV charging for stranded drivers, enough for 22-44 km of driving
Home-to-Home Service	• Pick up vehicles where and when designated by customers and deliver them after repairs are made
Car Rental Service	• Provide car rental service for customer convenience when repairs are needed during the warranty period

Customer Experience Innovation

Sustainable Brand

BRAND MANAGEMENT

Brand Management System

Hyundai Brand Home, a global portal to manage Hyundai's brand, supports the effective operation of its brand strategy, brand architecture, and brand images. The brand strategy guides the company-wide brand direction for consistent external communication, while the brand architecture defines the brand and trademark system as well as its way of use for Hyundai's vehicles, technologies, and services. In order to manage our brand image, we develop and distribute design guidelines to set specific examples for how to visually implement our brand. In addition, we are conducting global brand monitoring activities through which we regularly inspect the application and utilization status of our brand and trademark images, thereby ensuring that our brand strategy, architecture and guidelines are properly used at fields.

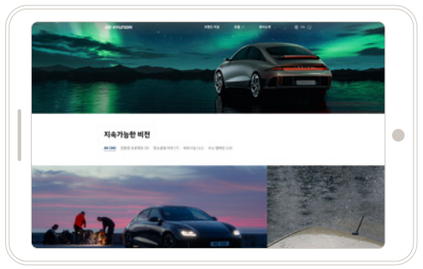
Brand Tracking Study

We conduct a Brand Tracking Study (BTS) to check customers' brand awareness, purchase intention, satisfaction, etc. based on price, performance, quality, and eco-friendliness for each brand. Most notably, in terms of brand preference, we examine not only the reliability, competitiveness, service, and affordability of our brands, but also their eco-friendliness, social responsibility, and authenticity factors.

Eco-friendliness factors include customer purchase intentions, awareness, preference, and attribute information (innovativeness, convenience, eco-friendliness, etc.) for our eco-friendly vehicle (HEV, PHEV, EV) brands (IONIQ, Nexo). In addition, we identify the market competitiveness of our brands by evaluating the market value of our brand vehicles to our customers. The results of the brand tracking study are used as basic data for establishing a brand strategy for each sales region. We also reflect them in the marketing process, such as deriving customer communication messages.

Analysis of Brand Tracking Study Results

Through a brand tracking study, we identify reasons why customers do not prefer our brands, the reasons for dissatisfaction at each stage of the customer experience, and negative experiences in online and offline channels. Based on the results, we identify and redefine the attributes that a brand should have to improve customer perception while seeking ways to manage content and improve sales channel operation in an effort to innovate customer experience.



Hyundai Motor Company Brand Journal

Brand Tracking Study Items

Price	• Customer acceptance of Hyundai vehicle prices compared to competitors' (based on a price perception survey)
Performance	• Score analysis of warranty level, after-sales service quality, reliability, etc. (based on the market average of 100 points)
Quality	• Score analysis of warranty level, after-sales service quality, reliability, etc. (based on the market average of 100 points)
Brand	• Score analysis of brand reputation, authenticity, tradition, awareness, etc. (based on the market average of 100 points)
Sustainability	• Score analysis of eco-friendliness, social responsibility, mobility vision, innovativeness, prospects, etc. (based on the market average of 100 points) • Separate analysis of the impact of eco-friendly vehicle models on aided awareness, brand perception, etc.

Greenwashing Risk Assessment Criteria (Self-Assessment Checklist for Environmental Labeling and Advertising)

Truthfulness	Is the labeling/advertising true?
Clarity of expression	Are the contents of the labeling/advertising accurate, clear, and presented in such a way they are clearly visible to the public?
Specificity of the subject	Is it clear whether the labeling/advertising is directed at all the organization's activities or only specific parts?
Substantiation	Are the environmental improvements actually represented and advertised as factual?
Voluntariness	Are the contents related to voluntary environmental improvements based on the mandatory compliance requirements of the relevant laws included in the labeling or advertising?
Completeness of information	Can specific data to support the environmental claims be accessed easily by the public at the company's homepage, web links, QR codes, etc.?
Relevance	Are the environmental claims related to environmental improvements made as part of the company's business activities?
Verifiability	Is there objective and scientific evidence to support the environmental claims?

* Source: Ministry of Environment's Guidelines on Labeling and Advertising to Prevent Greenwashing

ETHICAL MARKETING

Hyundai Motor Company Advertising & Marketing Ethics Declaration

Advertising & Marketing Ethics Declaration

Hyundai announced its "Advertising & Marketing Ethics Declaration" to induce customers to make the right decision to purchase products and services and to create a healthy advertising and marketing environment. The statement specifies the prohibition of misrepresentation or omission of product/service information, exaggeration or reduction of product and service utility, unfair comparison of competitors or products, deceiving consumers, and advertising and marketing activities that do not protect the information vulnerable, as basic principles.

Conducting Greenwashing Risk Assessment

To prevent "greenwashing" risks in external communications about our eco-friendly management activities, Hyundai conducted a greenwashing risk check on labeling and advertising. The inspection targeted all domestic contents posted online and offline as of January 2024. Based on the guidelines of the Ministry of Environment, we checked and implemented improvement measures for eco-friendly product advertisements, official websites, social media posts, brand campaigns, and press releases. Additionally, we provided greenwashing prevention education and newsletters to team leaders and practitioners in the related sectors to enhance employees' awareness. Currently, we are developing internal protocols to mitigate future greenwashing risks.

Labeling of Product Environment and Safety Information

Hyundai transparently discloses not only environment-related information, such as GHG emissions and the amount of water used during the entire vehicle manufacturing process, but also safety-related information such as seat belts, occupant detection systems, and car seat attachment devices. We strictly prohibit the dissemination of false, exaggerated, or understated information on the environmental and social impacts of our products and services while striving to ensure the right to know of our customers by labeling relevant information.

Product Information Labeling in Major Markets

Korea	Product	ID labeling (type and model of car, vehicle identification number, vehicle weight, year of production, tire, etc.)	**Europe**	Product	ID labeling, E-marks certifying various items (lights, safety belts, horn, mirrors, window glass, etc.)
	Environment	Fuel efficiency labeling, exhaust gas warning labeling		Environment	Diesel engine labeling, battery recycling labeling, fuel labeling, refrigerant labeling
	Safety	Airbag warning labeling, etc.		Safety	Airbag warning labeling, Airbag warning labeling, ISOFIX CRS anchor labeling
China	Product	ID labeling, vehicle identification number (W/screen), anti-theft warning labeling	**North America**	Product	Manufacturer's suggested retail price (MSRP) labeling
	Environment	uel efficiency labeling		Environment	VECI labeling (certified exhaust emissions data), refrigerant labeling
	Safety	CCC labeling, child restraint system (CRS) warning airbag labeling		Safety	Tire pressure information labeling, safety certification labeling, airbag warning labeling

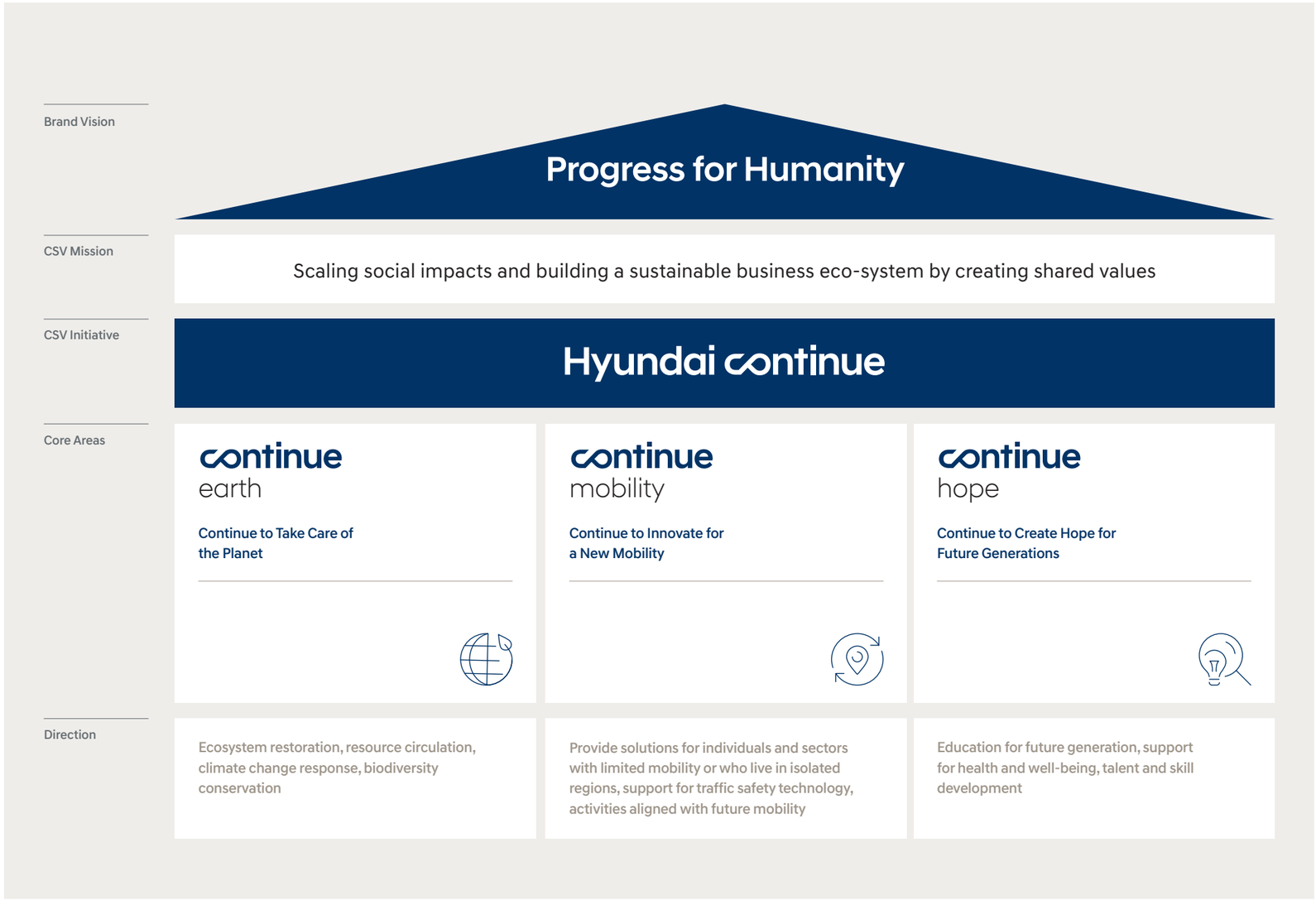
Creating Shared Value

CSV Initiative

CSV IMPLEMENTATION SYSTEM

Implementing CSV Strategy In 2023, Hyundai continued to promote its global creating shared value (CSV) initiative for sustainability management, Hyundai Continue, which was announced in 2022. Under "Hyundai Continue," which focuses on three areas of Earth, Mobility, and Hope, we are implementing various activities globally.

CSV Strategy System



Creating Shared Value

CSV Activities

Earth

Waste Collection and Upcycling

Preserving Marine Ecosystems

To help preserve marine ecosystems, Hyundai has been collecting and upcycling marine waste in Europe, Korea, and the U.S since 2021. In partnership with the organization Healthy Seas, we are working to restore marine ecosystems by collecting discarded fishing nets, which pose a significant threat to marine life. The collected nets are then transformed by the fiber producer Aquafil into a nylon fiber called ECONYL®, which is utilized as a floor mat material in the IONIQ 5 and IONIQ 6 vehicles sold in Europe.

In late 2023, we also launched the Ulsan Jeongja Port Waste Fishing Net Resource Circulation Ecosystem Project. This project includes building a collection center to gather discarded fishing nets from fishing activities and exploring the mass production of these materials for automotive parts in cooperation with the social venture Netspa, which repurposes them.

2023 Key Achievements We collected about 1.75 tons of marine waste during 14 events held across eight European countries, Korea, and the United States. We also educated future generations about the marine environment, established a collection site for used fishing nets at Jeongja Port in Ulsan, and established a recycling network for these nets.

Future Plans We are considering recycling the collected discarded fishing nets and using them in the mass production of automobile parts. Furthermore, plans are underway to expand the infrastructure for collecting these nets and to green the transportation network.

Improving Environmental Issues of Local Communities

To address environmental issues in Indonesia, Hyundai has been collecting and upcycling waste plastics since August 2022. We have conducted environmental education and installed collection boxes in 20 middle and high schools, as well as in 17 child-friendly integrated public spaces (RPTRA), in the Jakarta area in partnership with Save the Children and PlasticPay. The collected waste plastics will be transformed into upcycled goods and distributed to students. In October 2022, Hyundai established and began operating a waste recycling center in Bekasi, Indonesia in a bid to decrease the local community's waste footprint and recycle waste into valuable resources, thereby helping to build a local circular economy.

Based on our knowhow in launching and operating these projects, we will continue to expand our eco-friendly activities and take the lead in fostering a global circular economy.

2023 Key Achievements We installed a total of 71 plastic collection bins in Jakarta, Indonesia, and conducted child-led environmental campaigns involving a cumulative total of 22,666 children as of February 2024.

Future Plans By 2024, we plan to increase the number of operational collection bins to 100, contributing to the enhancement of the local waste collection environment.

IONIQ Forest

To absorb carbon and preserve biodiversity, Hyundai has been promoting the IONIQ Forest project since 2016 with the aim of creating eco-friendly forests around the world. In 2023, we planted a total of 7,500 Korean fir trees, a species designated as endangered by the International Union for Conservation of Nature (IUCN), and tulip trees, known for their high carbon absorption rate, at IONIQ Forest Hongcheon, Korea. We also built an IONIQ drone station that can be driven on forest roads using the IONIQ 5 specialty vehicle and started using it in smart forest management. The drones, which fulfill various roles such as monitoring forest disasters like fires and collecting 3D mapping data of planting sites, are powered by the V2L technology.

In addition to Korea, we are promoting IONIQ Forest projects in North America, the Czech Republic, Vietnam, Brazil, Germany, Türkiye, and India. IONIQ Forest North America utilizes the IONIQ 5 and IONIQ 6 in conjunction with employees' volunteer activities, while IONIQ Forest Czech Republic plants seeds and seedlings and monitors rare butterflies as parts of its efforts to preserve grasslands and biodiversity in the Beskydy Mountains. IONIQ Forest Brazil, in addition to restoring the Atlantic Forest, is collaborating with the College of Agriculture, University of São Paulo (ESALQ) to operate a research forest near our plant in Brazil and develop rainforest restoration methodologies. Through the global IONIQ Forest project, Hyundai planted approximately 500,000 trees by the end of 2023.

Going forward, Hyundai will continue to carry out diverse eco-friendly activities aimed at restoring ecosystems, responding to climate change, and conserving biodiversity with various partners around the world in order to promote coexistence of the Earth and humanity.

2023 Key Achievements In 2023, we established the IONIQ Drone Station with the special-purpose IONIQ 5 and began smart forest management. Moreover, we planted more than 265,000 trees in Korea, Brazil, India, the U.S., Mexico, and Canada.

Future Plans Under our plan to plant one million trees globally by 2025, we aim to plant some 506,000 trees in 2024 in areas such as South Korea, Brazil, the United States, and Germany, including the restoration of mangrove forests in Vietnam. We also plan to expand our IONIQ drone stations to deploy drone-seed ball planting.

Creating Shared Value

CSV Activities

Mobility

X-ble MEX Wearable Robot Supports Rehabilitation

Hyundai stands at the forefront of efforts to overcome physical limitations and enhance mobility for people with mobility impairments by utilizing robotics technology in rehabilitation. The Hyundai Robotics Lab has developed the X-ble MEX, a medical wearable robot that assists people who struggle with walking in rebuilding their lower limb muscles and exercising their joints. In January 2023, the robot received a medical device certification from the Ministry of Food and Drug Safety (MFDS), and its battery, essential for walking assistance, was also certified. In April 2023, Hyundai signed an MOU on the "operation of a walking rehabilitation support program for patients with walking disabilities" with the Seoul Asan Medical Center and the Citizens' Union for Safe Living.

Under this agreement, Hyundai has donated two medical wearable robots, which will be utilized in rehabilitation treatments and related research for paraplegics over the next two years. Hyundai has also signed an MOU with the National Rehabilitation Institute to further support rehabilitation programs and research activities in utilizing their robotics technology.

In this manner, Hyundai continues to promote efforts to improve mobility for those with mobility impairments, by integrating future mobility technologies, including wearable robots, with the aim of enhancing human life.

Future Plans Hyundai intends to extend its research on the efficacy of walking rehabilitation using wearable robots through 2024, following its signing of agreements with the Seoul Asan Medical Center and the National Rehabilitation Institute.

Shucle Mobility Service Supports the Mobility Disadvantaged

In July 2023, Hyundai signed an MOU with Ansan City, Gyeonggi Transportation Corporation, Gyeongwon Passengers, and the Citizens' Alliance for Safe Living to support the mobility of the mobility impaired. This initiative includes funding two mobile care demand-responsive transit (DRT) buses and covering the operating costs of DRT on Daebu Island.

The service is aimed at the elderly, pregnant women, and children. Passengers can book rides using the DRT application, phone calls, or kiosks installed in major facilities. DRT is a mobility platform tailored for Gyeonggi-do, based on "Shucle" – a demand-responsive transportation vehicle that incorporates artificial intelligence (AI) technology provided by Hyundai. When users input their start and end points, vehicles are dispatched based on real-time demand and traffic conditions, allowing convenient travel to desired locations. Additionally, the DRT bus, a wheelchair-equipped large passenger van (Solati 7-seater), operates daily from 7 a.m. to 9 p.m.

Hyundai, as a leader in promoting mobility for the transportation disadvantaged through technology, will continue to actively employ various mobility technologies to facilitate daily travel.

Future Plans Following the signing of the MOU, Hyundai plans to support the operation of the mobile care DRT buses for the mobility disadvantaged on Daebu Island until 2026.

Creating Shared Value

CSV Activities

Hope

Hyundai Hope on Wheels & Help for Kids

Hyundai Hope on Wheels

Hyundai Hope on Wheels is a non-profit foundation and program established by Hyundai Motor America in conjunction with its dealers to support pediatric oncology research and raise awareness of childhood cancer. Started from New England by a group of dealers in 1998, it has since grown to become the third-largest pediatric cancer charity in America. The foundation continues to support innovative pediatric cancer research, treatment, and rehabilitation activities with the aim of building a hopeful future where children do not suffer from cancer.

2023 Key Achievements In celebration of its 25th anniversary, Hyundai Hope on Wheels committed to pledging USD 25 million in grants to 67 hospitals and medical institutions for pediatric cancer research and patient support. It visited children's hospitals across the country, conducting more than sixty hand printing ceremonies with patients, doctors, and Hyundai dealers, and hosted a gala event in Washington, D.C., in honor of September's Childhood Cancer Awareness Month with approximately 270 guests, including researchers, sponsors, partners, and Hyundai officials.

Future Plans In 2024, Hyundai Hope on Wheels will celebrate its 26th anniversary with another donation of USD 26 million, bringing its cumulative donations to USD 250 million. This year's commitment includes USD 5 million dedicated to survivorship programs to ensure that survivors lead a life of opportunity and well-being. The funds will be utilized to assist the patients with their daily recovery, including treatment record management, telehealth services, and mid- and long-term care.

Hyundai Help for Kids

Since 2014, Hyundai Motor Company Australia, together with its dealer network, has run the Hyundai Help for Kids program to support children and families in need, such as those overcoming illness. By supporting various child-related non-profit organizations, we provide essential support in such areas as healthcare, education, community awareness, and transportation assistance.

2023 Key Achievements Hyundai Help for Kids has raised a cumulative sum of AUD 13 million since 2014. Our vital funding to grant recipients has reached over 100,000 children to date, supporting a wide range of activities from providing transportation services for treatment at specialty hospitals to offering temporary leave for caregivers, treating illnesses, and supporting research.

Future Plans Hyundai Help for Kids will celebrate its 10th anniversary in 2024 and continue to expand its community partnerships and work with government officials and dealers to address community issues for children.

Mobility Education

Future Mobility School

In 2016, Hyundai signed a memorandum of understanding (MOU) with the Ministry of Education to launch the Future Mobility School, a free-semester career education program for middle school students. The program provides opportunities for students to better understand the mobility industry and explore related careers through both theoretical and experiential learning and practical hands-on activities. The program also produces textbooks and teaching materials on topics such as clean energy, future mobility technologies, and sustainability. When selecting applicants, it prioritizes rural schools, special schools, and alternative schools to reduce inequality in career education opportunities. In 2023, in collaboration with the UNESCO Asia-Pacific Centre of Education for International Understanding (APCEIU), the program was extended to include various ASEAN countries, including Indonesia, Malaysia, and Cambodia, thus reaching yet more students.

2023 Key Achievements In 2023, the program was offered to 330 elementary and middle schools in Korea and 12 schools across three overseas countries. In particular, we supported educational exchanges with ASEAN countries in collaboration with the UNESCO Asia-Pacific Centre of Education for International Understanding (APCEIU) and the Ministry of Education, generating significant interest among the participating teachers and students.

Future Plans In 2024, we plan to expand the program to Thailand, aiming to foster future mobility experts by providing equal educational opportu-nities to children in more diverse regions.

H-Mobility Class

Since 2020, Hyundai has been running the H-Mobility Class, a talent nurturing program for undergraduate and graduate students in science and engineering in Korea. The H-Mobility Class includes basic and advanced training on three courses: vehicle electrification, autonomous driving, and robotics, which are strategic technologies for the future. The advanced training features offline practice to help students internalize their learning and develop practical skills. The robotics course included a hackathon in the advanced training program which is designed to enhance trainees' practical skills through project-based experience in 2023.

2023 Key Achievements In 2023, we revamped the robotics advanced course, added additional software courses, and welcomed a total of 3,300 trainees to the H-Mobility classes.

Future Plans In 2024, we plan to update the advanced courses on vehicle electrification and autonomous driving to provide hands-on mobility experiences and contribute to enhancing the participants' technical capabilities.

Governance

The “G” in ESG refers to the governance factors – the fundamental basis for creating ESG value. The establishment of a strong corporate governance coupled with responsible corporate behaviors can increase corporate value and achieve sustainable growth by responding to various risks and seizing business opportunities appropriately. Hyundai therefore spares no efforts in growing in an economically, socially and environmentally right way based on the advanced governance structure befitting its status as a global company.

Board-centered Management System

Hyundai strives to appoint directors with diversity, expertise and independence, aimed at establishing a sound and transparent governance structure, while also doing its utmost to maximize shareholder rights and interests as well as corporate value based on the understanding of its diverse stakeholders, including shareholders and customers. As Hyundai's highest decision-making body, the BOD is operated with the goal of achieving sustainable and balanced growth based on the company's Articles of Incorporation by faithfully supervising the activities of management. We have established independence and diversity policies for our independent directors, appointed directors with expertise, and enacted the Corporate Governance Charter in an effort to build a better governance system.

Composition of the BOD

BOARD COMPOSITION

Hyundai's BOD is composed of 12 members for effective and prudent decision-making, with independent directors making up more than half of its members (seven) in order to ensure its independence in accordance with the Commercial Act. The Board consists of experts in such various fields as management, accounting, finance, law, governance and future technology, and respects diversity without discrimination on the grounds of gender, race, religion, etc.

DIRECTOR TENURE

As of the end of March 2024, the average tenure of all twelve members of the BOD was 3.6 years, and under the Commercial Act, the tenure of an independent director cannot exceed six years. Among the directors appointed in March 2024 were three internal directors (two re-appointed and one newly appointed) and two independent directors (both re-appointed).

APPOINTMENT OF DIRECTORS

All of Hyundai's directors are appointed through a resolution of the general shareholder's meeting (GSM). The independent directors are selected from among the candidates recommended by the Recommendation Committee on Candidates for Outside Directors to appoint competent and responsible personnel armed with expertise who can make substantial contributions to corporate management in a balanced way. We seek to respond flexibly to changes in the business environment by appointing independent directors with diverse perspectives and experiences.

INDEPENDENCE OF DIRECTORS AND RESTRICTIONS ON CONCURRENT POSITIONS

Hyundai has put in place strict independence guidelines, meeting the legal standards required by the Korean Commercial Act, based on the international standards. Independent directors must not only comply with them, but also represent the rights and interests of stakeholders with exemplary ethics and professionalism. Hyundai therefore only appoints persons with no significant stake in the company as independent directors, and they maintain independency from top management, monitor the efficient operation of the company, and play a role in enhancing corporate value.

In addition, the independent directors must devote sufficient time and effort to the faithful performance of their duties, and according to the Commercial Act, they cannot be appointed as directors, executive members, and/or auditors of two or more companies other than the company itself. In order to be permitted to hold concurrent positions in other companies, they must report the details of the duties they wish to hold concurrently to the Board in advance and obtain its approval.

DIVERSITY OF THE BOD

Guidelines on the Diversity and Independence of the Board of Directors

Hyundai is committed to appointing directors with respect for diversity, including gender, nationality, race, and religion. As of the end of March 2024, the BOD includes two foreign nationals – Jose Munoz and Eugene M. Ohr – and two female directors – Ji Yun Lee and Yoon-Hee Choi. Director Jose Munoz is the Global Chief Operating Officer (Global COO) and has a made significant contribution to the improvement in Hyundai's global market performance, and he will play an important role in ensuring that HMC remains competitive in the global market. Director Eugene M. Ohr, an expert in global business and asset management, was appointed to contribute to enhancing transparency in our management. Director Ji Yun Lee is a professor of aerospace engineering at KAIST who, as a world authority on intelligent transportation and the reliability of autonomous unmanned systems, is contributing to our core future technologies and future mobility innovations by advising on our mid- to long-term business plans for autonomous driving and urban air mobility (UAM). Professor Yoon-Hee Choi is a legal expert with extensive expertise in labor relations, including her work with the National Labor Relations Commission and the National Human Rights Commission of the Republic of Korea.

BOD Composition

Classification	Name	Title	Career	Date of Appointment	Gender	Nationality
Internal Directors	Euisun Chung	Executive Chair	Currently Executive Chairman of Hyundai Motor Group	March 12, 2010	Male	Korea
	Jaehoon Chang	President & CEO	Currently President & CEO of HMC	March 24, 2021	Male	Korea
	Dong Seock Lee	President & CEO	Currently Executive Vice President and CSO of Domestic Productions	March 24, 2022	Male	Korea
	Jose Munoz	President & Global COO	Currently Global COO of HMC and CEO of Hyundai and Genesis Motor North America	March 23, 2023	Male	US, Spain
	Seung Jo Lee	Senior Vice President & CFO	Currently Senior Vice President of HMC Planning & Finance Division	March 21, 2024	Male	Korea
Independent Directors	Chi-Won Yoon	Independent Director	Former Vice Chairman of UBS Wealth Management	March 22, 2019	Male	Korea
	Eugene M. Ohr	Independent Director	Former Partner of Capital International, Inc.	March 22, 2019	Male	US
	Sang-Seung Yi	Independent Director	Currently Professor of Economics, Seoul National University Former Chairman of Korea Academic Society of Industrial Organization	March 22, 2019	Male	Korea
	Dal Hoon Shim	Independent Director	Currently Representative of Woorin Tax Partners Former Head of NTS Jungbu Regional Office	March 24, 2021	Male	Korea
	Ji Yun Lee	Independent Director	Currently Professor, Department of Aerospace Engineering of KAIST Former Director of American Society of Navigation	March 24, 2021	Female	Korea
	Seung-Hwa Chang	Independent Director	Currently Professor of Graduate Law School, Seoul National University Currently Arbitrator of the International Court of Arbitration (ICC)	March 23, 2023	Male	Korea
	Yoon-Hee Choi	Independent Director	Currently Professor of Graduate Law School, Konkuk University Currently Non-executive Director of the Society of Labor Law Theory and Profession	March 23, 2023	Female	Korea

* As of March 21, 2024

BOD Business Skills Matrix (BSM)

Category	Internal Directors					Independent Directors						
	Euisun Chung	Jae hoon Chang	Dong Seock Lee	Jose Munoz	Seung Jo Lee	Sang-Seung Yi	Chi-Won Yoon	Eugene M. Ohr	Dal Hoon Shim	Ji Yun Lee	Yoon-Hee Choi	Seung-Hwa Chang
Leadership	●	●	●	●	●	●	●	●	●	●	●	●
Accounting/ Finance/ Management	●	●	●	●	●	●	●	●	●			●
Industry/ Technology	●	●	●	●	●					●		
Law/Policy			●		●	●			●		●	●
Global Competency	●	●		●	●		●	●	●	●		●
ESG	●	●	●		●	●	●	●			●	●

Board-centered Management System

Operation of the BOD

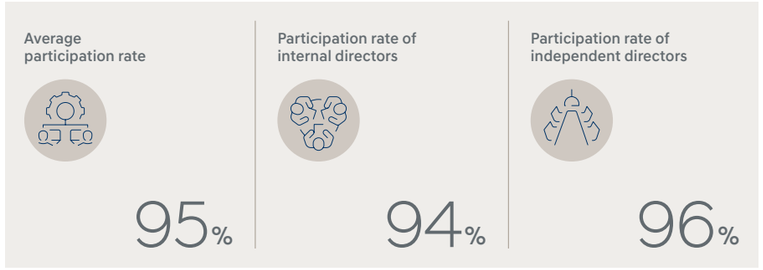
BOD MEETING

Board of Directors

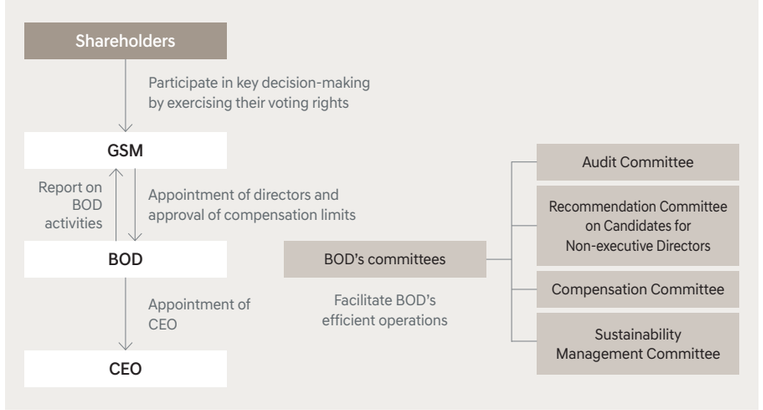
Board meetings are convened by its chair or another member appointed by the Board. At the time of convening the BOD, each director is notified of the convocation in writing or orally seven days prior to the date of the meeting. However, the convocation process may be omitted when all directors agree. A BOD resolution must be made with the attendance of a majority of the directors and the consent of a majority of the directors in attendance. Should the relevant laws and regulations stipulate otherwise, they shall apply. The BOD agenda is proposed by the chairperson, and if the other directors wish to propose an item, the summary must be submitted to the chairperson.

The Board must prepare the minutes, in which the agenda of the meeting, its progress and results, any opponents to the agenda and the reasons for their opposition must be entered, and the chairperson and the directors present must seal or sign the minutes.

BOD Participation in 2023



Decision-making Process of the BOD



Board Meetings in 2023

Classification	Date	Contents	Whether Approved	Approval Rate	Attendance Rate
1st General Meeting	Jan. 26	Approval of financial statements for 2022	Modified Approved	100%	100%
		Approval of the 2022 Business Report	Approved	100%	
		Approval of the business plan for 2023	Approved	100%	
		Approval on safety and health plan	Approved	100%	
		Approval of the appointment of Compliance Officer	Approved	100%	
		Approval of treasury stock cancellation	Approved	100%	
		Operating result of internal accounting control system in 2022; Compliance activities and plans; Domestic certified used car project plan; Capital increase for overseas production corporation; and HTWO Guangzhou joint venture establishment plan	Reported	-	
Extraordinary Meeting	Feb. 22	Approval of convocation and agenda to be submitted to the 55th GSM	Approved	100%	100%
		Approval for extension of adopting electronic voting system	Approved	100%	
		Approval of disposition of treasury stocks	Approved	100%	
		Operating result of internal accounting controlling system in 2022; and Mid- to long-term strategy of Hyundai Capital Captive Financials	Reported	-	
Extraordinary Meeting	Mar. 23	Appointment of committee members (Sustainability Management Committee, Recommendation Committee on Candidates for Outside Directors, Compensation Committee)	Approved	100%	100%
		Approval of competition by directors (Director Gang Hyun Seo: Hyundai Capital / Hyundai Card / Hyundai Commercial; Director Seung Wha Chang: LG; Director Yoon-Hee Choi: Hanjin KAL)	Approved	100%	
2nd General Meeting	Apr. 25	Approval of participation in capital increase of other company	Approved	100%	92%
		Approval of the establishment of an overseas joint venture	Approved	100%	
		Approval of disposition of treasury stock	Approved	100%	
		Management performance for 2023 1Q; and Business progress and investment plan for Supernal	Reported	-	
Extraordinary Meeting	May 24	Approval of the establishment of an overseas joint venture	Approved	100%	92%
3rd General Meeting	Jul. 26	Approval of the 2Q dividend for the 56th fiscal year	Approved	100%	100%
		Approval of the change of the Fair Trade Compliance Officer	Approved	100%	
		Business results for 2Q 2023; Global vehicle safety status; and Major health and safety issues	Reported	-	
Extraordinary Meeting	Aug. 29	Approval of strategic collaboration with another corporation	Approved	100%	100%
		Approval of the establishment of internal control standards and consumer protection standards for the protection of financial consumers	Approved	100%	
Extraordinary Meeting	Aug. 30	Approval of the major management matters of overseas affiliates	Approved	100%	100%
4th General Meeting	Oct. 26	Approval of the 3Q dividend for the 56th fiscal year	Approved	100%	100%
		Approval of transaction between directors, etc. and the company	Approved	100%	
		Approval of disposition of treasury stocks	Approved	100%	
		Approval of a loan to cover the construction costs of the new battery factory	Approved	100%	
		Business results for 3Q 2023	Reported	-	
Extraordinary Meeting	Dec. 19	Approval of competition by director (Director Gang Hyun Seo: Hyundai Steel)	Approved	100%	100%
		Approval of transaction between directors, etc. and the company	Approved	100%	
Extraordinary Meeting	Dec. 19	Approval of the sale of shares in HMMR	Approved	100%	67%

Board-centered Management System

EVALUATION OF BOD OPERATIONS AND ACTIVITIES

Hyundai has its independent directors conduct an evaluation of the BOD and committee operations every year, and the results of which are discussed at BOD meetings to enhance their effectiveness. In addition, we regularly engage an independent third party for evaluations to ensure an objective assessment of the BOD's composition and its operational effectiveness.

These evaluations enable us to assess the current status of the BOD's composition and operations in terms of expertise, efficiency, and effectiveness. The results confirmed that there is neither inappropriateness in the Board's composition nor ineffectiveness in its operations. Furthermore, we have developed improvement plans for the Board by benchmarking best practices both domestically and internationally within the industry. Going forward, based on the final opinion of the third party, we will incorporate these ideas to enhance the composition and operations of the Board.

EXPERTISE OF THE BOD

Hyundai appoints directors with expertise in various fields such as global business, accounting, finance, legal affairs, and future technology. In addition, we make sure that our independent directors' ability to fulfill their duties faithfully is being strengthened through regular visits to factories and research institutes at home and abroad and meetings with executives in key sectors. Based on their expertise, all of our independent directors offer professional advice to the BOD and its subcommittees, and they also help to enhance the Board's expertise through diverse activities. For instance, Director Chi-Won Yoon and Director Yoon-Hee Choi are responsible for protecting the shareholders' rights and managing compliance, respectively. Meanwhile, Director Ji Yun Lee contributes by providing insights about future technologies during interviews with our management, as well as sharing her views on the AAM business at the 56th GSM.

BOARD MEMBER TRAINING

Hyundai conducts seminars on various topics, such as business status, ESG disclosure regulations, major business risks, and new business initiatives, in order to enhance the understanding and expertise of our independent directors and support their professional development and effectiveness in their roles.

Functions of the BOD

RISK MANAGEMENT

Hyundai's BOD is upgrading its management system to respond more effectively to risks that may arise from rapid changes in automotive industry trends, energy conversion to electric energy, and accelerated value consumption by customers. In 2023, Hyundai established the BRM (Business Risk Management) Group, an organization directly under the CEO, to respond promptly to internal and external risks and opportunity factors occurring in the entire process of development, production, and sales of finished vehicles, including the supply chain.

COMPLIANCE MANAGEMENT

Hyundai's BOD has established a compliance management system to review and manage its legal risks. To this end, we have designated independent director Yoon-Hee Choi, who has considerable legal expertise, as the person in charge of compliance management as a way to expand our compliance management and strengthen the BOD's compliance monitoring function, and to play an active supervisory role in the company's compliance management. In addition, we are striving to spread a company-wide culture of compliance by conducting compliance inspections and compliance training for employees.

ETHICAL MANAGEMENT

Under the supervision of the Sustainability Management Committee within the Board, Hyundai closely reviews the protection of shareholder rights and interests, transparency in insider transactions, and the promotion of ethical management. Moreover, we continuously reflect improvements in the company's Ethics Charter through resolutions and deliberation on ethics management-related policies and the establishment and/or revision of ethical standards.

MANAGEMENT OF CLIMATE CHANGE

Firm in the belief that it must assume its responsibility to actively respond to climate change, Hyundai has established environmental management to strengthen its ability to respond to global environmental issues and regulations in a comprehensive fashion. To this end, we have established a strategy for converting to electrified vehicles and developed a roadmap to achieve RE100. All our sustainability management strategies and climate change issues are discussed and monitored in detail by the Sustainability Management Committee.

HEALTH AND SAFETY MANAGEMENT

Government regulations on automobile safety at home and abroad are tightening every year. Reflecting this trend, Hyundai establishes a health and safety plan every year and reports it to the Board for its approval. In order to manage its health and safety issues comprehensively, Hyundai has appointed an internal director with expertise in health and safety, and is systematically managing major health and safety plans and progress inspections through discussions at the Sustainability Management Committee.

Board Member Training in 2023

Date of Training	Training Content	Participants
Jan. 26	Design directions for the Genesis	Eun Soo Choi, Chi-Won Yoon, Eugene M. Ohr, Sang-Seung Yi, Dal Hoon Shim, Ji Yun Lee
Apr. 25	Hyundai's risk response system and major risk management status	Chi-Won Yoon, Eugene M. Ohr, Sang-Seung Yi, Dal Hoon Shim, Ji Yun Lee, Seung-Hwa Chang, Yoon-Hee Choi
Apr.25	Mid- to long-term EV business strategies	
Jul. 26	Status of Hyundai's strategic investments	
Oct. 26	Corporate-level responses to the tightening of ESG disclosure regulations	
Oct. 26	Measures to secure a competitive advantage over Chinese competitors	

Board-centered Management System

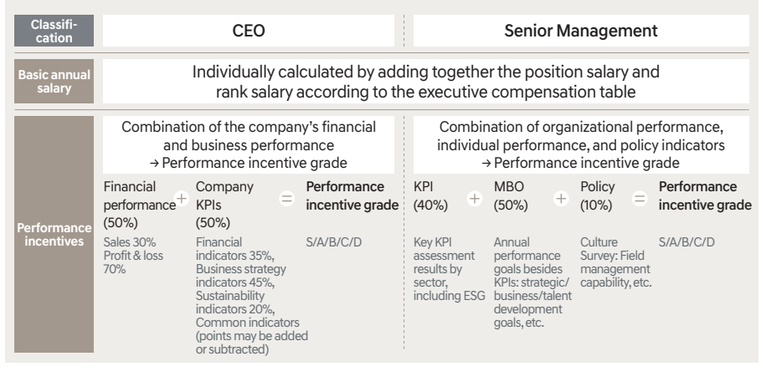
BOD Remuneration

CRITERIA FOR BOD REMUNERATION

Remuneration for directors is executed within the limits determined at a GSM and is determined through deliberation by the Remuneration Committee. The salaries of internal directors are calculated by reflecting such evaluation factors as job function, position, leadership, contribution to the company, talent development, etc. based on the internal executive salary table. Bonuses are paid based on financial performance (sales, operating profit, etc.) and contribution to the company based on performance incentives. In the case of independent directors and members of the Audit Committee, fixed amounts are paid to ensure their independence and transparency, but no separate performance bonus is paid.

EXECUTIVE PERFORMANCE EVALUATION AND REMUNERATION

The remuneration for executives of Hyundai comprises a basic annual salary, which is determined by rank and position, as well as performance incentives that are based on the annual performance. The basic annual salary for each executive is established by summing the position salary and rank salary as stipulated in the company's executive compensation table. This table is reviewed and recalculated every three to four years, taking into account such factors as the industrial environment, size of business, and prevailing remuneration trends within the industry. Performance incentives are awarded within a range of 0 to 200% of the basic annual salary, after taking into consideration both the company's business outcomes and the individual performance evaluations of the executives. The CEO's performance incentives are derived from financial metrics (50%) and KPIs (50%). For other members of senior management, the incentives are based on the major KPIs (40%), MBO (50%), and policy-related factors (10%), which are assessed on a five-tier scale. In addition, the company integrates ESG management considerations by incorporating both internal and external ESG assessment outcomes and the achievements of ESG-focused improvement initiatives into the evaluation of major KPIs.



BOD Remuneration

(Unit: KRW million)

Classification	CEO[1]	Board member[2]	Independent director	Employee	CEO-to-employee pay ratio
Average compensation per person	3,894	1,464	115	117	33x

* For further details, please refer to the 2023 Business Report published on the FSS' electronic disclosure system

[1] Based on remuneration for Jaehoon Chang, President & CEO of Hyundai Motor Company

[2] Including all internal and independent directors

BOD Subcommittees

AUDIT COMMITTEE

Composition of the Audit Committee The Commercial Act stipulates strict criteria for appointing and forming the committee member aimed at securing the transparency and independence of the Audit Committee, and thus the Audit Committee must be composed of at least three directors appointed at a GSM, and at least two-thirds of them should be independent directors. It should also contain at least one member who is a specialist in accounting and finance. All five members of Hyundai's Audit Committee are independent directors, with three (Chi-Won Yoon, Sang-Seung Yi, Dal Hoon Shim) of whom are experts in accounting and finance. In particular, director Dal Hoon Shim, who has accumulated a wealth of experience as a tax expert while serving as the head of Jungbu Regional Office of National Tax Service among other posts, supports the company's overall risk management from a different perspective to the company's internal audit organization.

Roles of the Audit Committee Hyundai's Audit Committee is composed of five independent directors with expertise in various areas including legal, finance, accounting, and future technology. The Committee verifies the legality of the business activities of the directors and management and supervises the soundness and propriety of corporate financial activities and the accuracy of its financial reporting, and also reviews matters stipulated by the GSM related to the selection, change, and dismissal of external auditors, other laws and the Articles of Incorporation, and the operating regulations of the Committee. In addition, the Audit Committee is evaluating the design and operational status of the internal control over financial reporting, and Hyundai's internal accounting control system has been evaluated as being effectively designed and operated from the perspective of materiality, based on the Framework for the Design and Operation of Internal Control over Financial Reporting.

Audit Committee Composition

Classi-fication	Independent director	Independent director	Independent director	Independent director	Internal director
Name	Chi-Won Yoon	Sang-Seung Yi	Dal Hoon Shim	Ji Yun Lee	Seung-Hwa Chang
Expertise	Management, financial service	Business, governance	Finance, accounting, tax service	Future/industrial technology	International trade/legal affairs

Approval of Non-audit Services Hyundai regularly monitors the independence of its external auditors, and only allows them to conduct non-audit services to the extent that they do not affect their independence. We report any important matters identified during their activities to the Audit Committee and disclose them through quarterly reports. In order to further strengthen the independence of the external auditors, prior approval from the Audit Committee is required as of 2023 when signing a non-audit service contract with an external auditor.

Non-audit Service Contracts with External Auditors

Business Year	Date of Contract	Service Offered	Contract Period	Service Fee (KRW million)
56th	Jun. 23, 2022	Consulting service for the renewal of the APA between Korea and Canada	From Aug. 5, 2022 until a settlement is reached	150
	Dec. 20, 2023	Support for the mutual agreement and bilateral APA between Korea and Spain	From Dec. 20, 2023 until a settlement is reached	180

COMPENSATION COMMITTEE

Composition of the Compensation Committee Following the amendment to the Articles of Incorporation for the establishment of the Compensation Committee at the 2019 GSM, Hyundai enacted the Compensation Committee regulations at the 4th General BOD Meeting. According to the BOD's rules, independent directors must constitute a majority of the members of the Committee, which consists of two independent directors and one internal director.

Roles of the Compensation Committee Hyundai's Compensation Committee helps the company to ensure objectivity and transparency in the remuneration decision-making process for registered directors. It also deliberates and make decisions on matters related to the limit on remuneration for registered directors and the remuneration system for internal directors.

Compensation Committee Composition

Classification	Independent director	Independent director	Internal director
Name	Chi-Won Yoon	Dal Hoon Shim	Seung Jo Lee
Expertise	Management, financial service	Finance, accounting, tax service	Finance, strategy

RECOMMENDATION COMMITTEE ON CANDIDATES FOR OUTSIDE DIRECTORS

Composition of the Recommendation Committee on Candidates for Outside Directors Hyundai's Recommendation Committee on Candidates for Outside Directors recommends independent director candidates in accordance with the relevant laws, the Articles of Incorporation, and the BOD regulations. The Committee is composed of three independent directors and two internal directors, with independent directors making up a majority of the total number of directors, according to the laws and regulations.

Roles of the Recommendation Committee on Candidates for Outside Directors The Recommendation Committee on Candidates for Outside Directors plays the role of recommending candidates for independent directors prior to a GSM. The Committee recommends candidates who can make substantial contributions to corporate management after carefully examining whether the candidates' professionalism and personal capabilities are in line with the interests of the shareholders, and whether there is a history of their causing damages to corporate value or infringing shareholders' rights.

Recommendation Committee on Candidates for Outside Directors Composition

Classification	Independent director	Independent director	Independent director	Internal director	Internal director
Name	Eugene M. Ohr	Sang-Seung Yi	Yoon-Hee Choi	Euisun Chung	Jaehoon Chang
Expertise	Global business	Business, governance	Legal affairs	Overall management	Overall management

Board-centered Management System

SUSTAINABILITY MANAGEMENT COMMITTEE

Composition of the Sustainability Management Committee In 2021, Hyundai established the Sustainability Management Committee by expanding and reorganizing the Corporate Governance & Communication Committee. The Committee is composed of seven independent directors and one internal director, as the functions of the former Corporate Governance & Communication Committee with four members have been expanded. In particular, Director Chi-Won Yoon provides expert insights on Hyundai's shareholder return value and capital allocation policy as a global financial expert who has worked for UBS Wealth Management.

Roles of the Sustainability Management Committee Hyundai's Sustainability Management Committee serves as a practical control tower for its ESG management, with the responsibility and obligation to deliberate and decide on its ESG policies, plans, and major activities. In addition, going beyond the role of the former Corporate Governance and Communication Committee, it discusses major health and safety-related plans and implementation inspections, and the protection of shareholders' rights and interests, which are gradually increasing in importance. The Committee also carries out a variety of activities to improve Hyundai's sustainability management practices internally and externally, such as strengthening the transparency of the Board, expanding communication with shareholders, and checking ethical issues related to employees.

Sustainability Management Committee Composition

Classification	Independent Director	Independent Director	Independent Director	Independent Director
Name	Chi-Won Yoon	Eugene M. Ohr	Sang-Seung Yi	Dal Hoon Shim
Expertise	Management, financial service	Global business	Business, governance	Finance, accounting, tax service

Classification	Independent Director	Independent Director	Independent Director	Internal Director
Name	Ji Yun Lee	Seung-Hwa Chang	Yoon-Hee Choi	Jaehoon Chang
Expertise	Future/industrial technology	International trade/ legal affairs	Legal affairs	Overall management

Sustainability Management Committee Activities in 2023

Classification	Date	Agenda items	Whether approved	Approval rate	Attendance rate
1st General Meeting	Jan. 26	Approval of financial transactions under the terms and conditions agreed with affiliated financial companies	Approved	100%	100%
		Approval of goods and services transactions with affiliated companies owned by the same person, etc.	Approved	100%	
		Approval of transaction limit with stakeholders	Approved	100%	
		Approval of the major social contribution plans for 2023	Approved	100%	
		Approval of donations to related parties	Approved	100%	
		Reports (8): Results of the Employee Code of Ethics enforcement in 2nd half of 2022; and Implementation and future plans of the Fair Trade Compliance Program, etc.	Reported	-	
Extraordinary Meeting	Feb. 22	Report (1): Supply chain ESG issues	Reported	-	100%
Extraordinary Meeting	Mar. 23	Appointment of the chairperson of the Sustainability Management Committee	Approved	100%	100%
		Appointment of an independent director in charge of compliance management	Approved	100%	
		Reports (3): ESG directions in 2023; Criteria for executive performance incentive payments, etc.; and Results of the third-party evaluation of the Board	Reported	-	
2nd General Meeting	Apr. 25	Approval of financial transactions under the terms and conditions agreed with affiliated financial companies	Approved	100%	100%
		Approval of goods and services transactions with affiliated companies owned by the same person or others	Approved	100%	
		Approval of participation in capital increase of an affiliated company	Approved	100%	
		Approval of mid- to long-term shareholder return policies	Approved	100%	
		Reports (3): Transactions between directors and the company; Social contribution activities; and Compliance support activities during 1Q 2023	Reported	-	
Extraordinary Meeting	Jun. 13	Approval of transactions with affiliated companies for beneficiary certificate	Approved	100%	100%
		Report (1): Mid- to long-term electrification strategies and financial targets	Reported	-	
3rd General Meeting	Jul. 26	Approval of financial transactions under the terms and conditions agreed with affiliated financial companies	Approved	100%	100%
		Approval of goods and services transactions with affiliated companies owned by the same person, etc.	Approved	100%	
		Amendment of the Corporate Governance Charter	Approved	100%	
		Reports (7): Results of the Employee Code of Ethics enforcement status and the details of governance activities, etc. in 1st half of 2023	Reported	-	
Extraordinary Meeting	Aug. 29	Reports (2): Major management issues of overseas affiliates and Current situation regarding the application for membership of the Federation of Korean Industries	Reported	-	100%
4th General Meeting	Oct. 24	Approval of financial transactions under the terms and conditions agreed with affiliated financial companies	Approved	100%	88%
		Approval of transactions with affiliates (brand usage fee)	Approved	100%	
		Approval of transactions with an affiliate (lease of the office building in Gye-dong)	Approved	100%	
		Approval of Hyundai Motor Company's core tasks for carbon neutralization	Approved	100%	
		Deliberation of transactions between directors, etc. and the company	Approved	100%	
		Reports (5): Progress of the 2023 health and safety plan and current status regarding acquisition of the hydrogen fuel cell business, etc.	Reported	-	

Shareholder-friendly Management

Hyundai respects the legitimate demands and suggestions of its shareholders and strives to protect their values and interests. We maintain the soundness of our decision-making process and management so that our corporate value can be duly evaluated, while also doing our utmost to ensure that our shareholders' interests and rights are not infringed upon by making management decisions in consideration of the interests of all our shareholders. To this end, we guarantee their basic right to participate in profit distribution, attend GSMs and exercise voting rights, and receive information in a regular and timely manner as stipulated in the Commercial Act. Moreover, we make active efforts to communicate with our shareholders through NDRs and other various IR activities, and thus provide them with information in a transparent manner.

General Shareholder's Meeting (GSM)

STATUS OF STOCK ISSUANCE

Hyundai's total number of issued shares is 274,169,670, consisting of 211,531,506 shares of common stock and 62,638,164 shares of preferred stock. According to the Articles of Incorporation, the total number of shares that can be issued is 600,000,000 shares (par value of one share: KRW 5,000), of which 150,000,000 shares of preferred stock without voting rights can be issued. As of the end of 2023, three types of preferred stocks are issued in addition to common stocks, but the rights for the distribution of residual assets, redemption, conversion, etc. are not provided for preferred stocks. No preferred stockholder's meeting has been held for the past three years.

Stock Issuance Status

Classification		No. of shares that can be issued	No. of shares issued	Note
Common stocks		450,000,000	211,531,506	With voting rights
Preferred stocks	Preferred stocks	150,000,000	24,113,119	Without voting rights
	2 Preferred stocks		36,120,597	
	3 Preferred stocks		2,404,448	

* As of the end of 2023

GSM CONVOCATION AND NOTICE

By the CEO pursuant to a BOD resolution, Hyundai convenes a regular general shareholder's meeting (GSM) within three months after the end of each accounting period, and extraordinary shareholder's meeting (if necessary). Unless all shareholders agree, no other resolutions can be made apart from those of which they are notified in advance. When convening a GSM, a notice or electronic document stating the purpose of the meeting must be sent to each shareholder at least two weeks prior to the meeting date. However, in accordance with the provisions of the Commercial Act, the notice to shareholders holding a certain number of shares or less may be substituted by a public announcement on the electronic disclosure system or other methods. Hyundai has improved its work process in order to provide shareholders with information related to GSM within a sufficient period of time, and since 2020 it has issued each convocation notice four weeks before the GSM concerned.

GSM RESOLUTION (ONE SHARE, ONE VOTE)

In accordance with the Commercial Act and the Articles of Incorporation, Hyundai grants one equal voting right per share owned by its shareholders according to the type and number of stocks held by them. Unless otherwise provided by law, GSM resolutions are made by a majority of the voting rights of the shareholders present, who must hold at least a quarter of the total number of issued stocks. Shareholders may exercise their voting rights with other shareholders serving as their proxy, and the proxy must submit a document proving their proxy right to the company prior to the opening of a GSM.

EXERCISE OF SHAREHOLDERS' VOTING RIGHTS AND THEIR DELEGATION

At Hyundai's GSM, voting rights are exercised through the shareholders' direct participation or by proxy, or by solicitation of the proxy exercise of voting rights. In order to secure a quorum for GSM resolutions and facilitate the smooth operation of a GSM on the principle of 'one share, one vote', the power of attorney form is issued to the shareholders directly, posted on the internet homepage, or sent by e-mail.

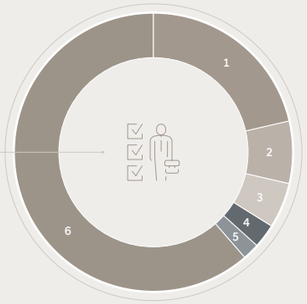
We introduced an electronic voting system at the 52nd GSM to facilitate our shareholders' voting rights. Furthermore, we are making efforts to disclose information in a transparent manner by disclosing the number of shares for and against each item of agenda at each GSM.

APPOINTMENT OF DIRECTORS AS AN INDIVIDUAL ITEM OF AGENDA

Hyundai proposes the appointment of directors as an individual item of agenda, and they are appointed with the consent of the majority of the shareholders present at a GSM.

Share Ownership

Total
211,531,506



Shareholder name	Type of stock	Ownership (%)	No. of shares
1 Hyundai MOBIS	Common stock	21.64	45,782,023
2 National Pension Service	Common stock	7.13	15,075,239
3 Mong-Koo Chung	Common stock	5.39	11,395,859
4 Euisun Chung	Common stock	2.65	5,598,478
5 Employee's Stock Ownership Association	Common stock	1.86	3,937,894
6 Others	Common stock	61.33	129,742,013

* As of the end of 2023
** There are no golden shares possess by a government institution
*** The number of stocks owned by the National Pension Service is based on the latest register of holders (as of the end of 2023), so it may differ from the actual stock ownership status as of now

The 56th GSM (March 2024)

Agenda Items			Whether approved
Approval of financial statements	No. 1	Approval of the 56th financial statements	Approved as proposed
Appointment of directors	No. 2-1	Appointment of an independent director (Dal Hoon Shim)	Approved as proposed
	No. 2-2-1	Appointment of an internal director (Jaehoon Chang)	Approved as proposed
	No. 2-2-2	Appointment of an internal director (Dong Seock Lee)	Approved as proposed
	No. 2-2-3	Appointment of an internal director (Seung Jo Lee)	Approved as proposed
Appointment of an Audit Committee member	No. 3	Appointment of an independent director to be assigned as an Audit Committee member (Ji Yun Lee)	Approved as proposed
Appointment of an Audit Committee member	No. 4	Appointment of an Audit Committee member (Dal Hoon Shim)	Approved as proposed
Approval of director remuneration limit	No. 5	Approval of the limit on directors' remuneration	Approved as proposed

Shareholder-friendly Management

Communication with Shareholders

Investor Relations Events

CORPORATE BRIEFINGS

Hyundai holds corporate briefings in January, April, July, and October to announce its annual, first quarter, first half, and third quarter business results, respectively.

Starting with the announcement of the Q1 2020 earnings, Hyundai has been providing live webcasts that are accessible to all shareholders to enhance investor relations (IR). In addition, the independent director responsible for shareholder rights and interests within the Sustainability Management Committee participates annually in the non-deal roadshow (NDR) to communicate our sustainability management activities and goals. We also have been hosting a CEO Investor Day since 2019 to present mid- and long-term management goals and improve investors' understanding. Meanwhile, we are actively engaging with our shareholders by hosting meetings with our investors and involving top management when necessary.

TRANSPARENT INFORMATION DISCLOSURE

Information related to Hyundai can be found on its website and through various disclosure/inquiry systems such as DART and KIND. In 2023, we submitted 210 disclosures, which included 22 fair disclosures and 4 voluntary disclosures, to provide a comprehensive range of information about our company. Furthermore, we operate a separate English website for foreign shareholders and stakeholders, have been issuing disclosures in English since even before it was made a mandatory requirement, with the aim of strengthening communication with our foreign shareholders. Since 2019, we have disclosed our mid- to long-term financial goals and strategies, while presenting our direction for ESG improvement in the Corporate Governance Charter and corporate briefing materials. Going forward, we will make continuous efforts to provide prompt corporate information, offer management guidance, and expand the release of English materials for overseas investors.

Shareholder Return

SHAREHOLDER RETURN POLICY

To enhance shareholder value, Hyundai has been paying dividends whose size is determined in consideration of the company's investment, business performance, and cash flow. On January 25, 2017, we announced the mid- to long-term dividend policy through public disclosure. Under this policy, we aim to return 30-50% of the annual free cash flow to our shareholders, achieve a mid- to long-term dividend payout ratio comparable to that of global competitors, and provide a reason for significant reduction or increase of the dividend in consideration of the business environment in the future.

This was followed by the announcement of our mid- to long-term shareholder return policy on April 25, 2023 as a way to implement a more transparent shareholder return policy. In order to expand the visibility and stability of dividends, we will achieve a dividend ratio of more than 25% (including preferred stocks) based on the annual consolidated net income of the controlling shareholders, while implementing quarterly dividends from the second quarter of 2023. In addition, we plan to enhance our shareholder value and build shareholder trust by implementing an aggressive treasury stock cancelation policy, such as stock cancelation of 3% of the outstanding stocks held by the company at a rate of 1% over the next three years.

On the BOD meeting day when the Board's decision is made to implement dividends, we disclose it to the stock exchange and provide detailed information about dividends through our regular reports to keep our shareholders informed. In addition, we amended the Articles of Incorporation at the 55th GSM to allow the BOD to designate the record date for year-end dividends. Accordingly, we announced the year-end dividends on January 25, 2024, and set the record date for dividend payment at the end of February to enhance shareholder convenience. The details of the dividends issued for the past three years are as follows:

Shareholder Return Trend for the Past 3 years

Business Year	Stock Type	Stock Dividend	Cash Dividend			Payout Ratio	
			Dividend Per Share (KRW)	Total Dividend (KRW million)	Dividend Yield	Consolidated Basis	Separate Basis
2023	Common stock	-	11,400	2,320,806	4.7%	25.1%	40.8%
	Preferred stock	-	11,450	251,054	7.4%		
	2 Preferred stock	-	11,500	399,821	7.3%		
	3 Preferred stock	-	11,450	26,975	7.5%		
2022	Common stock	-	7,000	1,412,321	4.5%	24.9%	49.4%
	Preferred stock	-	7,050	154,579	8.8%		
	2 Preferred stock	-	7,100	246,846	8.8%		
	3 Preferred stock	-	7,050	16,609	9.1%		
2021	Common stock	-	5,000	999,057	2.4%	26.3%	201.5%
	Preferred stock	-	5,050	111,365	5.0%		
	2 Preferred stock	-	5,100	178,275	4.9%		
	3 Preferred stock	-	5,050	11,961	5.2%		

Ethics and Compliance Management

Hyundai strives to fulfill its economic and legal responsibilities to all of its stakeholders – including customers, shareholders, suppliers and local communities – by practicing and spreading ethical management activities and promoting fair trade compliance. We have enacted the Ethics Charter and the Employee Code of Conduct to help our employees conduct in an ethical and responsible way, while also setting a compliance support online system, self-assessments, guidelines and newsletters in place as a way to raise their compliance awareness. Moreover, we are spreading the management's determination to strengthen fair trade compliance throughout the company and conduct regular employee trainings.

Spreading Ethical Management

ETHICS CHARTER

Hyundai has established the Ethics Management Charter with the aim of setting an example as a global leading company that conducts its business based on the principles of ethics and compliance. The following Five Guiding Principles of the Hyundai Motor Group Ethics Charter serve as the guidelines on ethical management which Hyundai employees must follow to when dealing with various stakeholders such as customers, shareholders, suppliers, and members of local communities.

Hyundai Motor Group's Ethics Charter

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

CODE OF CONDUCT

Hyundai Motor Company Ethics Charter and Code of Conduct

Hyundai Motor Company Ethics Charter and Code of Conduct is designed to increase ethical awareness among its employees by providing them with specific procedures and measures related to the implementation of ethical management. The Code of Conduct specifically covers corruption and bribery, discrimination, information confidentiality, conflicts of interest, antitrust/anti-competitive practices, money laundering and insider trading, environment, health and safety, and whistleblowing.

ANTI-CORRUPTION/BRIBERY POLICY

Anti-Corruption/Bribery Policy of Hyundai Motor Company

Anti-Corruption/Bribery Policy of Hyundai Motor Company was enacted in June 2021 to prevent risks associated with corruption and bribery and guide its members towards upholding ethical and moral values. The policy includes such guidelines as the prohibition of all forms of bribery and solicitation, the eradication of facilitation payments, the prohibition of political donations and sponsorships, and rules on charitable donations and sponsorships in accordance with the company's standards and procedures. It also contains a clause which stipulates that the company shall establish a reporting system accessible to all employees and stakeholders to monitor corruption and bribery risks at all times and to take the necessary measures immediately in the event of violations.

INTERNALIZATION OF ETHICAL/COMPLIANCE MANAGEMENT

Employee Performance Management and Promotion (Ethics/Compliance) Hyundai includes items related to workplace ethics in its employee competency evaluation. The core elements of the evaluation include respect for talent and compliance with the established norms, while the evaluation of leaders' competency also includes their principles and convictions. In addition, when reviewing employees' prospects for promotion, we exclude from promotion those who have received severe penalties related to ethics/compliance, which is a common deliberation item for promotion and a mandatory item that is applied equally to all our executives and employees.

Disciplinary System (Ethics/Compliance) In accordance with Article 11 of the company's internal rules relating to workplace ethics, entitled "Disciplinary Actions for Violations of the Code of Ethics," violators of the Code are dealt with in accordance with the regulations of the Internal Disciplinary Committee, and may be subject to disciplinary measures such as dismissal, suspension, or a reduction of their salary.

ETHICS AUDIT AND REPORT

Hyundai strives to build an ethical culture and prevent risks related to business ethics and compliance. To this end, we have established the Compliance Support Advice Center within its compliance management system to ensure employee compliance and report violations of the law. Furthermore, with the goal of establishing and realizing transparent management, we operate various reporting channels including the Cyber Audit Office to handle reports of violations of ethical management, such as unfair trade practices, unreasonable demands for or provision of money, goods or entertainment, and misuses and abuses of authority and solicitation. If a violation of Hyundai Motor Company Ethics Charter and Code of Conduct is detected, the employee(s) in question may be subject to disciplinary action that could lead to the eventual termination of their employment, pursuant to Article 64 of the Employment Rules. In addition, we monitor our employees' implementation of the Code of Ethics throughout their performance in its semi-annual and ad hoc audits, and reports the results to the Sustainability Management Committee under the BOD.

PROTECTION OF WHISTLEBLOWERS

Hyundai guarantees the protection of whistleblowers related to employee business ethics and compliance in its Ethics Charter, Code of Conduct, and internal rules relating to workplace ethics regulations, while complying with the relevant laws. We have also put in place measures for protecting the confidentiality of whistleblowers, and posted the related information, and we strictly prohibit the imposition of any disadvantages or retaliatory acts against them. In the event that whistleblower protection is violated, such as cases of retaliation against internal whistleblowers, the company may impose aggravated punishment on the offenders in accordance with Article 9 of Chapter 3 (Handling of violations of the regulations) of the regulations on workplace ethics.

Whistleblower Protections

1. **Confidentiality** Personal information of the informant cannot be disclosed to the public without the informant's consent.
2. **Guarantee of status** The employer or relevant department is prohibited from imposing any disadvantages or discriminating against the informant because of supplied information, statements and submission of evidence.
3. **Reduction or exemption of liabilities** If any mistake or negligence of the informant are discovered during the investigation process, the liabilities of the information for such faults or negligence may be reduced or waived.

INTERNALIZATION OF CODE OF CONDUCT

Hyundai requires all its employees to pledge compliance and ethical management on a regular basis in an effort to help them internalize the company's Code of Conduct. Hyundai conducts ethics education aimed at raising their awareness of major ethical issues such as anti-corruption, fair trade, and cyber security. The Sustainability Management Committee within the BOD, which was expanded and reorganized in March 2021, is in charge of overseeing the implementation of ethical management, as well as passing resolutions on the revision of our major policies and codes of practice related to ethical management.

CODE OF CONDUCT INVESTIGATION

In 2023, Hyundai took disciplinary action (such as dismissal, suspension, reduction of salary, reprimand, warning, etc.) in 10 cases related to corruption or bribery, discrimination and harassment, misuse of Customer Privacy Data, conflicts of interest, and money laundering or insider trading.

Classification	No. of disciplinary action
Corruption or bribery	3
Discrimination or harassment	7
Customer privacy data	-
Conflicts of interest	-
Money laundering or insider trading	-

Reporting Channels

Cyber Audit Office	**Hyundai Motor Company Cyber Audit Office**	**By Phone**	+82-2-3464-3500
By Fax	+82-2-3464-8813	**By Mail**	Hyundai Motor Group Audit Office

Ethics and Compliance Management

Compliance Management & Compliance Support System

HMC COMPLIANCE MANAGEMENT

Compliance management embodies the management spirit by which the company pursues transparent and fair business performance in order to comply with the established norms and uphold sound business ethics in its management and corporate activities. Hyundai established its compliance control standards for compliance management in 2012, and since then it has since introduced a compliance support system including the appointment of the Chief Compliance Officer under the Commercial Act, while carrying out various compliance support activities.

COMPLIANCE SUPPORT SYSTEM

Compliance Control Regulations and Policies The Compliance Control Standards prescribe the standards and procedures for compliance control with which the company's executives and employees must comply when performing their duties in order to ensure that the company complies with the laws and regulations and executes its corporate management practices properly. Hyundai conducts compliance support activities based on its own compliance control standards. In addition, through its own Ethics Charter and Code of Conduct, Hyundai presents the standards for the conduct of its executives and employees, while ensuring that they comply with the company's other compliance-related policies, such as the Anti-Corruption/Bribery Policy and the Personal Information Protection Policy.

Compliance Support Organization At Hyundai, the Chief Compliance Officer is in charge of compliance support activities to prevent legal risks and report the details and results of the effectiveness evaluation to the board of directors on a regular basis. Furthermore, we appoint each departmental head as the compliance officer of his or her respective department so that he or she can carry out compliance control activities within the department.

Monitoring Hyundai conducts departmental compliance self-checks in various legal areas, including anti-corruption and personal information protection, to help each department assess the legal risks related to their work. Additionally, we communicate any identified risks to each department to facilitate improvements. In 2023, we conducted more detailed compliance self-assessments for each individual. We specifically targeted the procurement and sales departments, which deal with fair trade issues, by adding questions related to labeling advertisements, regulation of terms and conditions, and subcontracting laws. We have developed a self-assessment questionnaire that reflects the specific characteristics of each department's work to better identify and respond to potential workplace risks.

PROVIDING INFORMATION FOR COMPLIANCE MANAGEMENT

Distribution of Compliance Guidelines Hyundai publishes approximately 40 compliance guidelines for each business area to inform employees of the relevant laws and regulations, their key contents, and response strategies. In 2023, we updated the existing Fair Trade Compliance Guide to include amendments to the Fair Trade Act and recent judgments and precedents, as well as enhancing the Guide with behavioral guidelines, self-assessment checklists, and Q&As to improve usability.

Compliance Education Hyundai conducts regular and specialized compliance training for all employees, including new recruits, promoted employees, key employees, and expatriates. Specifically, in 2023, we provided online compliance education on cartel (collusion) activities for all employees, including those in general, research, and legal positions. In addition, we offered fair trade-related compliance education on information exchange to new team leaders and key personnel, as well as education on subcontracting law regulations to mitigate various legal risks in business operations.

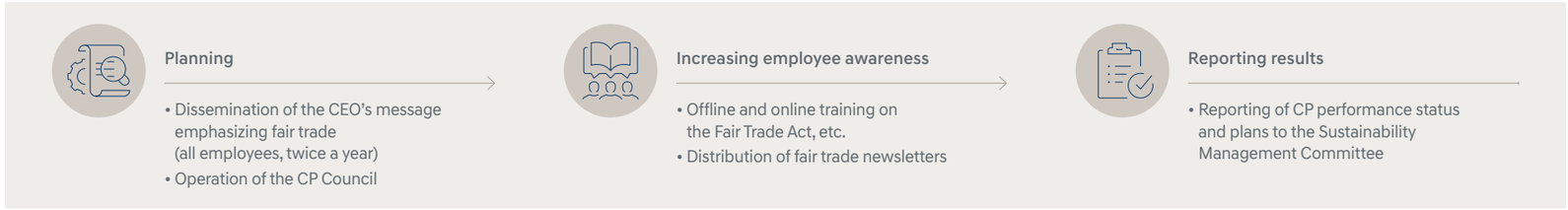
DIFFUSION OF COMPLIANCE CULTURE

Hyundai aims to promote a culture of compliance by adopting diverse approaches and distributing the relevant contents. Through the online system, we provide legal advice, contract reviews, and compliance consultation to our employees at all times, while providing standard contracts (30 Korean contracts, 20 English contracts) for each business area to ensure that our employees can perform their duties in compliance with the law. In addition, to raise our employees' awareness of the importance of compliance and expand the culture of compliance, we encourage them to sign the pledge to practice compliance and ethical management, and offer them rewards for compliance.

EVALUATION OF THE EFFECTIVENESS OF COMPLIANCE CONTROL SYSTEM

Hyundai has a third-party evaluate regularly whether its compliance control standards and related systems are effectively designed and operated to prevent or detect legal risks in a timely manner, and undertakes improvement activities based on the results of the evaluation.

CP Implementation Process



Compliance Program

IMPLEMENTING COMPLIANCE PROGRAM

Hyundai promotes fair and transparent management starting with its CEO's commitment to compliance program (CP) in the first and second half of every year. In this way, Hyundai spreads its top management's strong CP commitment to all of its employees in addition to getting its own Guidelines on CP, which are applied to their actual work performance.

In addition, we appoint a CP officer at a BOD meeting to manage and supervise the company's overall performance in terms of fair trade. In order to strengthen the responsibilities and obligations of each business site, we report the fair trade self-compliance operation performance and plans for the following year to the Sustainability Management Committee, a committee within the Board, on a quarterly basis while fostering a CP culture by offering various fair trade training programs and newsletters company-wide.

FAIR TRADING EDUCATION

Hyundai regularly conducts various fair trade-related training sessions for employees. In 2023, department-specific training sessions were held for departments involved in fair trade. The Procurement Division received education on subcontracting law, while the Korea Business Division underwent fair trade training. Furthermore, all our employees participated in online education focused on the concepts and cases of unfair collusion (cartel) conduct. In addition, we produced and distributed bi-monthly compliance newsletters, highlighting legal issues such as unfair collusion, trade secret protection, and subcontracting for all our employees, as well as a triannual newsletter specifically for executives.

Fair Trading Education Performance

Year	Number of training sessions	Number of participants
2020[1]	3	8,456
2021[1]	4	8,261
2022	4	1,779
2023[2]	12	4,404

[1] Replaced by online training due to COVID-19 in 2020 and 2021
[2] Excluding the number of people who have taken online education and received newsletters for all employees

ANTI-CORRUPTION AND FAIR TRADE PROGRAMS

Hyundai is committed to ensuring that our employees and those of our suppliers engage in transparent and fair transactions in a continuous and consistent manner. Our Ethics Charter, Code of Conduct, and Ethical Conduct Guidelines address issues such as bribery and kickbacks. We also conduct inspections of anti-corruption risks and report the findings to the Sustainability Management Committee under the BOD. In 2023, we also conducted self-assessment checklists of our executives to raise their awareness of anti-corruption practices, emphasizing the importance of preventing bribery and other improper business activities.

Risk Management

Hyundai is facing a rapidly changing internal and external business environment due to the internalization of core technologies such as electric vehicles, autonomous driving, and connectivity, along with increased ESG and operational risks. While this new paradigm presents opportunities for Hyundai to become a global leader, it also introduces risks associated with uncertainty. In response, we established the Business Risk Management (BRM) Group as an organization dedicated to the systematic management of company-wide risks in 2023. The company continues to strengthen its risk management system by conducting performance evaluations and providing employee training linked to key risk indicators. We are committed to transforming crises into opportunities based on our thorough analyses of core risks and our continuous efforts to enhance our risk management processes.

Global Risk Management System

RISK GOVERNANCE

To manage risks proactively, the BOD, executives, and employees participate in the process of risk identification, assessment and prioritization according to their respective roles and responsibilities.

BOD Level The BOD, as the company's highest decision-making body, is responsible for its business strategy and electric vehicle expansion strategy, etc., which are designed to address future risks and opportunities, as well as for managing and overseeing future risk factors. Furthermore, to proactively mitigate and prevent risks in the ESG area, the company's ESG risk response tasks and its implementation status are agendized and reported to the Sustainability Management Committee under the BOD. In 2023, seven risk response tasks were selected, including the establishment of ESG due diligence system for our own operations, subsidiaries and supply chain to prevent and mitigate risks associated with adverse human rights and environmental impacts. The implementation plans and performance of these tasks are also managed and supervised on the basis of reports submitted to the Sustainability Management Committee.

Executive Level The CFO, who oversees the Planning & Finance Division, is in charge of the company's overall risk management. The Management Strategy Committee, composed of C-level executives including the CEO, are convened each month in order to discuss and devise countermeasures to significant risks that could affect the entire organization, thus ensuring that proactive and effective risk mitigation strategies are continuously put in place.

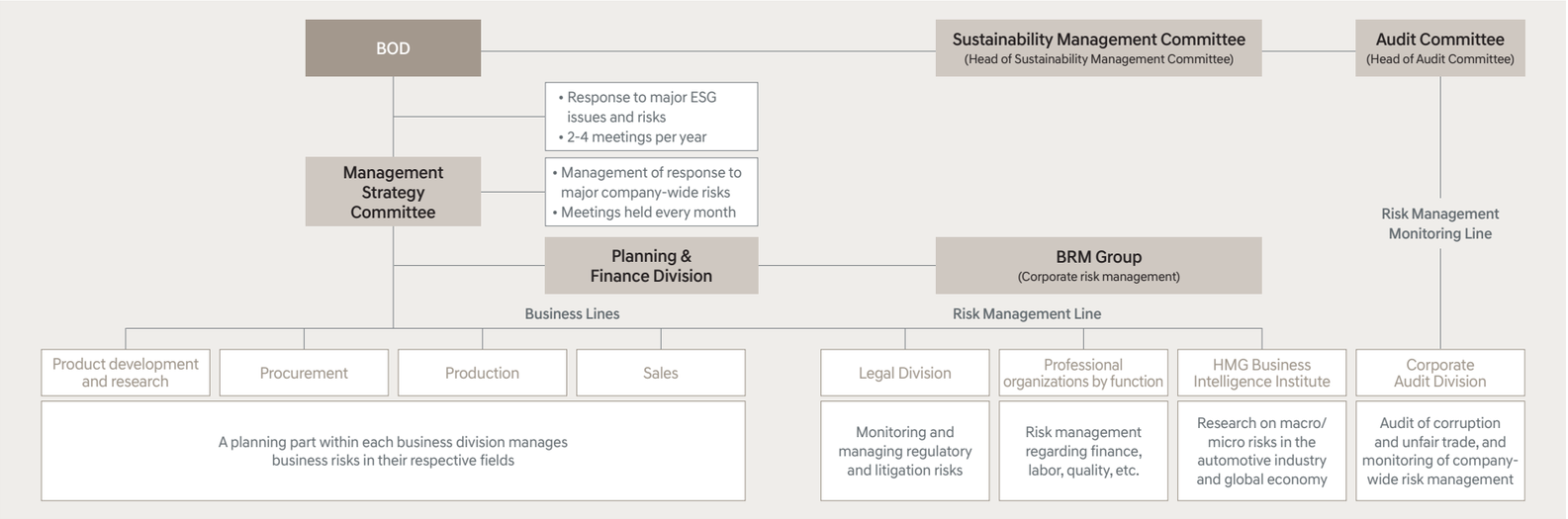
Dedicated Organization Established in 2023, the Business Risk Management (BRM) Group is responsible for company-wide risk management. Selected risk managers within the company's business divisions are responsible for managing risks within their respective divisions.

Audit Organization The Audit Office, established under the Audit Committee, performs an independent internal audit function in order to ensure the effectiveness of our risk management and compliance processes. In FY2023, we continued to monitor and audit the effectiveness of our internal management system for risks such as corruption and unfair trade, and our compliance processes.

Risk Organization by Division Hyundai operates a division-segmented risk management system in addition to its company-wide approach. Risk managers, selected from among the planning teams within each division organized by the value chain (R&D, procurement, production, and sales), identify and manage risks within their divisions. For sales, the organization is segmented by region, including the Americas, Europe, Asia, and China. The planning teams responsible for each region focus on identifying and managing market risks arising in their respective markets. Additionally, risk-related organizations that operate independently of the value chain business divisions include the Legal Office, which manages legal and litigation risks; various specialized functional organizations that manage finance, labor, and vehicle quality; the HMG Business Intelligence Institute, which is responsible for macro- and micro-market risk analysis; and the Audit Office within the Audit Committee, which conducts continuous monitoring of risks related to corruption and unfair trade.

To boost the efficiency of each department's risk management system, Hyundai has established a risk identification and reporting procedure for employees. Once identified, risks are managed in the order of identification and check, report, and preemptive response through weekly/monthly/ongoing risk assessment meetings. For critical issues that directly affect the overall operation of the business, separate risk check meetings are organized, such as the sales and production meeting and the PM (Product Management) and product strategy meeting. All risk-related meetings are held on a monthly basis.

Risk Management System



Risk Management

RISK MANAGEMENT PROCESS AND STRATEGY

Hyundai has been striving to strengthen its environmental management, enhance its resource recycling system, and fortify its safety management system. These efforts are aimed at enhancing Hyundai's ability to comprehensively respond increasingly stringent safety and environmental regulations. Hyundai has demonstrated its commitment to evolving its risk response system through careful analysis of the global market. This commitment to sustainable growth and a more effective risk response is reflected in our 2025 Strategy – Hyundai's major management strategy. Since the second half of 2023, as the transition to electric vehicles in the automotive market is accelerating, we have been upgrading the 2025 Strategy to respond to future risks and opportunities, such as the intensifying competition in the electric vehicle market and the acceleration of innovation, based on the software defined vehicle (SDV) concept.

Based on this advanced strategy (2030 Strategy), we aim to secure competitive advantages in the electric vehicle market, including cost competitiveness, and to offer SDV-based product innovations and mobility services. We will provide service solutions that cover the entire EV usage lifecycle and supply sustainable energy by building a hydrogen ecosystem. Through these strategic initiatives, we will respond proactively to risks and opportunities arising from the shift in the automotive market towards EVs and SDVs.

OPERATION OF RISK REVIEW AND ASSESSMENT

Hyundai operates a risk review and assessment process to proactively identify and address risk factors across the entire business. The BRM Group, a dedicated risk management organization, assesses and reviews risks and the operational response systems for the identified risks. In cases where the risk response system is inadequate or absent, the BRM Group takes measures to define the roles and responsibilities (R&R) among the internal risk response organizations to ensure there are no gaps in risk response.

In addition, the Management Strategy Committee, which includes C-level executives such as the CEO, reviews the results of risk impact analysis each month (12 times a year) and establishes response plans. In particular, we focus on proactive preventing and mitigating major risks, as inadequate responses can result in restrictions on our business activities and significant financial losses.

Furthermore, the Sustainability Management Committee and the ESG Committee, both of which operate under the supervision of the BOD, Hyundai's top decision-making body, receive biannual reports on risks identified in the ESG domain, and engage in discussions, deliberations, and decision-making processes related to the reported significant issues. They also formulate plans and monitor the progress of their implementation, playing a vital role in operating effective risk review council. The Audit Office under the Audit Committee has established and operates an effective internal risk check and audit system, which includes regular audits of the internal response system to risks related to corruption and unfair trade. In addition to the internal inspection and audit system, we conduct external reviews on our internal risk response strategies and processes, such as our purchasing strategy and the processes for core materials for batteries. The external reviews are conducted by consulting firms.

REMUNERATION SYSTEM LINKED TO KEY RISK INDICATORS

The KPIs of C-level executives, including CEO, CFO, include financial risk indicators such as global profit and loss management, and non-financial risk indicators such as market share, new car quality issues, and whether they meet electric vehicle sales targets. Based on these management's KPI indicators, performance evaluations are conducted annually, and performance evaluation results are also linked to a remuneration system that includes incentives for management.

In particular, CFO's KPI includes not only financial risk indicators such as global profit and loss, sales and cash flow but also non-financial indicators such as market share, particularly market indicators, electric vehicle sales expansion, price competitiveness (cost reduction), stock price and ESG evaluation.

Major risk indicators including the sales of electrified vehicles, achievement of fleet average carbon emission or fuel efficiency regulations, expansion of human resources for future business, achievement of a site specific greenhouse gas emission targets, vehicles recall, etc. are incorporated in the KPIs of related division. KPI results, which are organizational performance evaluations, are reflected in the evaluation of not only the heads of divisions but also the executives of business division heads. When entering personnel evaluation goals for team leaders and team members in each division, the KPI indicators are directly or indirectly linked to the performance and compensation system of the executives and employees of the relevant division, as they are linked with the goals of the executives.

RISK CRITERIA IN THE PRODUCT DEVELOPMENT

Hyundai manages product development risks based on the risk criteria for each stage of product development and approval. Particularly, Hyundai identifies risks that need to be checked in each process, ranging from basic performance checks to mass production checks at actual factories, and then decides on the mass production of the vehicle model in question.

The main risk check criteria are divided between the research institute and the production plant. At the research institute, these include "building and inspecting prototype vehicles to check and eliminate the risk of product function failures/malfunctions" and "checking and eliminating the risk of parts assembly problems in the virtual environment of vehicle mass production." As for the production plant, the criteria include "checking and eliminating the risk of parts assembly problems under the conditions of the mass production environment in the actual factory" and "checking and eliminating risks that may occur during mass production." All four risk criteria are verified before a vehicle enters mass production.

COMPANY-WIDE RISK EDUCATION

To enhance the independent directors' understanding of our business and strengthen their expertise in risk oversight, we conduct annual seminar-based training on topics such as business status, ESG risks, diversity, and risks related to new businesses. In 2023, the training covered Hyundai Motor's risk response system and major risk management status, mid-to-long-term EV business strategy, strategic investment on future business, corporate-level responses to intensifying ESG information disclosure regulatory risks, measures to secure a competitive advantage over Chinese car makers, and the design direction of Genesis car models.

Hyundai provides training to all its employees on how to respond to future risks based on the 2025 Strategy, which is Hyundai's company-wide response strategy and principles to future risks and opportunities. Starting in the second half of 2023, we started to upgrade the 2025 Strategy (2030 Strategy) and will train our employees based on the 2030 strategy after completing it. In addition, every year since 2022, we have invited external experts to provide seminar-style training on newly emerging ESG issues and risks for those personnel whose job involves providing the company's ESG data to our ESG Data Platform on a regular basis. In 2023, we provided training on the newly enacted ESG data reporting regulations, including those requiring mandatory ESG data disclosure (EU CSRD, ISSB). We also share the Weekly B.I. Briefing (Risk Trend Report), which covers the latest major risk trends, on our intranet in order to promote risk management education.

Risk Management

Current Status of Key Risks

RISK APPETITE DETERMINATION PROCESS

Within the Planning and Finance Division, the BRM Group assesses the scale of risks (determined based on our vision and goals, future business strategies, market position, ability to bear risks, including financial capabilities, and the potential scale of losses or gains) and the likelihood of their occurrence. Ultimately, decisions on risk appetite are made by the Management Strategy Committee or the BOD. The BOD decides on company-wide strategies that involve large-scale investments to respond to future risks and opportunities, such as the strategy for increasing the production of EVs, and publicly discloses these strategies at the CEO Investors Day.

Hyundai has a high appetite for risks that provide clear benefits and reward opportunities, but a low appetite for risks that may have a negative impact on our employees, values, and business model, such as health and safety issues and cybersecurity risks. In response to the U.S. Inflation Reduction Act, Hyundai's risk appetite was evaluated in light of its strategy to increasing the production of electric vehicles in the U.S., a key market, and potential losses associated with the Act. Consequently, Hyundai promoted the construction of an electric vehicle factory and a joint venture battery cell plant in the U.S. We do not tolerate safety-related violations or negligence, legal and regulatory violations, and acts of fraud, bribery or corruption, and we do not invest in business activities that exceed our risk tolerance.

REGULATORY RISKS

Automobile companies are exposed to various regulatory risks related to their business activities, as well as the environmental, safety, quality, and certification aspects of their products. These regulations have significant impacts not only on their operations but also on their financial performance. In particular, fleet-wide CO_2 emission standards or corporate average fuel economy standards, which are being implemented in major countries, are being tightened continuously in order to achieve the carbon reduction targets of those countries. In February 2023, the European Union Parliament adopted a target for reducing CO_2 emissions from passenger cars. The new target sets the path towards zero CO_2 emissions for new passenger cars by mandating a 55% reduction by 2030 compared to 2021 levels, and 100% by 2035. To meet these targets, a significant expansion of electric vehicles (EVs) is deemed necessary.

To mitigate the risk of non-compliance with the CO_2 emissions or fuel efficiency regulations in major countries, Hyundai is continuously strengthening its EV lineup and sales. We calculate and incorporate regulatory response volumes, including EV volumes, into our short-, medium- and long-term sales volume plans, and monitor the achievement of these regulations based on our monthly sales performance. We also minimize regulatory risks through various measures, such as adjusting sales volumes and utilizing accumulated credits in cases of potential non-compliance.

GEOPOLITICAL AND GEOECONOMIC RISKS

Political and policy-related risks, such as the serious impact on Hyundai's sales in China due to the Korean government's deployment of THAAD (Terminal High Altitude Area Defense) in 2017, have significant implications for business operations and finances. As such, a preemptive response is crucial. Amid escalating conflicts and tensions between Russia, China, and Western countries, protectionist policies based on the U.S. Inflation Reduction Act (IRA) and the EU Critical Raw Materials Act (CRMA), including the establishment of self-sufficient supply chains for critical raw materials, including battery materials, are posing significant risks to Hyundai.

Hyundai has established a dedicated organization called the Policy Coordination Office (PCO) to monitor political and policy risks in key countries such as Korea, the US, the EU and China. The PCO proactively identifies and analyzes political and policy risks and formulates appropriate responses. In particular, Hyundai is analyzing global supply chain competitiveness in response to protectionist policies, including subsidies related to establishing domestic production and securing key raw materials supply chains in the US and the EU. We are also seeking strategies aimed at increasing local production shares and establishing local integrated production systems within major countries.

PROCUREMENT RISK

The shortage of vehicle semiconductors, leading to prolonged production delays for automotive companies, is an example of how supply uncertainties for specific components can escalate into risks that delay overall production. In addition, the recent increase in raw material and energy prices has caused a rise in production costs, negatively impacting profitability. In particular, for EVs, which consume approximately six times more minerals than internal combustion engine vehicles (ICEVs), the supply-side risks such as mineral shortages have intensified as the production of EVs has surged among automotive companies. Furthermore, as new mining developments increase, there is growing demand among stakeholders for responsible mineral sourcing due to the increase in cases of environmental and human rights violations associated with mining activities.

Hyundai is addressing material and component procurement risks through such measures as securing an adequate inventory for strategic materials and components, promoting the in-house production of key components, and expanding its direct purchasing of strategic materials. Moreover, to address the risk of rising raw materials prices, we established a raw material coordination body early in 2023, which involves the participation of all departments, including the purchasing, research institutes, sales, and finance departments. This centralized approach aims to streamline the response system for raw material-related issues. We have also identified six major categories for raw materials management and established a system for real-time monitoring of market conditions and automated calculation of profit and loss impacts. These initiatives should enable Hyundai to respond actively to the profit and loss risks caused by fluctuations in raw material prices.

MACROECONOMIC RISKS

Automobiles are a prime example of consumer goods that are highly sensitive to macroeconomic risks. They are greatly influenced by economic conditions due to such factors as consumer spending and business investment. Major countries have implemented quantitative easing and experienced supply chain disruptions due to the economic downturn caused by the COVID-19 pandemic, while events like the Russia-Ukraine War have led to even greater inflationary pressures. In response to the high inflation crisis, major countries, particularly the United States, have kept rigorous monetary tightening policies, with the result that the global economy persists amid protracted weakness.

Hyundai has strengthened its ability to predict changes in demand due to economic cycles by creating a model based on macroeconomic and industrial risk analysis, which was primarily developed by its specialized organization, the HMG Business Intelligence Institute. It utilizes leading indicators closely related to the demand for new vehicles to predict and analyze both the business cycle and medium-term demand for new vehicles. In addition, it has analyzed various global economic downturn scenarios. To effectively address macroeconomic risks and prepare for the worst-case scenario, we have formulated company-wide response measures, including production and sales adjustments, the exploration of new alternative markets, and the strengthening of new model launches.

MAJOR FINANCIAL RISKS

Due to the ongoing trend of interest rate hikes initiated by the US in 2022, the interest costs associated with global funding have been increasing. In particular, the strength of the US dollar has led to a depreciation in the currencies of major countries, and the continuous rise in the KRW-USD exchange rate and increased financial market volatility have accelerated these trends.

To maximize shareholder value and reduce capital costs, Hyundai strives to maintain an optimal capital structure. In addition, we conduct sensitivity and stress tests to evaluate the impact of market risks (exchange rates, interest rates, and prices), credit risk, liquidity risk, derivative risk, and other related risks on Hyundai. We also have signed derivative contracts and use them as a means of hedging risks so as to manage identified risks more effectively. Hyundai has been making continuous efforts to mitigate financial risks arising from market uncertainties by monitoring debt ratio for short-term and long-term borrowings of each of its subsidiaries, with an aim to optimize our borrowing structure. In relation to exchange rate risks, we identify exchange rate risks based on various scenarios involving the appreciation or depreciation of the Korean won. We also establish preemptive measures for expanding hedging activities and devise plans to offset potential foreign exchange losses, with the goal of managing financial risks resulting from currency fluctuations.

Risk Management

Risk Exposure Assessment and Mitigation Action

Classification		Key risk factors	Risk exposure		Mitigation actions
			Likelihood[1]	Magnitude[2]	
Non-financial risks	Regulatory risks	Risks of regulatory violations due to product and workplace-related regulations (CO_2 regulations, etc.), including environment and safety	Low	High	Reflecting regulatory response volume in short- and mid- to long-term business plans, etc. in response to fleet-wide emission standards and corporate average fuel economy standards, etc.
	Geopolitical and geoeconomic risks	Risk of restrictions on sales and exports due to protectionist policies to establish a self-sufficient supply chain for key raw materials centered on the US and Europe	Medium	High	Increasing the proportion of local production and establishing a self-sufficient local production system, etc.
	Macroeconomic risks	Risk of a decline in new car demand due to a global economic downturn	Medium	Medium	Reinforcing demand change forecasting due to economic conditions, analysis by scenario of global economic crisis, etc.
	Procurement risks	Cost increase risk due to increase in procurement costs, production delay/ stop risk due to supply shortage	Medium	High	Securing adequate inventories of strategic materials and core parts, internalizing core parts, expanding direct purchases of strategic materials, etc.
	Operational risks	Risks related to business operations such as product/ technology development, production, and sales	Medium	Low	Identifying, analyzing, and responding to operational risks in the planning department of each division
Financial risks	Exchange risks	Exchange risk due to major foreign currency market fluctuations (USD, EUR, and JPY)	Medium	Medium	Eliminating risks by matching foreign exchange inflows and outflows, and managing exchange risks based on an analysis of Korean won appreciation/depreciation scenarios, etc.
	Interest rate risks	Rising interest costs on borrowings due to interest rate hikes in major countries such as the U.S.	Medium	Medium	Mitigating the risk of rising interest rates by implementing such measures as prioritizing borrowing and repayment by corporations with ample liquidity and enhancing financial soundness, etc.
	Liquidity risks	Risk of insufficient cash flow and overexposure to market risk	Low	Medium	Drawing up long-term and short-term funding plans, establishing a funding system, managing the duration of financial assets, etc.

[1] Assessment criteria for likelihood
- High: 50% or more, Medium: 25-50%, Low: less than 25%.

[2] Assessment criteria for magnitude
- Quantitative assessment: Whether the impact on the business has a significant level of impact on its sales or net income.
- Qualitative assessment: Whether the impact on the business influences future its strategies and decisions.

EMERGING RISKS

Digital Service Competition Expected to Intensify due to Stricter Regulations on Data Sharing

RISK CONTEXT

With the advancement of connectivity and autonomous driving technologies, vehicles are gradually being transformed into digital devices. The emergence of mobility service businesses based on data generated by automobiles is becoming a new area of focus for automotive companies. However, starting with the enforcement of the EU General Data Protection Regulation (GDPR) in 2018, the data-related regulations are being increasingly strengthened in major countries. In particular, the EU has taken steps to address the current industry practice whereby the legal ownership of data generated through the use of products or services is unclear and the usage rights are exclusively retained by IoT (Internet of Things) product manufacturers. To tackle this issue, the EU has introduced a draft data law that establishes the conditions for data sharing, and imposes data sharing obligations on manufacturers.

When this law takes effect in the future, manufacturers who currently have data will be legally obligated to provide data between B2C, B2B, and B2G when certain conditions are met, and fair contracts related to data access and use between companies will be mandatory. Due to personal information protection measures and data-sharing obligations, there is an increased regulatory risk regarding the utilization of vehicle data. At the same time, it is anticipated that competition in the mobility service market will intensify due to the future sharing of vehicle data with external companies. Furthermore, the expansion of data requests from external sources raises concerns about the management of critical data, such as customer information and trade secrets, as well as increasing the risk of cyber safety issues, including hacking incidents, during the data sharing process.

HYUNDAI'S APPROACH

Hyundai has established a company-wide task force team (TFT) to address the strengthened data regulations in major countries, including the EU. In the short term, we plan to revise the internal criteria and management systems regarding the types and scope of publicly available data for vehicle data generated when driving in order to comply with the EU data law. We will also strengthen security systems in the data sharing process in order to minimize potential risks to cyber security and safety that may arise from increased data sharing with external parties. To preemptively prevent a decline in service competitiveness due to the weakening of Hyundai's exclusive position in the utilization of our vehicle data, we are making continuous efforts to improve the Hyundai Developers platform, an open platform for vehicle data, in collaboration with external service developers, with the aim of establishing Hyundai's own digital service ecosystem. Furthermore, we plan to secure our own capabilities in the field of data intelligence, leveraging data processing, analysis, and services, to generate high-value businesses, which will in turn help sustain and strengthen our digital service competitiveness.

Increased Regulatory Risks Due to the Prevalence of Anti-Forced Labor Regulation

RISK CONTEXT

Regulations prohibiting forced labor, including child labor, are proliferating in the EU, US, and Canada. In March 2024, the EU Council and Parliament provisionally agreed to implement the Anti-Forced Labor Regulation (AFLR), which will enable the EU to prohibit the sale, import, and export of goods made using forced labors. On April 23, 2024, the EU Parliament held a final vote on the adoption of AFLR and adopted it by an overwhelming majority (555 in favor, 6 against, 45 absent). This law is expected to enter into force in 2027. Products suspected of being made with forced labor in the upstream manufacturing stages will be banned from EU sales and imports until the company concerned can prove otherwise. If any products are ultimately found to be linked to forced labor, they will have to be fully recalled or destroyed at the company's expense.

Non-compliance with anti-forced labor laws could lead to the suspension of sales and exports to the EU, as well as production delays and disruptions at local factories in the EU due to the suspension of imports of components in whose production the use of forced labor is either suspected or confirmed. As of 2023, Hyundai sold 620,737 vehicles in the EU, and it is expected that EU sales (local production and exports from Korea) will be directly affected by the EU AFLR. In the U.S., where the Uyghur Forced Labor Prevention Act (UFLPA) has been in effect since 2022, some global automakers have had customs clearance for thousands of vehicles withheld and parts procurement halted due to allegations of forced labor.

HYUNDAI'S APPROACH

Hyundai has put in place a due diligence system to prevent and mitigate risks associated with adverse human rights and environmental impacts in its own operations and value chains in order to respond to EU laws that prohibit forced labor and deforestation in the upstream manufacturing of products, such as the AFLR and the Deforestation Regulation. In 2023, the BRM Group, a specifically dedicated organization to risk management, along with the Purchasing Division and the Legal Affairs Office, collaborated on the development of a system capable of real-time monitoring of forced labor risks within the supply chain, which will ensure swift detection of and response to human rights risks.

In 2023, we also conducted risk identification and assessment of overall human rights and environmental risks, including forced labor and deforestation, at our own plants and subsidiaries. We conducted on-site due diligence on potentially risky subsidiaries, such as the production subsidiaries in Mexico (HYMEX) and Türkiye (HAOS) with relatively high ESG risks, and the Czech production subsidiary (HMMC) directly affected by EU AFLR and took measures to ward off potentially adverse human rights and environmental impacts. In terms of our supply chain risk management, we conducted a Self-Assessment Questionnaire (OEM SAQ based on EcoVadis) of tier-1 and tier-2 domestic and overseas suppliers and, based on the scores obtained in this assessment, selected suppliers showing signs of risk and had them undergo on-site inspections.

Risk Management

Tax Obligation

TAX STRATEGY

Hyundai recognizes that tax risk management is a prerequisite for sustainability management, and that compliance with the tax laws plays an important role in securing customer profits, maximizing shareholder profits, and contributing to national finances. Therefore, as a taxpayer, we are faithfully fulfilling our tax obligations. We also respect the principle of fair taxation by tax authorities and strive to comply with the tax rules and principles established by the tax authorities of the countries in which we operate.

TAX RISK MANAGEMENT

Strict compliance with the laws is the core of Hyundai's tax risk management policy. The company faithfully provides all the evidence requested by tax authorities to take the lead in creating a transparent tax culture. Hyundai strictly prohibits the use of tax avoidance schemes such as the creation of non-existent commercial entities and the utilization of tax havens. We do not engage in any practices that involve transferring value to low-tax jurisdictions. Furthermore, as a global company, we prevent tax risks in advance by identifying differences in the tax laws of different countries and their intention and by analyzing their respective dispute risks. Good example includes the arm's length principle as a way to prevent the risk of double taxation arising from competition for taxation rights between tax authorities in advance.

Tax Report by Country

Personal Information Protection

PERSONAL INFORMATION PROTECTION GOVERNANCE

Privacy Policy of Hyundai Motor Company

Hyundai has set in place a framework for systematic personal information protection governance and has formed the Privacy Protection Team, a dedicated body that is responsible for handling tasks related to personal information protection. The company has also appointed a Chief Privacy Officer (CPO), who serves as the heads of the Hyundai Security Center and hold overall responsibility for personal information protection. Each division and business unit has designated departments, personnel, and responsible individuals who are involved in handling tasks related to personal information protection. The Privacy Protection Team develops and distributes policies and guidelines, ensuring continuous management and monitoring of personal information protection. In 2023, there were no cases in which our customers' personal data were used for purposes other than the "purpose of collecting and using personal information" as specified in our privacy policy for users, etc. Furthermore, we have established a Privacy Protection Committee composed of key service operation teams from various divisions and dedicated personal information protection departments. The Committee meets annually to discuss major issues and matters related to privacy protection.

MANAGEMENT MEASURES FOR PERSONAL INFORMATION PROTECTION

Hyundai implements various administrative measures to protect its customers' personal information. We have established a company-wide privacy protection policy and operate a dedicated organization to that end. We also conduct regular and frequent training for all our employees and those of the firms we entrust with personal information processing. Furthermore, when building or modifying personal information processing services and systems, we review the impact on personal information from the design stage, analyze potential infringement factors, and develop a response system to minimize threats.

TECHNICAL MEASURES FOR PERSONAL INFORMATION PROTECTION

Hyundai applies various technical measures to enhance the effectiveness and security of personal information protection. We ensure that customer data are transmitted securely by encrypting communication channels and customer information. Even in the event of external breaches, the use of customers' personal information is made impossible. In addition, we have put in place security solutions and intrusion prevention/detection systems, regularly update of the antivirus program, and conduct periodic monitoring as a way to defend against external threats such as hacking attempts.

INTERNAL INSPECTION AND THIRD-PARTY AUDITS OF THE PRIVACY POLICY COMPLIANCE

To comply with the Personal Information Protection Act and our internal regulations, we conduct internal and external inspections and self-assessments of the management of personal information by the entities entrusted with protecting personal information. Since 2020, we have obtained and maintained the Information Security Management System (ISMS) certification for our major services and systems, such as the customer website and the connected car service, and we have also been recognized by various global certification bodies for maintaining the international information protection management system (ISO/IEC 27001) certification for over ten years. Additionally, we undergo regular inspections as required by the relevant laws, such as the Personal Information Protection Commission's unique identification information survey and the Korea Communications Commission's location information provider survey, and implement improvements based on the results.

Risk Management

Cybersecurity

CYBERSECURITY SCHEME

Hyundai strives to establish an advanced cybersecurity scheme, which is essential for the transition to a smart mobility system. Through a dedicated security organization, we have been building and monitoring a response system for potential hacking and information leakage threats that may arise during business operations. In January 2022, we obtained the Cyber Security Management System (CSMS) certification in Europe. Furthermore, we set security policies for all our internal employees and conduct an annual review of these policies. To enhance employees' security awareness, various efforts are made as education on security policies, security newsletters, Security Day campaigns, and training on responding to malicious emails.

ANALYSIS OF CYBER ASSET VULNERABILITY

Hyundai has established security review procedures for its computer systems, aimed at the secure construction and operation of its business systems, based on which it manages security vulnerabilities and improves its security guidelines in line with advancements in IT technology. Furthermore, we have maintained the ISO 27001 certification since 2006, demonstrating our commitment to comprehensive information security management. In addition, we have obtained the ISMS certification which verifies our integrated information protection management system.

STRUCTURE AND ROLES OF INFORMATION PROTECTION ORGANIZATION

Hyundai operates an organization dedicated to the protection of company information and customers' personal information through systematic and effective protection activities. The Chief Information Security Officer (CISO), responsible for company-wide information protection, is appointed as the head of the Hyundai Information Protection Center; while the Chief Privacy Officer (CPO), responsible for company-wide personal information protection, is appointed as the head of the Security Management Support Office. These two roles are crucial for establishing security policies, building security systems, conducting security checks and analyses, responding to security incidents, and managing overseas security.

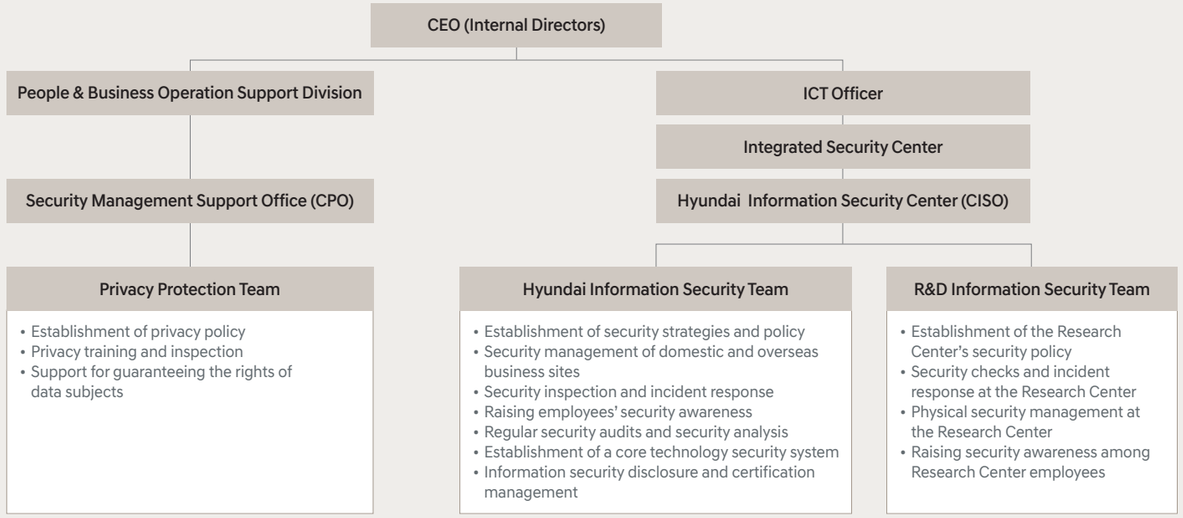
SECURITY DELIBERATION COMMITTEE

Hyundai regularly convenes the Security Deliberation Committee, which is chaired by the management executive responsible for IT. Executives from key related departments—including HR, Audit, Legal, Research, and Production Plant Security—gather twice each year to deliberate and make decisions on major security-related issues.

Major Activities Related to Cybersecurity

- Appoint experts to strengthen security at overseas subsidiaries; and expand inspection activities.
- Strengthen security threat response via the advanced security monitoring system/ performance of self-infiltration activities
- Specify incident response procedures according to the business continuity plan (BCP) in the Security Incident Prevention and Response Guidelines; and conduct inspections at least once a year
- Provide phishing email training for employees and education on preventing malware infections from infected individuals at least once a year
- Distribute a monthly security newsletter to all employees; and hold the Employee Security Day at least once a year

Organization of Information Protection



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Sales and Financial Information

Classification		Unit	2021	2022	2023	Note
Global Production	Domestic	Vehicle	1,620,231	1,732,638	1,914,433	Passenger vehicle and commercial vehicle
	India	Vehicle	636,000	706,000	765,000	
	China[1]	Vehicle	334,700	255,000	241,300	
	U.S.	Vehicle	291,500	332,900	369,000	
	Czech Republic	Vehicle	275,000	322,500	340,500	
	Russia[1]	Vehicle	234,150	42,846	-	
	Brazil	Vehicle	187,300	209,045	204,300	
	Türkiye	Vehicle	162,140	208,100	242,100	
	Vietnam[1]	Vehicle	71,381	63,020	46,835	
	Indonesia	Vehicle	-	82,500	79,580	
	Singapore	Vehicle	-	-	580	
	Others[2]	Vehicle	54,522	44,703	86,270	
	Total	**Vehicle**	**3,866,924**	**3,999,252**	**4,289,898**	
Global Sales	Domestic	Vehicle	726,838	688,884	762,077	
	Overseas	Vehicle	3,163,888	3,254,038	3,454,821	
	Total	**Vehicle**	**3,890,726**	**3,942,922**	**4,216,898**	

[1] China/Russia: Standard for passenger vehicles, Vietnam: Standard for local assembly (passenger and commercial vehicles)
[2] Performance of CKD and consigned commercial vehicle production

Classification			Unit	2021	2022	2023	Note
Financial Performance	Statements of financial position (Consolidated)	Total assets	KRW billion	233,946	255,742	282,463	
		Total liabilities	KRW billion	151,331	164,846	180,654	
		Total equity	KRW billion	82,616	90,897	101,809	
	Statements of financial position (Separate)	Total assets	KRW billion	79,758	83,412	85,065	
		Total liabilities	KRW billion	27,083	27,657	24,277	
		Total equity	KRW billion	52,675	55,756	60,787	
	Statements of income (Consolidated)	Sales[3]	KRW billion	116,448	142,151	162,664	
		Operating profit[3]	KRW billion	6,527	9,825	15,127	
		Selling and administrative expenses[3]	KRW billion	15,200	18,447	18,357	
		Net profit	KRW billion	5,693	7,984	12,272	Including non-controlling interests
		EBITDA[3]	KRW billion	11,082	14,873	20,073	Based on Bloomberg[4]
	Statements of income (Separate)	Sales	KRW billion	55,605	65,308	78,034	
		Operating profit	KRW billion	662	2,829	6,671	
		Selling and administrative expenses	KRW billion	8,404	9,342	9,600	
		Net profit	KRW billion	646	3,702	7,343	
		EBITDA	KRW billion	3,766	6,222	9,935	Based on Bloomberg[4]
	Profitability ratio (Consolidated)	Operating profit margin[3]	%	5.6	6.9	9.3	
		Net profit margin[3]	%	4.9	5.6	7.5	
	Profitability ratio (Separate)	Operating profit margin	%	1.2	4.3	8.5	
		Net profit margin	%	1.2	5.7	9.4	

[3] As Hyundai Motor Manufacturing Rus LLC (HMMR) is classified as a disposal asset group and discontinued operation at the end of 2023, the amount for the comparative disclosure period has been restated.
[4] Sum of operating profit, depreciation of tangible assets, depreciation of real estate held for investment, and depreciation of intangible assets

2023 Audited Financial Statements of Hyundai Motor Company

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Classification			Unit	2021	2022	2023	Note
Financial Performance	Distribution of economic value (Consolidated)	Dividends (Shareholders and investors)	KRW billion	1,301	1,830	2,999	
		Interest expenses (Shareholders and investors)[3]	KRW billion	305	523	558	Refer to “financial income and financial expense” in the notes to the consolidated financial statement
		Salaries (Employees)[3]	KRW billion	9,614	10,638	12,078	Refer to “classification of expenses by nature” in the notes to the consolidated financial statement
		Raw materials costs (Suppliers)[3]	KRW billion	67,579	80,682	93,205	Refer to “classification of expenses by nature” in the notes to the consolidated financial statement
		Income tax (Government)[3]	KRW billion	2,267	2,979	4,627	Refer to “income tax” in the notes to the consolidated financial statement
		Donation (Local communities)[3]	KRW billion	66	89	178	Refer to “other income/expense” in the notes to the consolidated financial statement
		Total	**KRW billion**	**81,132**	**96,741**	**113,645**	
	Distribution of economic value (Separate)	Dividends (Shareholders and investors)	KRW billion	1,301	1,830	2,999	
		Interest expenses (Shareholders and investors)	KRW billion	87	190	116	Refer to “financial income and financial expense” in the notes to the financial statement
		Salaries (Employees)	KRW billion	6,392	7,007	7,861	Refer to “classification of expenses by nature” in the notes to the financial statement
		Raw materials costs (Suppliers)	KRW billion	37,011	44,184	52,031	Refer to “classification of expenses by nature” in the notes to the consolidated financial statement
		Income tax (Government)	KRW billion	344	474	2,332	Refer to “income tax” in the notes to the financial statement
		Donation (Local communities)	KRW billion	38	46	129	Refer to “other income/expense” in the notes to the financial statement
		Total	**KRW billion**	**45,173**	**53,731**	**65,468**	
	R&D investment	Total R&D expense	KRW million	3,100,111	3,340,589	3,973,573	
		Government subsidy	KRW million	(2,214)	(4,016)	(4,708)	
		R&D expense to sales ratio	%	2.6	2.3	2.4	Total R&D expenses/ sales of the year X 100
	Distribution of investment (Consolidated)	CAPEX	KRW billion	3,767	3,879	6,455	Based on head office and overseas business sites
		Depreciation	KRW billion	4,556	5,048	4,946	Refer to “classification of expenses by nature” in the notes to the consolidated financial statement
		Difference (CAPEX – depreciation)	KRW billion	(789)	(1,169)	1,509	
		Treasury stock buyback	KRW billion	305	193	0	
		Total (dividend + treasury stock)	**KRW billion**	**1,606**	**2,023**	**2,999**	

[3] As Hyundai Motor Manufacturing Rus LLC (HMMR) is classified as a disposal asset group and discontinued operation at the end of 2023, the amount for the comparative disclosure period has been restated.

Environmental [4]

Classification			Unit	2021	2022	2023	Note
Environmental	Energy consumption	Electricity (Non-renewable)	MWh	3,338,657	3,376,795	3,259,913	
		Electricity (Renewable)	MWh	120,171	280,498	473,166	
		LNG	MWh	3,562,760	3,525,029	3,383,641	The consumption data for 2022 has been corrected to address errors in the data from Hyundai de Mexico
		Diesel, kerosene, gasoline	MWh	154,015	131,268	131,697	
		Steam, heat	MWh	90,510	94,027	102,349	
		Others	MWh	143,460	172,986	193,905	
		Total energy consumption[5]	**MWh**	**7,409,573**	**7,580,603**	**7,544,671**	The consumption data for 2022 has been corrected to address errors in the data from the Hyundai de Mexico
	Energy intensity		MWh/ Vehicle	1.91	1.90	1.87	
	Greenhouse gas (GHG) emissions	Scope 1	tCO_2-eq	724,013	719,949	696,590	The emissions data for 2022 has been corrected to address errors in the data from Hyundai de Mexico
		Scope 2	tCO_2-eq	1,660,058	1,684,120	1,579,161	Scope 2 of 2022 and 2023 is calculated by market-based approach
		Scope 3	tCO_2-eq	128,753,297	133,110,484	141,956,876	The data for 2021 and 2022 has been revised due to the change in the 'per vehicle mileage' standard used in the calculation from 150,000 km to 200,000 km.
		Sum of Scope 1 and 2[6]	**tCO_2-eq**	**2,384,071**	**2,404,069**	**2,275,751**	1) Emissions target for 2023: 2,366,239 tCO_2-eq 2) The emissions data for 2022 has been corrected to address errors in the data from Hyundai de Mexico
	GHG emissions (Scope 1+2) intensity (per vehicle produced)		tCO_2-eq/ Vehicle	0.616	0.601	0.531	
	Raw materials	Steel (amounts used)	Ton	1,054,056	1,151,624	1,231,958	Reflecting the raw material data of Hyundai de Mexico (HYMEX) that was previously omitted from past performance aggregation (revising/changing the raw material figures for 2021 and 2022 compared to previous disclosures).
		Steel (scrap)	Ton	395,597	393,419	410,665	
		Aluminum (amounts used)	Ton	141,302	146,270	156,930	
		Aluminum (scrap)	Ton	28,020	41,773	39,116	
	Raw materials intensity (per vehicle produced)		Ton/Vehicle	0.307	0.329	0.324	

[4] The reporting scope for environmental data includes all domestic business sites and 12 overseas production subsidiaries.

[5] Business sites (HMGICS, HTWO) subject to calculation were added in 2023. Total energy consumption in 2023, excluding the added business sites, is 7,528,714 MWh.

[6] Business sites (HMGICS, HTWO) subject to calculation were added in 2023. Total Scope 1+2 GHG emissions in 2023, excluding the added business sites, is 2,268,998 tCO_2-eq.

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Classification				Unit	2021	2022	2023	Note
Environmental	Water	Water withdrawal	Municipal (Industrial) water	Ton	17,446,631	18,141,575	19,006,576	Reaggregation including the water data of Hyundai de Mexico (HYMEX) and Hyundai Thanh Cong Manufacturing Vietnam (HMTV) that was previously omitted from past performance aggregation (revising/ changing of figures for 2021 and 2022 compared to previous disclosures). Added water data for Hyundai Motor Group Innovation Center in Singapore (HMGICS) and HTWO Guangzhou, which began operations in 2023.
			Surface water	Ton	853,648	943,151	1,096,116	
			Ground water	Ton	507,237	428,714	468,297	
			Seawater	Ton	0	0	12,267	
		Total		**Ton**	**18,807,516**	**19,513,440**	**20,583,256**	
		Water consumption		Ton	10,360,026	10,602,057	11,060,941	
		Water discharge		Ton	8,447,490	8,911,383	9,522,315	
		Volume of water recycled		Ton	2,179,600	2,284,154	2,631,445	
		Ratio of water recycled		%	21.0	21.5	23.8	
	Water use intensity (per vehicle produced)			Ton/Vehicle	2.66	2.69	2.58	
	Volume of water intake by source for each type of business sites	Plants	Municipal (Industrial) water	Ton	15,108,916	15,631,406	16,288,163	
			Surface water	Ton	853,648	943,151	1,096,116	
			Ground water	Ton	507,237	412,811	428,270	
			Seawater	Ton	0	0	12,267	
		Subtotal		**Ton**	**16,469,801**	**16,987,368**	**17,824,816**	
		Research institutes	Municipal (Industrial) water	Ton	1,671,650	1,759,529	1,992,256	
			Surface water	Ton	0	0	0	
			Ground water	Ton	0	0	0	
			Seawater	Ton	0	0	0	
		Subtotal		**Ton**	**1,671,650**	**1,759,529**	**1,992,256**	
		Sales/ service	Municipal (Industrial) water	Ton	228,094	238,879	225,189	
			Surface water	Ton	0	0	0	
			Ground water	Ton	0	0	21,286	
			Seawater	Ton	0	0	0	
		Subtotal		**Ton**	**228,094**	**238,879**	**246,475**	
		Others (head-quarters, training institutes)	Municipal (Industrial) water	Ton	437,971	511,761	500,968	
			Surface water	Ton	0	0	0	
			Ground water	Ton	0	15,903	18,741	
			Seawater	Ton	0	0	0	
		Subtotal		**Ton**	**437,971**	**527,664**	**519,709**	

Classification				Unit	2021	2022	2023	Note
Environmental	Volume of water intake by source and region	Korea	Municipal (Industrial) water	Ton	12,276,460	12,870,446	14,175,433	
			Surface water	Ton	0	0	0	
			Ground water	Ton	11,546	20,711	44,002	
			Seawater	Ton	0	0	0	
		Subtotal		**Ton**	**12,288,006**	**12,891,157**	**14,219,435**	
		Europe	Municipal (Industrial) water	Ton	799,347	483,858	424,145	
			Surface water	Ton	0	0	0	
			Ground water	Ton	0	0	0	
			Seawater	Ton	0	0	0	
		Subtotal		**Ton**	**799,347**	**483,858**	**424,145**	
		Americas	Municipal (Industrial) water	Ton	1,733,728	1,862,164	1,598,772	
			Surface water	Ton	0	0	12,683	
			Ground water	Ton	419,456	339,065	314,169	
			Seawater	Ton	0	0	0	
		Subtotal		**Ton**	**2,153,184**	**2,201,229**	**1,925,624**	
		China	Municipal (Industrial) water	Ton	2,093,818	1,791,118	1,610,370	
			Surface water	Ton	0	0	0	
			Ground water	Ton	0	0	0	
			Seawater	Ton	0	0	0	
		Subtotal		**Ton**	**2,093,818**	**1,791,118**	**1,610,370**	
		Others	Municipal (Industrial) water	Ton	543,278	1,133,989	1,197,856	
			Surface water	Ton	853,648	943,151	1,083,433	
			Ground water	Ton	76,235	68,938	110,126	
			Seawater	Ton	0	0	12,267	
		Subtotal		**Ton**	**1,473,161**	**2,146,078**	**2,403,682**	
	VOCs[7] and THC[8] emissions			Ton	11,279	8,363	9,204	Began to include TCH starting from 2023 (Only VOCs were counted until 2022)
	VOCs and THC emissions intensity			kg/Vehicle	2.90	2.12	2.15	

[7] VOCs: Volatile Organic Compounds

[8] THC: Total Hydrocarbon

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Classification			Unit	2021	2022	2023	Note
Environmental	Air pollutant emissions	CO	Ton	581	1,056	1,011	Re-aggregation including pollution and waste performance data from Hyundai de Mexico (HYMEX) and Hyundai Thanh Cong Manufacturing Vietnam (HMTV) that were omitted from past performance totals (revision/ change of figures for 2021 and 2022 compared to previous disclosures). Added pollution and waste data for Hyundai Motor Group Innovation Center in Singapore (HMGICS) and HTWO Guangzhou, which began operations in 2023.
		SOx	Ton	154	314	71	
		NOx	Ton	391	730	508	
		Dust	Ton	445	910	1,082	
	Total		**Ton**	**1,571**	**3,010**	**2,672**	
	Air pollutant intensity (per vehicle produced)		kg/Vehicle	0.403	0.763	0.601	
	Water pollutant emissions	TOC(COD)[9]	Ton	370	449	437	
		BOD	Ton	91	81	83	
		SS	Ton	61	51	68	
	Total		**Ton**	**522**	**581**	**588**	
	Water pollutant intensity (per vehicle produced)		kg/Vehicle	0.134	0.147	0.137	
	Amount of waste generated[10]	General waste	Ton	465,259	491,151	506,057	
		Designated waste	Ton	32,228	38,316	40,863	
		Construction waste[10]	Ton	68,654	99,898	477,235[11]	
	Total		**Ton**	**566,141**	**629,364**	**1,024,155**	
	Waste intensity (per vehicle produced)[12]		Ton/Vehicle	0.0155	0.0172	0.0155	
	Waste recycling	Amount of recycling	Ton	505,770	561,670	957,463	
		Recycling rate	%	89.3	89.2	93.5	

[9] For domestic facilities, performance has been aggregated from 2022 onwards using TOC instead of COD

[10] We have separately disclosed construction waste that was previously reported collectively with general waste.

[11] Due to the construction of a new electric vehicle plant at the Ulsan Plant in 2023, construction waste temporarily increased significantly compared to the previous year. Excluding construction waste from the Ulsan Plant (425,345 tons), the total waste generated in 2023 decreased to 598,810 tons compared to the previous year

[12] Waste per one vehicle of subtracting the recycled amount from total waste.

[13] Starting from 2023, for hazardous chemicals, the indicator definition has been changed from the usage of specific hazardous chemicals (such as NaOH, HCl, etc.) to the usage of hazardous chemicals as designated by the country where the facility is located.

[14] Includes electrified vehicle development costs and investment costs in environmental improvement facilities at business sites (Only business sites in Korea are included in case of investment costs for business site environment improvements)

[15] In 2023, performance increased due to improvements in the green procurement aggregation system and efforts to expand green procurement

[16] Eco-friendly vehicles: EV, HEV, PHEV, FCEV / Sales portion of IONIQ 6 in 2023: 1.9%

[17] New models introduced in 2023: Kona, Kona HEV, Kona EV, Avante, Avante HEV.

Classification				Unit	2021	2022	2023	Note
Environmental	Waste treatment volume by waste type and treatment method	General waste (non-hazardous waste)	Incineration	Ton	18,181	18,153	20,599	
			Collected as thermal energy	Ton	12,692	11,862	14,079	
			Not collected as thermal energy	Ton	5,489	6,291	6,520	
			Landfill	Ton	13,306	18,504	17,657	
			Recycling	Ton	424,908	446,983	462,914	
			Others	Ton	8,863	7,511	4,887	Biodegradation, etc.
		Designated waste (hazardous waste)	Incineration	Ton	11,986	13,358	13,822	
			Collected as thermal energy	Ton	9,921	11,048	11,590	
			Not collected as thermal energy	Ton	2,065	2,310	2,232	
			Landfill	Ton	1,170	1,290	1,886	
			Recycling	Ton	13,502	16,811	19,246	
			Others	Ton	5,570	6,857	5,909	Biodegradation, etc.
		Construction waste	Incineration	Ton	0	0	0	
			Collected as thermal energy	Ton	0	0	0	
			Not collected as thermal energy	Ton	0	0	0	
			Landfill	Ton	1,292	2,018	1,929	
			Recycling	Ton	67,359	97,877	475,303	
			Others	Ton	2	3	3	Biodegradation, etc.
	Weight of harmful chemical substances[13]			Ton	8,218	10,003	7,780	
	Environmental investment	Costs and investments for environmental[14]		KRW billion	7,225	5,061	8,611	
	Green purchasing	**Total**		**KRW billion**	**63**	**12**	**5,653**[15]	Performance increased in 2023 due to improvements in the green purchasing performance aggregation system and efforts to expand green purchasing.
	Sales portion of eco-friendly vehicles[16]	EV		%	5.8	8.5	9.9	Based on managerial accounting
		HEV		%	6.6	6.5	9.7	
		PHEV		%	1.4	1.7	1.6	
		FCEV		%	0.6	0.6	0.4	
		Total		**%**	**14.4**	**17.3**	**21.6**	
	Sales portion of models[17] for which full-LCA was conducted	**Total**		**%**	**14.14**	**25.03**	**40.90**	Based on no. of vehicles sold (shipment)

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Social

Classification			Unit	2021	2022	2023	Note
Employees	Number of employees by region (Korea/ overseas, by country)	Korea	Person	72,496	73,431	73,015	As of the last business day and based on the number of direct employees
		Overseas	Person	50,325	52,638	50,706	
		North America	Person	15,953	18,229	19,389	
		Europe	Person	9,480	10,010	7,655	
		China	Person	10,741	9,340	7,745	
		India	Person	9,725	9,976	10,935	
		Others	Person	4,426	5,083	4,982	
		Percentage of overseas	%	41.0	41.8	41.0	
		Total	**Person**	**122,821**	**126,069**	**123,721**	
	Number of employees by duty	Executive	Person	694	722	716	Excluding 20 research fellows in executive positions
		Research fellow	Person	22	20	20	
		Research	Person	15,395	17,216	17,992	
		Office work	Person	22,830	25,613	23,436	
		Technical/Production/ Maintenance	Person	69,238	66,384	64,374	
		Sales	Person	7,915	7,330	7,503	
		Others	Person	6,727	8,748	9,680	Advisor, specially appointed staff for special duties, temporary staff, etc.
		Total	**Person**	**122,821**	**126,069**	**123,721**	
	Number of employees by nationality (Korea)[18]	Korea	Person	71,191	73,325	72,913	16,833 managers (99.59% of total managers)
		US	Person	42	42	41	33 managers (0.2% of total managers)
		Canada	Person	12	8	14	12 managers (0.07% of total managers)
		China	Person	9	9	8	4 managers (0.02% of total managers)
		Germany	Person	12	11	7	6 managers (0.04% of total managers)

[18] Top 5 nationalities by headcount (based on domestic employees)

Classification				Unit	2021	2022	2023	Note
Employees	Number of employees by region/gender	Korea		Person	72,496	73,431	73,015	
		Male		Person	68,215	68,809	67,912	
		Female		Person	4,281	4,622	5,103	
		Overseas		Person	50,325	52,638	50,706	
		Male		Person	43,504	45,045	42,797	
		Female		Person	6,821	7,593	7,909	
		Female executives	Korea	Person	15	17	21	
			North America	Person	12	17	26	
			Europe	Person	3	4	6	
			China	Person	7	5	5	
			India	Person	0	0	0	
			Others	Person	2	3	1	
			Total	**Person**	**39**	**46**	**59**	
		Female employees	Korea	Person	4,281	4,622	5,103	
			North America	Person	2,740	3,431	3,871	
			Europe	Person	1,476	1,563	1,327	
			China	Person	1,761	1,645	1,585	
			India	Person	242	288	336	
			Others	Person	602	666	790	
			Total	**Person**	**11,102**	**12,215**	**13,012**	
		Percentage of female employees		%	9.0	9.6	10.5	Number of female employees / Total number of employees

Facts & Figures

Classification			Unit	2021	2022	2023	Note
Employees	Number of female employees by position/ duty	Number of managers in Korea	Person	16,779	17,088	16,903	Managers: Includes managerial level and higher office, research, and special staff, and executives except for advisors)
		Number of female managers in Korea	Person	1,042	1,071	1,338	
		Number of managers overseas	Person	7,303	6,625	8,434	
		Number of female managers overseas	Person	947	1,084	1,399	
		Total number of managers	Person	24,082	23,713	25,337	
		Total number of female managers	Person	1,989	2,155	2,737	
		Percentage of female managers	%	8.3	9.1	10.8	Number of female managers / Total number of managers
		Number of female low level managers	Person	1,504	1,603	2,254	Low level manager: Defined as G2 level
		Percentage of female low level managers	%	8.3	9.2	11.8	
		Number of female employees in revenue-generating departments/positions[19]	Person	9,182	9,695	12,278	
		Percentage of female employees in revenue-generating departments/positions	%	7.9	8.3	10.2	
		Number of female employees in STEM[20] positions	Person	2,418	2,590	3,000	
		Percentage of female employees in STEM positions	%	4.1	4.4	5.3	
	Number of employees with disabilities (Korea)	Number of employees with disabilities	Person	2,101	1,920	1,701	Based on the reported number in December (Korea Employment Agency for Persons with Disabilities)
		Percentage of employees with disabilities	%	3.13	2.82	2.50	Number of employees with disabilities / Total number of employees * 100
	Number of employees by age	Under 30 years old	Person	23,689	26,249	26,979	
		30-50 years old	Person	63,327	65,028	62,792	
		Over 50 years old	Person	35,805	34,792	33,950	
		Total	**Person**	**122,821**	**126,069**	**123,721**	

[19] Revenue-generating departments: CTO, AAM Division, SDV Division, Asia Strategic Region, GSO, Global Design Division, ICT Division, Quality Division, Manufacturing Area/Manufacturing Solution Division, TVD Division, Advanced Technology Institute, Domestic Productions, Procurement Division, Genesis Business Division, Brand Marketing Division, Global Commercial Vehicle & Hydrogen Business Division, Korea Business Division, Global Operations Division, Product Division, N Brand & Motor Sport Sub-Division

[20] STEM (Science, Technology, Engineering, Math) employees: R&D Division, CTO, AAM Division, SDV Division, GSO, Global Design Division, ICT Division, Quality Division, Manufacturing Area /Manufacturing Solution Division, TVD Division, Advanced Technology Institute, Domestic Productions, Procurement Division, Hyundai Motor India Headquarters

Classification				Unit	2021	2022	2023	Note
Employees	Labor union membership (Korea)	Number of people with labor union membership		Person	47,538	45,751	44,095	
		Labor union membership percentage		%	66.3	63.1	59.9	
	Strikes[21]	Total number of strikes		Case	0	0	1	
		Number of days of work loss due to strikes		Day	0	0	1	
	Employee training (Korea)	Total training expenses		KRW billion	417	636	806	
		Training expenses per employee		KRW 10,000	60.3	88.0	110.4	Total training expense / Total number of employees
		Training expenses per person (by position)	Executive level management	KRW 10,000	161.8	399.6	323.8	
			Middle level management	KRW 10,000	98.3	314.5	92.7	
			New employees and nonmanagers	KRW 10,000	56.7	59.2	111.1	
		Training expenses per person (by gender)	Male	KRW 10,000	59.5	86.7	108.6	
			Female	KRW 10,000	72.9	107.6	134.5	
		Training expenses per person (by age)	Under 30 years old	KRW 10,000	134.0	77.9	106.1	
			30-50 years old	KRW 10,000	72.5	150.4	179.3	
			Over 50 years old	KRW 10,000	41.5	29.9	38.8	
		Training hours per employee		Hour	27.9	34.3	47.5	Total training hours provided to employees / Total number of employees
		Training hours per person (by position)	Executive level management	Hour	29.3	32.4	33.5	Total training hours by position / Number of employees by position
			Middle level management	Hour	35.9	23.5	58.3	
			New employees and nonmanagers	Hour	27.3	35.6	46.3	
		Training hours per person (by gender)	Male	Hour	27.5	33.2	45.6	
			Female	Hour	34.4	50.9	72.0	
		Training hours per person (by age)	Under 30 years old	Hour	75.6	62.8	77.5	
			30-50 years old	Hour	30.7	38.8	52.8	
			Over 50 years old	Hour	20.5	21.7	31.2	

[21] Participated in one political strike organized by the Korean Metal Workers' Union in 2023 (44,000 members of the Hyundai Motor Company branch, 2-hour strike for each of the 1st and 2nd shifts). However, there were no strike records related to collective bargaining (achieved dispute-free settlements for 5 consecutive years).

Facts & Figures

Classification				Unit	2021	2022	2023	Note
Employees	Parental leave (Korea)	Number of employees on parental leave (Male)		Person	188	285	184	
		Number of employees on parental leave (Female)		Person	162	234	203	
		Return-to-work rate after parental leave (Male)		%	89.5	81.7	93.4	Percentage of employees who actually returned to work
		Return-to-work rate after parental leave (Female)		%	92.6	75.0	94.7	
		Retention rate after parental leave (Male)		%	97.6	93.7	97.3	Retention rate for 2023: Percentage of employees returned to work in 2022 who remained employed at the end of 2023
		Retention rate after parental leave (Female)		%	98.6	95.3	97.1	
	New employee hires	Number of people hired		Person	21,484	23,018	25,419	
		By gender	Male	Person	18,979	20,344	22,467	
			Female	Person	2,505	2,674	2,952	
		By age	Under 30 years old	Person	13,883	13,939	16,551	
			30-50 years old	Person	5,603	6,624	5,900	
			Over 50 years old	Person	1,998	2,455	2,968	
		By nationality (Korea)	Korea	Person	7,490	8,110	10,741	New employee hires by nationality is reported with regards to domestic data only
			U.S.	Person	9	4	9	
			Canada	Person	2	1	5	
			China	Person	3	1	1	
			Germany	Person	1	1	0	
			Others	Person	2	5	0	In 2021, 2 individuals from France; in 2022, 2 individuals from the UK, and 1 individual each from France, Taiwan, and India
	Internal recruitment ratio			%	99.0	92.0	96.4	Placement-to-vacancy ratio that reflects internal recruit and transfer
	Youth interns hired	Total number of hired people		Person	213	120	117	Intern / Research intern / Recruitment type intern / Experience-based intern
		Full-time conversion rate		%	53.1	30.0	41.0	Number of personnel converted to regular employment: 48

Classification				Unit	2021	2022	2023	Note
Employees	Employee turnover (Korea)	By gender	Male	%	5.72	5.26	5.30	
			Female	%	0.29	0.22	0.17	
		By age	Under 30 years old	%	0.95	0.23	0.75	
			30-50 years old	%	0.72	0.60	0.55	
			Over 50 years old	%	4.31	4.65	4.17	
		By position	Executive level management	%	0.03	0.14	0.02	
			Middle level management	%	0.11	0.15	0.22	
			Non-manager	%	5.04	5.18	5.39	
		Turnover rate		%	6.00	5.47	5.48	
		Voluntary turnover rate[22]		%	0.70	0.94	0.82	
	Employee turnover (Overseas)	Turnover rate		%	17.19	18.97	18.32	
		Voluntary turnover rate		%	11.00	14.00	12.40	
	Employee turnover (Korea + Overseas)	Turnover rate		%	10.6	11.4	10.9	
		Voluntary turnover rate		%	5.0	6.8	5.7	
	Wage by gender	Male executives	Average basic salary	KRW	292,430,000	329,929,105	327,562,500	
			Average total wage	KRW	330,950,106	429,225,256	445,227,057	Sum of basic salary and bonus
		Female executives	Average basic salary	KRW	257,678,571	323,461,538	320,764,000	
			Average total wage	KRW	325,828,057	417,714,941	452,255,582	Sum of basic salary and bonus
		Male managers	Average basic salary	KRW	73,253,066	77,864,821	80,445,169	
			Average total wage	KRW	99,688,405	114,997,449	127,722,884	Sum of basic salary and bonus
		Female managers	Average basic salary	KRW	70,490,756	72,522,553	73,989,533	
			Average total wage	KRW	95,522,021	108,073,603	119,054,509	Sum of basic salary and bonus
		Male staff	Average basic salary	KRW	79,293,050	88,283,218	96,933,290	
		Female staff	Average basic salary	KRW	79,408,784	89,364,988	101,966,967	
	Organizational culture survey	Employee engagement rate		%	68.5	72.9	76.6	

[22] Voluntary turnover: When employees voluntarily leave their positions for reasons other than retirement, dismissal, etc.

Facts & Figures

Classification			Unit	2021	2022	2023	Note
Social Contributions	Social contributions expenditures by type	Cash donations	KRW million	39,015	44,998	125,133	
		In-kind contributions	KRW million	2,123	2,925	4,546	
		Employee volunteer	KRW million	696	832	911	Monetary value conversion of employees' volunteer hours[23]
		Management overhead	KRW million	6,124	10,466	14,929	
	Social contributions expenditures by area	Local community investment	KRW million	37,054	39,506	113,358	
		Simple donation	KRW million	3,658	6,632	15,424	
		For commercial use	KRW million	6,549	12,251	15,826	
	Social contributions expenditures by region	Korea	KRW million	47,262	58,389	144,608	
		Overseas	USD	16,288,622	22,394,209	27,896,064	
	Employees volunteering (Korea)	Number of volunteer activities	Case	375	627	613	
		Number of participants	Person	6,330	5,592	7,436	
		Number of hours participated	Hour	14,034	15,016	19,005	
	Expenditure by donation/ contribution type	Associations and tax-free groups	KRW million	6,251	5,180	6,009	Associations and groups related to the industry
		Lobbyist and interest groups	KRW million	0	0	0	
		Political donations	KRW million	0	0	0	
		Others	KRW million	0	0	0	
		Total expenditures by type	**KRW million**	**6,251**	**5,180**	**6,009**	
	Expenditure by major contributed association	Foundation of Korea Automotive Parts Industry Promotion	KRW million	3,300	3,300	10,972	
		Korea Automobile Manufacturers Association	KRW million	2,243	2,178	2,453	
		Korea Automotive Technology Institute	KRW million	322	332	230	
		H2Korea	KRW million	200	200	200	
		Korea Traffic Disabled Association	KRW million	100	100	100	

[23] Employees' annual volunteer hours x employees' average hourly wage (average annual income / annual no. of work days / hour)

Classification			Unit	2021	2022	2023	Note
Quality & Safety	Quality Index (based on the survey conducted by J.D. Power and Associates)	U.S. Vehicle Dependability Study (Hyundai)	Ranking (Score)	Non-premium 4th (101)	Non-premium 3rd (148)	Non-premium 6th (170)	
		U.S. Initial Quality Study (Hyundai)	Ranking (Score)	Non-premium 6th (149)	Non-premium 12th (185)	Non-premium 10th (188)	
		U.S. Vehicle Dependability Study (Genesis)	Ranking (Score)	Premium 4th (102)	Premium 1st (155)	Premium 2nd (144)	
		U.S. Initial Quality Study (Genesis)	Ranking (Score)	Premium 2nd (148)	Premium 1st (156)	Premium 5th (176)	
	Quality management system	Percentage of business sites with quality management system certification	%	100	100	100	All business sites in Korea and overseas are ISO 9001 certified
	Customer satisfaction survey	Customer Satisfaction Score - Hyundai Customer Experience Index (HCXI)	Score	71.2	72.1	72.2	1:1 weight assigned to sales/ maintenance
		External evaluation – National Customer Satisfaction Index (NCSI)	Ranking	1st place at all segments	1st place at all segments	1st place at all segments	Sub-medium, medium, semi-large, large, compact RV, large RV, electric vehicles
		Korean Standard-Quality Excellence Index (KS-QEI)	Ranking	1st place at all segments	1st place at all segments	1st place in 10 categories (total 14 categories)	Luxury sedan E-segment, medium, medium SUV, electric vehicle, automobile AS, and other 10 segments
		External evaluation – Korean Customer Satisfaction Index (KCSI)	Ranking	1st place at all segments	1st place at all segments	1st place at all segments	Passenger vehicles, RVs, compact vehicles, electric vehicles
		Domestic Maintenance Service Satisfaction (HCXI)	Score (Rank)	70.1 (1st)	71.8 (1st)	72.5 (1st)	1:1 weight assigned to directly-run/ Bluehands
		Overseas Sales Customer Satisfaction (NPS)	Score (Country of Implementation	86.3 (31 countries)	87.7 (35 countries)	90.6 (35 countries)	
		Overseas Maintenance Service Satisfaction (NPS)	Score (Country of Implementation	75.9 (31 countries)	77.5 (35 countries)	78.8 (35 countries)	

Facts & Figures

Classification		Unit	2021	2022	2023	Note
Safety and Health	Number of work-related fatalities for employees	Person	1	1	2	
	Number of work-related fatalities for contractors	Person	3	0	0	
	Number of employees involved in occupational accidents (Korea)	Person	424	478	559	
	Number of employees involved in occupational accidents (Overseas)	Person	11	30	34	
	Total number of employees involved in occupational accidents	Person	435	508	593	171 cases
	Accident rate (Korea)	%	0.73	0.81	0.93	
	Accident rate (Overseas)	%	0.04	0.07	0.08	
	Accident rate (Total)	%	0.49	0.55	0.58	
	Employee LTIFR[24]	Number of cases/ million working hours	1.76	1.94	1.89	Based on figures of the Ulsan, Asan, and Jeonju plants in Korea, and overseas manufacturing plants Number of injuries that prevent workers from recovering to the same state before the accident within six months: 83 cases
	Supplier LTIFR[25]	Number of cases/ million working hours	1.43	1.53	1.05	

[24] Lost-Time Injuries Frequency Rate (LTIFR): Number of lost-time injuries per million hours worked during an accounting period

[25] When investigating the number of in-house supplier workers at the Jeonju Plant in 2021, the total number of workers of suppliers was indicated, resulting in an overestimated figure

Classification			Unit	2021	2022	2023	Note
Compliance/ Ethical Training	Number of training sessions (Korea)		Case	11	26	26	
	Number of participants (Korea)		Person	21,567	8,651	1,793	
	Number of training sessions (Overseas)		Case	9	0	0	Operation of ongoing training programs for dispatched staff members
	Number of participants (Overseas)		Person	80	0	0	
Non-compliance with Regulations and Voluntary Codes	Number of personal Information leakage Incidents	Total number of personal Information leakage Incidents	Case	1[26]	0	0	
		Number of customers affected by the Incidents	Person	6	0	0	
	Number of cyber asset damage incidents		Case	0	0	0	
	Number of labeling/advertising violations		Case	0	0	0	
	Fines due to serious human rights violations related to employees.		KRW	-	-	0	New disclosures from 2023
	Penalty and fine for non-compliance with environmental regulations	No. of cases of environmental violations	Case	0	0	1[27]	In 2023, the U.S. sales and research subsidiaries (HMA, HATCI) paid a fine of US $3,109,050 due to failure to submit for approval the details of emission-related changes to CARB (California Air Resources Board)
		Penalty and fine	KRW million	0	0	4,023	
		Environment-related provisions	KRW million	0	0	0	

[26] A public announcement was made regarding the case in 2022. The penalty was paid in 2023.

[27] There was one case where a fine was paid due to a regulatory violation by the U.S. sales and research subsidiary (failure to report certification for vehicle controller changes). Additionally, there is one ongoing case currently under appeal regarding a regulatory violation with the Korean Ministry of Environment.

ESG Certifications and Patents

Certification Status by Business Site (ISO Certification)

Classification		Term of Validity	Note
ISO 14001 (Environmental Management)	Business sites in Korea (Ulsan Plant, Asan Plant, Jeonju Plant, Namyang Technology Research Center, Headquarters, Korea Business Division)	2023-2026	Integrated certification
	Hyundai Motor Manufacturing Alabama (HMMA)	2021-2024	
	Beijing Hyundai Motor Company (BHMC)	2021-2024	
	Hyundai Motor India (HMI)	2023-2026	
	Hyundai Motor Central & South Americas (HMCSA)	2021-2024	
	Hyundai Motor Manufacturing Czech (HMMC)	2021-2024	
	Hyundai Assan Otomotiv Sanayi (HAOS)	2021-2024	
	Hyundai Motor Manufacturing Indonesia (HMMI)	2022-2025	
	Hyundai Truck & Bus China (HTBC)	2023-2026	
	Hyundai Mobility Global Innovation Center in Singapore (HMGICS)	2023-2026	
	Hyundai Thanh Cong Vietnam (HMTV)	2021-2024	
	HTWO Guangzhou	2024-2027	
SO 45001 (Health and Safety Management)	Business sites in Korea	2023-2026 (Jeonju Plant) 2021-2024 (Asan Plant)) 2021-2024 (Namyang Technology Research Center) 2022-2025 (Ulsan Plant)	
	HTWO Guangzhou	2024-2027	
ISO 27001 (Information Security Management)	Business sites in Korea	2021-2024	
ISO 9001 (Quality Management)	Business sites in Korea & Overseas	2021-2024	
ISO 50001 (Energy Management)	Beijing Hyundai Motor Company (BHMC)	2022-2025 (Renhe/Yangzhen Plants) 2021-2024 (Changzhou Plant)	
	Hyundai Motor India (HMI)	2021-2024	
	Hyundai Assan Otomotiv Sanayi (HAOS)	2021-2024	
	Hyundai Motor Manufacturing Indonesia (HMMI)	2023-2026	

Patent Status

Indicator		unit	2021	2022	2023
			Domestic and international	Domestic and international	Domestic and international
Number of patents held accumulate		Case	32,477	35,772	37,788
New patent application (yearly)	Total number of new patent applications	Case	6,637	7,729	6,853
	Future technology (autonomous driving, Connectivity)	Case	639	780	729
	Eco-friendly technology[1] (electrification, hydrogen energy, recycle, biomaterial, CCUS[2])	Case	1,503	2,194	1,702
	etc.	Case	4,495	4,755	4,422

[1] Eco-friendly technology : Classified and compiled eco-friendly technologies to achieve carbon neutrality
[2] CCUS: Carbon Capture, Utilization and Storage

GRI Index

Universal Standards

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[1)] Reason for non-disclosure: Confidentiality. We manage information on workers who are not employees but it is difficult to disclose information on workers who are not Hyundai employees due to company regulations..

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403-5	Worker training on occupational health and safety	58-61	
403-6	Promotion of worker health	62	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	59-61	
403-8	Workers covered by an occupational health and safety management system	58-59	
403-9	Work-related injuries	58-59, 105	
403-10	Work-related ill health	58-59, 105	
404-1	Average hours of training per year per employee	102	
404-2	Programs for upgrading employee skills and transition assistance programs	55-56	
404-3	Percentage of employees receiving regular performance and career development reviews	54	
405-1	Diversity of governance bodies and employees	81, 101-102	
405-2	Ratio of basic salary and remuneration of women to men	103	
406-1	Incidents of discrimination and corrective actions taken	54, 88	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	52, 69	
408-1	Operations and suppliers at significant risk for incidents of child labor	52, 69	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	52, 69	
411-1	Incidents of violations involving rights of indigenous peoples	-	No incidents of violations occurred
413-1	Operations with local community engagement, impact assessments, and development programs	12, 46-48, 76-79, 104	
414-2	Negative social impacts in the supply chain and actions taken	69	
415-1	Political contributions	104	No political contributions made
416-1	Assessment of the health and safety impacts of product and service categories	73	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	72, 105	
417-1	Requirements for product and service information and labeling	75	
417-2	Incidents of non-compliance concerning product and service information and labeling	105	No incidents of violations occurred
417-3	Incidents of non-compliance concerning marketing communications	105	No incidents of violations occurred
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	105	

ESRS (European Sustainability Reporting Standards)

ESRS 2. General Disclosures

Indicator No.	Title	Page
ESRS 2 BP-1	General basis for preparation of the sustainability statements	124
ESRS 2 BP-2	Disclosures in relation to specific circumstances	28, 36, 42, 43, 97, 98, 100, 117-122
ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies	9, 21, 81-85
ESRS 2 GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	82, 85
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	9, 17, 20, 37, 59
ESRS 2 GOV-4	Statement on sustainability due diligence	50-53, 67-69
ESRS 2 GOV-5	Risk management and internal controls over sustainability reporting[1]	-
ESRS 2 SBM-1	Market position, strategy, business model(s) and value chain	6-7, 25-26
ESRS 2 SBM-2	Interests and views of stakeholders	11-13
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model(s)	15-17
ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	14
ESRS 2 IRO-2	Disclosure Requirements in ESRS covered by the undertaking's sustainability statements	110-112

[1] We have been operating an IT system-based "ESG platform" since 2022 to secure ESG data collection-inspection-disclosure efficiency and credibility of all business sites in Korea and abroad

ESRS E1. Climate Change

Indicator No.	Title	Page
ESRS E1-1	Transition plan for climate change mitigation	32
ESRS E1-2	Policies related to climate change mitigation and adaptation	23-32
ESRS E1-3	Actions and resources in relation to climate change policies	32, 37
ESRS E1-4	Targets related to climate change mitigation and adaptation	24-26, 30-32, 38
ESRS E1-5	Energy consumption and mix	98
ESRS E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	36, 98
ESRS E1-7	GHG removals and GHG mitigation projects financed through carbon credits	16, 31
	Avoided emissions of products and services	15, 27
ESRS E1-8	Internal carbon pricing[2]	-
ESRS E1-9	Potential financial effects from material physical and transition risks and potential climate-related opportunities	22, 33-35

[2] internal carbon price is calculated in connection with the Emission Trading Scheme (ETS) price, and is used for improving energy efficiency, implementing low-carbon strategies and investments, and discovering and harnessing low carbon business opportunities

ESRS E2. Pollution

Indicator No.	Title	Page
ESRS E2-1	Policies related to pollution	19, 43
ESRS E2-2	Actions and resources related to pollution	20, 43
ESRS E2-3	Targets related to pollution	44
ESRS E2-4	Pollution of air, water and soil	100
ESRS E2-5	Substances of concern and substances of very high concern	44
ESRS E2-6	Potential financial effects from pollution-related impacts, risks and opportunities	20

ESRS (European Sustainability Reporting Standards)

ESRS E3. Water and Marine Resources

Indicator No.	Title	Page
ESRS E3-1	Policies implemented to manage water and marine resources	19, 42-43
ESRS E3-2	Actions and resources related to water and marine resources	20, 42-43
ESRS E3-3	Targets related to water and marine resources	43
ESRS E3-4	Water consumption	42, 99
ESRS E3-5	Potential financial effects from water and marine resources-related impacts, risks and opportunities	20

ESRS E4. Biodiversity and Ecosystems

Indicator No.	Title	Page
ESRS E4-1	Transition plan on biodiversity and ecosystems[3]	-
ESRS E4-2	Policies related to biodiversity and ecosystems	19, 46
ESRS E4-3	Actions and resources related to biodiversity and ecosystems	47
ESRS E4-4	Targets related to biodiversity and ecosystems[3]	47
ESRS E4-5	Impact metrics related to biodiversity and ecosystems change	46-48
ESRS E4-6	Potential financial effects from biodiversity and ecosystem-related risks and opportunities	20

[3] We present a mid- to long-term goal as well as activity and performance target through Hyundai Motor Company Biodiversity Protection Policy and Hyundai Motor Company No Deforestation Policy

Biodiversity Protection Policy No Deforestation Policy

ESRS E5. Resource Use and Circular Economy

Indicator No.	Title	Page
ESRS E5-1	Policies related to resource use and circular economy	19, 39, 41
ESRS E5-2	Actions and resources related to resource use and circular economy	39-41
ESRS E5-3	Targets related to resource use and circular economy	39-40
ESRS E5-4	Resource inflows	42, 98
ESRS E5-5	Resource outflows	40, 100
ESRS E5-6	Potential financial effects from resource use and circular economy-related impacts, risks and opportunities	20

ESRS S1. Own Workforce

Indicator No.	Title	Page
ESRS S1-1	Policies related to own workforce	51, 57
ESRS S1-2	Processes for engaging with own workers and workers' representatives about impacts	57-58
ESRS S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	54, 57, 88
ESRS S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	51-62
ESRS S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	51, 58
ESRS S1-6	Characteristics of the undertaking's employees	101-102
ESRS S1-7	Characteristics of non-employee workers in the undertaking's own workforce	101
ESRS S1-8	Percentage of total employees covered by collective bargaining agreements For employees not covered by collective bargaining agreements, a description of reasons and countermeasures	57, 102
	No. of strikes, no. of work loss days due to strikes, measures and discussions to resolve strikes, etc.	102
ESRS S1-9	Average hourly wage difference between genders, ratio of women's hourly wage against men's hourly wage	103
	Persons subject to family care leave (maternity leave, parental leave, etc.), no. of persons who went on a leave, retention rate after returning to work after leave	103
ESRS S1-10	Adequate wages[4]	55, 103
ESRS S1-11	Social protection	62
ESRS S1-12	Persons with disabilities	102
ESRS S1-13	Percentage of employees that participated in regular performance and career development reviews	54
	Average number of training hours and expenses per person	102
ESRS S1-14	Percentage of own workers who are covered by the undertaking's health and safety management system based on legal requirements and/or recognized standards or guidelines	58, 106
	Number and rate of work-related injuries and ill health, the number of days lost to work-related injuries, accidents, and ill health	105, 116
ESRS S1-15	Work-life balance indicators	62, 103
ESRS S1-16	Ratio of the annual total compensation ratio of the highest paid individual to the median annual total compensation for all employees	84
ESRS S1-17	Number of work-related incidents and severe human rights impacts and incidents within its own workforce and any related material fines or sanctions for the reporting period	52-53, 59-61
	Number of complaints and severe human rights impacts and incidents within its own workforce and any related countermeasures and plans to prevent reoccurrence	52-53, 59-61

[4] We set a wage that is more than the minimum wage specified in local laws where our domestic and overseas business sites are located. An accurate wage that is calculated according to work hours is regularly paid on a set date.

ESRS (European Sustainability Reporting Standards)

ESRS S2. Workers in the Value Chain

Indicator No.	Title	Page
ESRS S2-1	Policies related to value chain workers	61, 66, 70
ESRS S2-2	Processes for engaging with value chain workers about impacts	66, 69-70
ESRS S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns[5]	63
ESRS S2-4	Taking action on material impacts on value chain workers, and approaches to mitigating material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	66-70
ESRS S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	69

[5] Through Hyundai Motor Group's Transparent Purchase Practices Center, we operate a "suggestion box for transparency and ethical practices" and "suggestion box for tier-2 and tier-3 suppliers

ESRS S3. Affected Communities

Indicator No.	Title	Page
ESRS S3-1	Policies related to affected communities	76
ESRS S3-2	Processes for engaging with affected communities about impacts	12
ESRS S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	12
ESRS S3-4	Taking action on material impacts on affected communities, and approaches to mitigating material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	77-79
ESRS S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	77-79

EESRS S4. Consumers and End Users

Indicator No.	Title	Page
ESRS S4-1	Policies related to consumers and end-users	73-74
ESRS S4-2	Processes for engaging with consumers and end-users about impacts	72-74
ESRS S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	72-73
ESRS S4-4	Taking action on material impacts on consumers and end-users, and approaches to mitigating material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	71-73
ESRS S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities[6]	-

[6] We are continually carrying out activities based on three major directions – "strengthen maintenance capabilities," "secure outstanding personnel," and "operate maintenance regulations" – to enhance customer and consumer service quality

ESRS G1. Business Conduct

Indicator No.	Title	Page
ESRS G1-1	Top decision-making body's declaration of ethical management and roles and responsibilities in relation to management and supervision	88
	Requirements in the Ethics Charter and Code of Conduct	88
ESRS G1-2	Operating the compliance program, conducting activities to make payment improvements, such as the win-win payment system	65, 89
	Diagnosing and conducting a due diligence on supplier ESG risks, reflecting diagnosis and due diligence results in supplier selection criteria[7]	66-69
ESRS G1-3	Activities to prevent corruption or bribery, and a system to investigate and report outcomes to the administrative, management and supervisory bodies	88-89
	to prevent unfair trading, and a system to investigate and report outcomes to the administrative, management and supervisory bodies	88-89
ESRS G1-4	Number of confirmed incidents of corruption or bribery, details of public legal cases, the number of confirmed incidents in which own workers were dismissed or disciplined	88
	Number of confirmed incidents of unfair trading, details of public legal cases, the number of confirmed incidents in which own workers were dismissed or disciplined	88
ESRS G1-5	Political influence and lobbying activities[8]	104
ESRS G1-6	Payment practices	65

[7] We operate the "5-star System," which evaluates technology/quality/delivery levels to certify outstanding suppliers. We also reflect the results of evaluating ESG and safety/environment/security in trade conditions.

[8] In accordance with Anti-Corruption/Bribery Policy of Hyundai Motor Company, we handle charitable donations and sponsorships fairly according to internal execution standards and processes. Donations and sponsorships for political purposes are prohibited.

Anti-Corruption/Bribery Policy of Hyundai Motor Company

TCFD Index

Disclosure Focus Area	Title	Page	Note[1)]
Governance	Describe the board's oversight of climate-related risks and opportunities.	9, 21	Report to Sustainability Management Committee of the BOD and review thereof (once/semi-annually) CDP questions: C1.1b
	Describe management's role in assessing and managing climate-related risks and opportunities.	9, 21	Operation of the ESG Committee, a subcommittee under the Hyundai Business Strategy Meeting (hosted by the CEO) CDP questions: C1.2
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	22, 33-35, 37	CDP questions: C1.1a, C2.2a, C2.3, C2.3a, C2.4, C2.4a
	Describe the impact of climate related risks and opportunities on the organization's businesses, strategy, and financial planning.	22, 33-35	CDP questions: C2.3a, C2.4a, C3.3, C3.4, C3.5, C3.5a, C3.5b, C3.5c
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	33-36	CDP questions: C3.1, C3.2, C3.2a, C3.2b
Risk Management	Describe the organization's processes for identifying and assessing climate-related risks.	36	CDP questions: C2.1 C2.1a, C2.1b, C2.2
	Describe the organization's processes for managing climate-related risks.	23, 36	CDP questions: C2.1b, C2.2
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	9, 36, 90	CDP questions: C2.1 C2.1a, C2.1b, C2.2
Metrics and Targets	Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process.	6, 24-32, 98	Energy consumption, vehicle production and sales status, vehicle CO2 emissions, sales, etc. CDP questions: C8.2, C8.2a, C8.2b, C8.2c, C8.2e, C11.3a
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	36, 98	CDP questions: C6.1, C6.3, C6.5, C7.1a, C7.2, C7.3b, C7.5, C7.6b, C7.7, C7.7a
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	24-26, 30, 32, 37-38	CDP questions: C1.3, C1.3a, C4.1, C4.1a, C4.1c

[1)] Based on CDP 2023 questions

SASB Index

<table>
<tr><th colspan="2"></th><th>Accounting Metric</th><th>Page</th><th>Note</th></tr>
<tr><td rowspan="3">Product Safety</td><td>TR-AU-250a.1</td><td>Percentage of vehicle models rated by NCAP programs with an overall 5-star safety rating, by region</td><td>73</td><td>Korea: 100%, U.S.: 85.7%
<table><tr><th>Classification</th><th>Percentage Vehicle</th><th>Vehicle models rated 5-star</th></tr><tr><td>Korea</td><td>100%</td><td>Grandeur, Kona EV, GV60</td></tr><tr><td>U.S.</td><td>85.7%</td><td>Tucson HEV, IONIQ 5, Elantra, Sonata, Santa Cruz, Santa Fe, GV70, GV80, G80, etc.</td></tr></table></td></tr>
<tr><td>TR-AU-250a.2</td><td>Number of safety-related defect complaints, percentage investigated</td><td>71-72</td><td>Constant monitoring of customer complaints and 100% voluntary recall immediately when potential issues are recognized to customers of Ministry of Land, Infrastructure and Transport (Korea), NHTSA (U.S. Department of Transportation’s National Highway Traffic Safety Administration)</td></tr>
<tr><td>TR-AU-250a.3</td><td>Number of vehicles recalled</td><td>72</td><td>2023: 5.48 million vehicles (voluntary recall)</td></tr>
<tr><td rowspan="2">Labor Practices</td><td>TR-AU-310a.1</td><td>Percentage of active workforce covered under collective bargaining agreements</td><td>102</td><td>2023: 59.9% (domestic basis)</td></tr>
<tr><td>TR-AU-310a.2</td><td>(1) Number of work stoppages, and
(2) total days idle</td><td>102</td><td>2023: One strike incident with more than 1,000 people taking a break from work, resulting in a total loss of 1 day (domestic and overseas).</td></tr>
<tr><td rowspan="3">Fuel Economy &
Use-phase Emissions</td><td>TR-AU-410a.1</td><td>Sales-weighted average passenger fleet fuel economy, by region</td><td>28</td><td>EU average passenger fleet carbon emissions, China/U.S. average fleet fuel economy
<table><tr><th colspan="2"></th><th>2020</th><th>2021</th><th>2022</th><th>2023</th></tr><tr><td colspan="2">Average fleet carbon emissions in EU (g/km)</td><td>94.7</td><td>107.1</td><td>106.0</td><td>106.9</td></tr><tr><td colspan="2">Average fleet fuel economy in China (L/100km</td><td>5.61</td><td>6.15</td><td>6.28</td><td>6.19</td></tr><tr><td rowspan="2">Average fleet fuel economy in U.S. (mpg)</td><td>Passenger car</td><td>40.0</td><td>42.8</td><td>45.1</td><td>46.8</td></tr><tr><td>Light truck</td><td>29.4</td><td>30.9</td><td>36.1</td><td>35.3</td></tr></table></td></tr>
<tr><td>TR-AU-410a.2</td><td>Number of
(1) zero emission vehicles (ZEV),
(2) hybrid vehicles, and
(3) plug-in hybrid vehicles sold</td><td>6, 26</td><td>Number and proportion of eco-friendly vehicles sold in 2023 (Unit: 1,000)
<table><tr><th>Classification</th><th>HEV/PHEV</th><th>EV</th><th>FCEV</th><th>총계</th></tr><tr><td>Global</td><td>422(10.0%)</td><td>269(6.4%)</td><td>5(0.1%)</td><td>695(16.5%)</td></tr></table></td></tr>
<tr><td>TR-AU-410a.3</td><td>Discussion of strategy for managing fleet fuel economy and emissions risks and opportunities</td><td>25-28</td><td>Expansion of sales of electric vehicles and promotion of fuel efficiency improvement for internal combustion engines.</td></tr>
<tr><td>Materials Sourcing</td><td>TR-AU-440a.1</td><td>Management of risks related to use of main materials</td><td>41-42, 70, 92</td><td>Details are provided on the respective page of the report and Hyundai’s conflict mineral management report Hyundai Motor Company Conflict Minerals Report</td></tr>
<tr><td rowspan="3">Materials Efficiency &
Recycling</td><td>TR-AU-440b.1</td><td>Total amount of waste from manufacturing, percentage recycled</td><td>43, 100</td><td>Total waste emissions from business sites as of 2023: 1,024,155 tons, recycling rate: 93.5%</td></tr>
<tr><td>TR-AU-440b.2</td><td>Weight (ton) of end-of-life material recovered, percentage recycled</td><td>40</td><td>Weight of materials reused/recycled after end-of-life in 2023 was around 199,000 tons.
End-of-life recycling rate in 2023 was 82.4% excluding heat recovery, 91% including heat recovery.</td></tr>
<tr><td>TR-AU-440b.3</td><td>Average recyclability of vehicles sold</td><td>39</td><td>Vehicle Recyclability: 85% (95%, when including waste energy recovery)</td></tr>
<tr><td rowspan="2">Activity Metrics</td><td>TR-AU-000.A</td><td>Number of vehicles manufactured</td><td>6, 97</td><td>4,289,776 Vehicle</td></tr>
<tr><td>TR-AU-000.B</td><td>Number of vehicles sold</td><td>6, 97</td><td>4,216,898 Vehicle</td></tr>
</table>

WEF IBC Stakeholder Capitalism Metrics

Theme	Metrics	Page	Note
Governing Purpose	Setting purpose	3, 8	We are continuously making sincere efforts to pursue the creation of economic value by continually securing a competitive edge, realization of customer value through quality management, and creation of social value through corporate citizenship.
Quality of BOD	BOD composition	81-85	The BOD consists of 5 internal directors and 7 external directors (including 2 female directors). In order to faithfully perform the duties as an external director, it is prohibited to concurrently hold the position of director, executive officer, or auditor in two or more other companies outside of our company. In order to prevent conflicts of interest, transactions within the company's business category are restricted, as well as becoming an unlimited liability employee or director of another company in the same industry, without prior approval from the board of directors.
Stakeholder Engagement	Material issues impacting stakeholders	14-17	In order to identify material sustainability management issues that impact Hyundai's stakeholders, we performed a materiality analysis in target of Hyundai employees and outside sustainability management experts.
Ethical Behavior	Anti-corruption	88-89, 105	Reports on unfair and corrupted acts are submitted and processed through the Cyber Audit Office. Additionally, we provide compliance management and ethics trainings to raise our members' compliance awareness and to build an ethical compliance culture.
	Reporting mechanisms	51-54, 88-89	Through a regular half-yearly audit and frequent audits every year, we examine the status of employees' practice of the Code of Ethics, and report the results to the BOD's Sustainability Management Committee.
Risk and Opportunity Oversight	Integrating risk and opportunity into business process	16-17, 22-23, 90-93	By identifying regional/organizational issues on climate change issues, we evaluate the impacts of each factor affecting the company in aim of establishing a decent, company-wide response strategy. In addition, we carry out a materiality analysis to disclose the management directions for each major issue, key performance and mid- to long-term plans.
Climate Change	Greenhouse gas (GHG) emissions	32, 36, 98	We disclose the total greenhouse gas emissions occurring from all domestic business sites and 10 overseas subsidiaries. Greenhouse gas emissions (Scope 1+2, tCO_2-eq): 2,275,751 Emissions for a total of 11 categories (6 upstream and 5 downstream) are disclosed. Greenhouse gas emissions (Scope 1+2, tCO_2-eq): 141,956,876
	TCFD implementation	113	Details of all recommendations in the TCFD Index can be found in the Sustainability Report and the Carbon Disclosure Project (CDP).
Nature Loss	Land use and ecological sensitivity	48	The Ulsan Plant, the largest single plant, is located within a 0.07 km radius of the Taehwa River, and the lower reaches of the Taehwa River have been designated as an ecological landscape conservation area and wildlife protection area to preserve the habitat of wild animals and plants such as migratory birds.
Freshwater Availability	Water consumption and withdrawal in water-stressed areas	42-43, 99	Hyundai Motor Company evaluates water risks for each business site based on the WRI Aqueduct Water Risk Atlas Tool. As a result of the evaluation, it was determined that India (HMI), Türkiye (HAOS), USA (HMMA) and Indonesia (HMMI) production subsidiaries and BHMC, HTBC, and HTWO Guangzhou located in China have extremely high water risks. HMI, HAOS, HMMI, BHMC, HTBC, HTWO Guangzhou

Volume of water withdrawal (Ton)	Volume of water consumption (Ton)	Rate of water withdrawal	Rate of water consumption
5,364,105	3,438,515	26.1%	31.1%

Dignity and Equality	Diversity and Inclusion	57, 101-102	Data on employees by age, female employees, and employment status of the disabled is disclosed in the Sustainability Report.
	Pay equality	84, 103	The average remuneration per person is disclosed in the Sustainability Report.
	Wage level	84, 103	
	Risk for incidents of child, forced or compulsory labor	53	There are no business sites or suppliers with a high risk of child/forced labor

WEF IBC Stakeholder Capitalism Metrics

<table>
<tr><th>Theme</th><th>Metrics</th><th>Page</th><th>Note</th></tr>
<tr><td>Health and Well-being</td><td>Health and safety</td><td>105</td><td>The number of industrial accident victims, industrial accident rate, work loss rate and occupational disease rate are disclosed in the Sustainability Report.

LTIFR & OIFR
<table><tr><th>Classification</th><th>Accident rate</th><th>LTIFR</th><th>OIFR</th></tr><tr><td>Employees (Korea)</td><td>0.93</td><td>2.87</td><td>1.26</td></tr><tr><td>Employees (Overseas)</td><td>0.08</td><td>0.37</td><td>0.00</td></tr><tr><td>Employees (Total)</td><td>0.58</td><td>1.89</td><td>0.88</td></tr><tr><td>Suppliers (Korea)</td><td>-</td><td>1.27</td><td>-</td></tr><tr><td>Suppliers (Overseas)</td><td>-</td><td>0.38</td><td>-</td></tr><tr><td>Suppliers (Total)</td><td>-</td><td>1.05</td><td>-</td></tr></table></td></tr>
<tr><td>Skills for the Future</td><td>Training provided</td><td>102</td><td>The status of employee training (training hours by position, training expense) is disclosed in the Sustainability Report.</td></tr>
<tr><td rowspan="3">Employment and Wealth Generation</td><td>Absolute number and rate of employment</td><td>103</td><td>The number of new employees in Korea and the turnover rate are disclosed in the Sustainability Report.</td></tr>
<tr><td>Economic contribution</td><td>97-98</td><td>Sales and financial information, R&D expenses (details of the company’s investments and government subsidies), information on economic values distributed are disclosed in the Sustainability Report and the Business Report.</td></tr>
<tr><td>Financial investment contribution</td><td>98</td><td>Hyundai Motor Company is committed to improving the company’s successful investment and profitability.
Total capital expenditure - Depreciation expense: KRW 1,509 billion
Buyback of treasury stock + dividend payment: KRW 2,999 billion</td></tr>
<tr><td>Innovation of Better Products and Services</td><td>Total R&D expense</td><td>98</td><td>Total R&D expense spent is as follows:
- Total R&D expenses in 2023: KRW 4.0 trillion
- 2023 government subsidy: KRW (4,708) million</td></tr>
<tr><td>Community and Social Vitality</td><td>Total tax paid</td><td>98</td><td>Details of corporate income tax are disclosed in the Sustainability Report and annual reports.</td></tr>
</table>

Independent Assurance Statement

DNV Business Assurance Korea, Ltd. ('DNV', 'we', or 'us') has been commissioned by Hyundai Motor Co., Ltd. (hereafter referred to as 'Hyundai Motor' or 'the Company') to undertake an independent limited assurance on the Company's 2023 Sustainability Report 'Road to Sustainability' (hereafter referred as 'the Report') for the calendar year ending 31 December 2023. The intended users of this assurance statement are the management and stakeholders of Hyundai Motor.

Standards of Assurance

This assurance engagement has been carried out in Type 2 limited assurance in accordance with AccountAbility's AA1000 Assurance Standard v3 and DNV's VeriSustain protocol V6.0, which is based on our professional experience and international assurance best practice including the International Standard on Assurance Engagements (ISAE) 3000 – 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' (revised), issued by the International Auditing and Assurance Standards Board. DNV has reviewed the Report's adherence to the four principles of AA1000 AccountAbility Principles Standard (2018) and the accuracy, completeness, and neutrality principles of VeriSustain. In addition, DNV has reviewed the 'reliability of specified sustainability performance information' as described in 'Scope of Assurance'.

DNV's Verisustain protocol requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited or/and reasonable assurance.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less detailed than, those undertaken during a reasonable assurance engagement, so the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We planned and performed our work to obtain the evidence we considered sufficient to provide a basis for our conclusion, so that the risk of this conclusion being in error is reduced, but not reduced completely.

We have not performed any work, and do not express any conclusion, on any other information that may be published outside of the Report and/or on Hyundai Motor website for the current reporting period.

Scope of Assurance

We have carried out an independent limited assurance on the Report and an independent verification for selected performance indicators for the year ending 31 December 2023, which include the following:

- We have reviewed the GRI Topic Disclosures relevant to the Material Topics which have been identified as material through the materiality assessment undertaken by Hyundai Motor.
- Regarding the 'reliability of specified sustainability performance information'), we have reviewed the quality and reliability of Water Consumption (303-5), Weight of Disposal (306-3), Accident Rate (403-9 and 403-10) of the GRI Topic Standards.

Opinion, Observations and Recommendations

On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not adhere to the four principles of AA1000 APS and the accuracy, completeness, and neutrality principles of VeriSustain described below. In terms of reliability of specified sustainability performance information, nothing came to our attention to suggest that these data have not been properly collated from information reported at operational level, nor that the assumptions used were inappropriate. Nothing came to our attention to cause us to believe that Hyundai Motor's Report is not prepared, in all material respects, in accordance with the GRI Standards.

Without affecting our assurance opinion, we provide the following observations against the principles of AA1000 APS and VeriSustain applicable to the relevant information described in the 'Scope of Assurance':

Inclusivity: Stakeholder participation and opinion

Hyundai Motor identifies customers, dealers, employees, suppliers, local communities, government and shareholders/investors as key stakeholder groups and reports various communication channels with each stakeholder and their major interests. In particular DNV confirms that these major interests have been applied in the materiality assessment process for promoting participation from stakeholders.

Materiality: Identifying and reporting on material sustainability topics

Hyundai Motor conducted a double materiality assessment in order to disclose important information in relation to sustainability. This assessment includes the Company's impact on society and environment as well as financial impact on the Company itself, leading to identify risk and opportunity by and to the Company. In deciding material topics, the Company takes into account the result of 2023 materiality assessment, ESG KPIs of senior leaderships, ESG index at the Company's group level, global assessment index, and benchmarking of peer group.

Responsiveness: Transparent response to critical sustainability topics and related impacts

Hyundai Motor identifies management focus and key indicators centered around materiality assessment and reports the related activities. The Company responds to sustainability topics and their impacts by disclosing sustainability related activities and performance as well as covering management strategies and compensation to senior management with regard to material topics.

Impact: Monitoring, measuring and accounting for the impact of organizational activities on the organization and its stakeholders

Hyundai Motor reports focus areas, their impacts and implementation plans, which are identified in order to mitigate negative impact on the Company and its suppliers across the value chain. The Company also assesses, evaluates and monitors sustainability impact through management of proper performance indicators. In particular, ISO 14001 and 45001 are applied to domestic and overseas factories for managing safety and health issues and as for supplier management, the Company conducts self ESG risk assessment (paper-based) for first tier suppliers and conducts onsite audits on the suppliers which are identified as high-risk suppliers. DNV confirms that the Report includes monitoring and relevant explanation on impacts which the Company has on itself and stakeholders.

Reliability: Accuracy and comparability of information presented in the report and the quality of underlying data management systems

The data collection and processing process, supporting documents and records were verified through sampling techniques, and based on the result, no intentional errors or misstatements were found in the sustainability performance information described in the report. Hyundai Motor can explain the source and meaning of sustainability performance using reliable methods and data, and any errors or unclear expressions found during the verification process were corrected before the publication of the Report.

Completeness: How much of all the information that has been identified as material to the organization and its stakeholders is reported

Hyundai Motor reports on the Company's key non-financial disclosures based on its performance related to material topics during the reporting period of 2023 using appropriate GRI Topic Standard disclosures, for the identified boundaries of operations.

Neutrality: Extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone

Hyundai Motor discloses the Company's performance, challenges, and stakeholder concerns during the reporting period in a neutral, consistent, and balanced manner.

[1] International Auditing and Assurance Standard Board
[2] International Standard on Assurance Engagements (ISAE) 3000 – 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' (revised)

Independent Assurance Statement

Our Competence, Independence and Quality Control

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17029:2019 – Conformity assessment, whose general principles are requirements for validation and verification bodies. Accordingly, DNV maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

DNV's established policies and procedures are designed to ensure that DNV, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. We have no other contract with Hyundai Motor.

Our multi-disciplinary team consisted of professionals with a combination of sustainability assurance experiences.

Limitations

DNV's assurance engagements are based on the assumption that the data and information provided by the Company to us as part of our review have been provided in good faith, are true, and are free from material misstatements. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected.

The engagement excludes the sustainability management, performance, and reporting practices of the Company's suppliers, contractors, and any third parties mentioned in the Report. We did not interview external stakeholders as part of this assurance engagement.

We understand that the reported financial data, governance and related information are based on statutory disclosures and Audited Financial Statements, which are subject to a separate independent statutory audit process. We did not review financial disclosures and data as they are not within the scope of our assurance engagement. The assessment is limited to data and information in scope within the defined reporting period. Any data outside this period is not considered within the scope of assurance.

DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Assurance Statement.

Responsibilities of the Directors of Hyundai Motor and of the Assurance Providers

The Company's management has sole responsibility for the integrity of the Report and this responsibility includes designing, implementing, and maintaining internal controls over collection, analysis, aggregation and preparation of data, fair presentation of the information and ensuring that data is free from material misstatement.

DNV's responsibility is to plan and perform the work to obtain assurance about whether the relevant information described in the 'Scope of Assurance' has been prepared in accordance with the reporting requirements and to report to Hyundai Motor in the form of an independent assurance conclusion, based on the work performed and the evidence obtained.

Our statement represents our independent opinion and is intended to inform the management and stakeholders of Hyundai Motor. DNV was not involved in the preparation of any statements or data included in the Report except for this Independent Assurance Statement.

[3] Conformity assessment — General principles and requirements for validation and verification bodies

Basis of Our Opinion

As part of the assurance process, a multi-disciplinary team of assurance specialists performed assurance work for selected sites of Hyundai Motor. We adopted a risk-based approach, that is, we concentrated our assurance efforts on the issues of high material relevance to the Company's business and its key stakeholders. Our limited assurance procedures included, but were not limited to, the following activities:

- Peer and media review to identify relevant sustainability issues for Hyundai Motor in the reporting period;
- Review of the disclosures according to reporting requirements with a focus on the process and the result of materiality assessment, Topic Standards Disclosures and relevant management processes;
- Understanding of the key systems, processes and controls for consolidating, collecting, managing and reporting disclosures and KPIs in the Report;
- Review documentary evidence and management representations supporting adherence to the reporting principles and requirements, with a focus on understanding and testing, on a sample basis, key data sets
- On-site visit at the Hyundai Motor Head Office in Seoul, Republic of Korea to review the processes and systems for preparing site level sustainability data and implementation of sustainability strategy and carried out sample based assessment of site-specific data disclosures. Conduct interviews with representatives from the ESG team and relevant departments with overall responsibility of monitoring, data consolidation and reporting of the selected information

For and on behalf of DNV Business Assurance Korea Ltd.
Seoul, Republic of Korea
21 June 2024

Chang Rok Yun
Lead Verifier

Yu Lee Jang
Verifier

Sang Rye Chang
Reviewer

AA1000
Licensed Report
000-10/V3-SGB2A

This report has been translated into English solely for the convenience of international readers. The official version of this assurance statement is the signed English version; in case of any doubt regarding interpretation between this document and the Korean version of the statement, the Korean statement shall prevail.

DNV Business Assurance Korea Ltd. is part of DNV – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance.

GHG Assurance Statement

Relating to Hyundai Motor Company's Scope 1 & 2 GHG emissions in domestic sites for the calendar year 2023

This Assurance Statement has been prepared for Hyundai Motor Company.

Terms of Engagement

LRQA was commissioned by Hyundai Motor Company (HMC) to provide independent assurance on its Greenhouse Gas (GHG) Inventory Report for the calendar year 2023 (the report) against 'the guidelines on emission reporting and certification under the GHG emissions trading system' and the monitoring plan for the calendar year 2023 using 'the verification guidelines for GHG emissions trading system'.

The report relates to direct GHG emissions and energy indirect GHG emissions. HMC's geographical boundary includes its domestic operations at Ulsan Plant, Asan Plant, Jeonju Plant, R&D Centers, HQ and owned buildings, Service Centers, Sales Branches (including car delivery centers), and Genesis Sales Branches. GHG emissions have been consolidated using an operational control approach.

Management Responsibility

LRQA's responsibility is only to HMC. LRQA disclaims any liability or responsibility to others as explained in the end footnote. The management of HMC. is responsible for preparing the report and for maintaining effective internal controls over all the data and information within the report. Ultimately, the report has been approved by, and remains the responsibility of HMC.

LRQA's Approach

LRQA's assurance engagement has been carried out in accordance with our verification procedure using 'the verification guidelines for GHG emissions trading system' to reasonable level of assurance.

The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

- Visiting sites and auditing management system to control the data and records regarding GHG emissions and energy uses;
- Interviewing the relevant persons responsible for managing and maintaining data and associated records; and
- Reviewing the historical data and information back to source for the calendar year 2023.

Level of Assurance & Materiality

The opinion expressed in this Assurance Statement has been formed on the basis of a reasonable level of assurance, and at the materiality of the professional judgement of the verifier and at the materiality level of 2.5%.

LRQA's Opinion

Based on LRQA's approach, we believe that the report is prepared in accordance with "the guidelines on emission reporting and certification under the GHG emissions trading system" and the monitoring plan for the calendar year 2023 using "the verification guidelines for GHG emissions trading system" and the GHG emissions data in the Table 1 is materially correct.

Il-Hyoung Lee
On behalf of LRQA
2nd Floor, T Tower, 30, Sowol-ro 2-gil, Jung-gu, Seoul, Republic of Korea

Dated: 27 March 2024

LRQA Reference: SEO6012382

Table1. Summary of HMC GHG emissions for CY 2023

Unit: tCO_2eq

Scope of GHG emissions	Site								Total
	Ulsan Plant	Asan Plant	Jeonju Plant	R&D Centres	HQ	Service Centres	Sales Branches	Genesis Sales Branches	
Direct GHG Emissions	325,675	47,332	39,976	52,726	7,205	5,750	2,705	10	481,381
Energy Indirect GHG Emissions	618,115	123,276	82,174	217,904	18,017	13,027	14,483	1,061	1,088,060
Total	943,790	170,609	122,150	270,630	25,223	18,777	17,189	1,071	1,569,439

Note: The total GHG emissions may differ from the sum of GHG emissions disclosed by the Ministry of Environment due to the decimal value processing of GHG emissions at each site.

GHG Assurance Statement

Relating to Hyundai Motor Company's Scope 1 & 2 GHG emissions in overseas sites for the calendar year 2023

This Assurance Statement has been prepared for Hyundai Motor Company in accordance with our contract.

Terms of engagement

LRQA was commissioned by Hyundai Motor Company to provide independent assurance on its greenhouse gas (GHG) emissions inventory and energy consumption for the calendar year 2023 (here after referred to as "the report") against the assurance criteria below to a limited level of assurance and materiality of professional judgement using ISAE 3000 and ISAE 3410.

Our assurance engagement covered Hyundai Motor Company's operations and activities in overseas factories, and specifically the following requirements:

- Evaluating conformance with World Resources Institute / World Business Council for Sustainable Development Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, revised edition[1]
- Evaluating the accuracy and reliability of data and information for direct GHG emissions (Scope 1), energy indirect GHG emissions (Scope 2)[2] and energy consumption in operations of overseas factories.

The main activities of Hyundai Motor Company include manufacturing of vehicles and the GHG emissions have been consolidated using an operational control approach.

LRQA's responsibility is only to Hyundai Motor Company. LRQA disclaims any liability or responsibility to others as explained in the end footnote. Hyundai Motor Company's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of Hyundai Motor Company.

LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that Hyundai Motor Company has not, in all material respects:

- Met the requirements above; and
- Disclosed accurate and reliable data and information as summarized in Tables 1, 2-1 and 2-2 below.

The opinion expressed is formed on the basis of a limited level of assurance and at the materiality of the professional judgement of the verifier.

Note: The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

LRQA's approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Interviewing key people of the organization responsible for managing GHG emissions and energy consumption data and records;
- Sampling specific overseas factories and reviewing processes related to the control of GHG emissions and energy consumption data and records;
- Reviewing whether GHG emissions have been calculated with parameters from recognized sources;
- Checking whether direct GHG emissions and energy consumption of HMMC in Czech were transposed correctly from the GHG inventory which was verified by the third-party assurance provider other than LRQA;
- Verifying historical GHG emissions and energy consumption data and records at an aggregated level for the calendar year 2023; and
- Visiting Hyundai Motor Company's head office and reviewed additional evidence made available by Hyundai Motor Company.

LRQA's standards, competence and independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 *Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition* and ISO/IEC 17021 *Conformity assessment – Requirements for bodies providing audit and certification of management systems* that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

LRQA is Hyundai Motor Company's verification body for its GHG emissions under the GHG emissions trading system of Korea. The verification is the only work undertaken by LRQA for Hyundai Motor Company and as such does not compromise our independence or impartiality.

Tae-Kyoung Kim
LRQA Lead Verifier
On behalf of LRQA
2nd Floor, T Tower, 30, Sowol-ro 2-gil, Jung-gu, Seoul, Republic of Korea

Dated: 17 May 2024

LRQA reference: SEO000001260

[1] https://www.ghgprotocol.org
[2] Our assurance engagement covered carbon dioxide (CO_2), methane (CH_4), and nitrous oxide (N_2O) among GHGs.

GHG Assurance Statement

Table 1. Summary of Hyundai Motor Company's overseas factories, Scope 1 and Scope 2 GHG emissions 2023

Scope of GHG emissions	tCO_2e											
	HMMA	BHMC	HTWO	HMI	HAOS	HMMC	HMCSA	HTBC	HTMV	HMMI	HYMEX	HMGICs
Direct GHG emissions (Scope 1)	30,747	53,988	21	32,730	30,480	31,035	9,094	825	3,900	5,142	17,235	12
Energy indirect GHG emissions (Scope 2, Location-based)	133,336	114,316	3,477	285,695	26,933	44,791	3,370	7,036	21,602	50,956	48,716	3,243
Energy indirect GHG emissions (Scope 2, Market-based)	158,975	114,316	3,477	123,161	8,579	0	1,996	7,036	21,602	0	48,716	3,243

Note 1: Scope 2, Location-based and market-based are defined in the GHG Protocol Scope 2 Guidance, 2015

Table 2-1. Summary of Hyundai Motor Company's overseas factories, energy consumption (TJ) 2023

Energy	TJ											
	HMMA	BHMC	HTWO	HMI	HAOS	HMMC	HMCSA	HTBC	HTMV	HMMI	HYMEX	HMGICs
Total	1,777	1,775	27	1,736	815	1,051	487	61	153	393	706	31
Renewable energy	0	0	4	688	151	436	128	0	0	293	0	3

Table 2-2. Summary of Hyundai Motor Company's overseas factories, energy consumption (MWh) 2023

Energy	MWh											
	HMMA	BHMC	HTWO	HMI	HAOS	HMMC	HMCSA	HTBC	HTMV	HMMI	HYMEX	HMGICs
Total	493,635	493,143	7,362	482,094	226,457	291,834	135,204	16,812	42,543	109,183	195,996	8,595
Renewable energy	0	0	1,157	191,087	42,000	121,056	35,670	0	0	81,401	0	744

GHG Assurance Statement

Relating to Hyundai Motor Company's Scope 3 emissions for the calendar year 2023

This Assurance Statement has been prepared for Hyundai Motor Company in accordance with our contract.

Terms of engagement

LRQA was commissioned by Hyundai Motor Company to provide independent assurance on its GHG emissions inventory for the calendar year 2023 (here after referred to as "the report") against the assurance criteria below to a limited level of assurance and materiality of professional judgement using ISAE 3000 and ISAE 3410.

Our assurance engagement covered Hyundai Motor Company's domestic and overseas operations and activities, and specifically the following requirements:

- Evaluating the accuracy and reliability of data and information for other indirect GHG emissions (Scope 3) using GHG Protocol, Technical Guidance for Calculating Scope 3 Emissions[1].

The main activities of Hyundai Motor Company include manufacturing of vehicles and the GHG emissions have been consolidated using an operational control approach.

LRQA's responsibility is only to Hyundai Motor Company. LRQA disclaims any liability or responsibility to others as explained in the end footnote. Hyundai Motor Company's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of Hyundai Motor Company.

LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that Hyundai Motor Company has not, in all material respects:

- Disclosed accurate and reliable data and information as summarized in Tables 1 below.

The opinion expressed is formed on the basis of a limited level of assurance and at the materiality of the professional judgement of the verifier.

Note: The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

LRQA's approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Interviewing key people of the organization responsible for managing GHG emissions data and records;
- Reviewing whether GHG emissions have been calculated with parameters from recognized sources;
- Verifying historical GHG emissions data and records at an aggregated level for the calendar year 2023; and
- Visiting Hyundai Motor Company's head office and reviewed additional evidence made available by Hyundai Motor Company.

LRQA's standards, competence and independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 *Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition* and ISO/IEC 17021 *Conformity assessment – Requirements for bodies providing audit and certification of management systems* that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with *the Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

LRQA is Hyundai Motor Company's verification body for its GHG emissions under the GHG emissions trading system of Korea. The verification is the only work undertaken by LRQA for Hyundai Motor Company and as such does not compromise our independence or impartiality.

Tae-Kyoung Kim Dated: 3 June 2024
LRQA Lead Verifier
On behalf of LRQA
2nd Floor, T Tower, 30, Sowol-ro 2-gil, Jung-gu, Seoul, Republic of Korea

LRQA reference: SEO00001260

[1] https://www.ghgprotocol.org

GHG Assurance Statement

Table 1. Summary of Hyundai Motor Company, Scope 3 GHG Emissions 2023

Scope of GHG emissions	tCO_2e
Other indirect GHG emissions (Scope 3)	
Purchased goods & services – raw materials for parts used in vehicles manufactured in domestic and overseas factories	23,518,427
Capital goods – computers & monitors purchased in domestic sites	134
Fuel- and energy-related activities – upstream emissions of fuels consumed in domestic sites and overseas factories (excluding electricity and steam purchased) (Overseas factories include HMMA, BHMC, HTWO, HMI, HAOS, HMMC, HMB, HTBC, HTMV, HMMI, HYMEX and HMGICs.)	189,512
Waste generated in operations – treatment of waste generated from operations in domestic sites and overseas factories (Domestic sites include Ulsan/Jeonju/Asan factories, research centres and service centres, and overseas factories include HMMA, BHMC, HTWO, HMI, HAOS, HMMC, HMB, HTBC, HTMV, HMMI, HYMEX and HMGICs.)	217,737
Business travel – emissions of personal cars, buses, trains and domestic & international flights by employees working in domestic sites	26,994
Employee commuting – commuting by buses in domestic operations	8,895
Downstream transportation and distribution – vehicles manufactured in domestic factories (This includes shipping and land transportation by Hyundai Glovis.)	981,549
Use of sold products - internal combustion engine vehicles sold domestically and overseas (This is based on mileage of 200,000 km, and excludes electric vehicles and hydrogen vehicles.)	114,132,523
End-of-life treatment of sold products – vehicles sold domestically and overseas	2,323,327
Downstream leased assets – lessee companies in the headquarters building	1,447
Investments – Scope 1 and Scope 2 GHG emissions of six investee companies, in which Hyundai Motor Company owns 20% or more shares and which are listed on the stock market of Korea.	556,331

About This Report

Reporting Principles and Standards

This report is in accordance with the Global Reporting Initiative (GRI) Standards. In addition, this report satisfies the four principles – Inclusivity, Materiality, Responsiveness, and Impact – of the AA1000APS (Accountability Principles Standard) that includes the obligation to explain sustainability management.

In addition, this report was prepared to align with the information disclosure guidelines of the Task Force on Climate-related Financial Disclosures (TCFD), Sustainability Accounting Standards Board (SASB), WEF IBC Stakeholder Capitalism Metrics, and European Sustainability Reporting Standards (ESRS).

Publisher	Hyundai Motor Company Headquarters: 12, Heolleung-ro, Seocho-gu, Seoul, 06797, Korea
Publication Date	June 2024
Production (Contact Information)	ESG Planning Team, Hyundai Motor Company Tel: 02-3464-8886 E-mail: ESG@hyundai.com
Reporting Principle	GRI Standards, TCFD, SASB, WEF IBC Stakeholder Capitalism Metrics, ESRS
Reporting Boundary	Hyundai Motor Company (also include some data and information of Hyundai Motor Group)
Reporting Scope	Economic (based on Korean International Financial Reporting Standards), Environmental, Social, and Governance
Reporting Period	January 1st, 2023 - December 31st, 2023 (also include some data and information from the first half of 2024.)
Reporting Cycle	Annual (last report was published in July 2023)

Reporting Period

This report covers activities undertaken from January 1st, 2023 to December 31st, 2023, including some key activities conducted until the first half of 2024. As for quantitative performance, if the results need to be tracked continuously, we have used data for the past three years.

The reporting cycle for this report is one year. The previous report was published in July 2023.

Scope and Boundary of Report

This report covers the activities of the headquarters as well as manufacturing plants, R&D centers, design centers, and sales corporations operated by Hyundai Motor Company in Korea and overseas.

The financial information in this report is based on the consolidated financial statements of Hyundai Motor Company in accordance with the Korean International Financial Reporting Standards (K-IFRS). The information regarding environmental and social aspects includes the domestic headquarters, production plants, research and development centers, service and logistics centers related to the automotive sector (manufacturing and sales of automobiles and auto parts, vehicle maintenance, etc.), and overseas subsidiaries involved in production and sales. If the reporting scope differs for other reporting items from the aforementioned scope, the reporting scope of the information is indicated separately.

Third Party Assurance

This report has been assured by an independent assurance corporation (DNV) to ensure the accuracy, objectivity and credibility of the report preparation process and all the information created. The financial information provided in this report has been audited by an independent auditor, and assurance on greenhouse gas emissions and energy usage was carried out by LRQA, an independent assurance corporation. Detailed assurance results can be found in the third-party assurance statement and greenhouse gas assurance statement.

UN Global Compact

The UN Global Compact (UNGC) is an international agreement that former UN Secretary-General Kofi Annan suggested in 2000 to emphasize corporate execution of social responsibilities, and consists of ten major principles in the four areas of human rights, labor, environment, and anti-corruption. Hyundai supports the ten principles of the UNGC and strives to observe them in overall management.

COMMUNICATION ON PROGRESS

UN GLOBAL COMPACT

This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

HYUNDAI