

# 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.

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# 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	Jaehoon 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

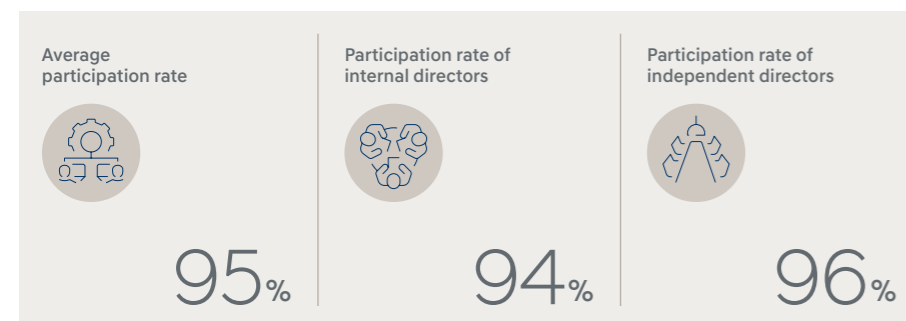
### BOD MEETING



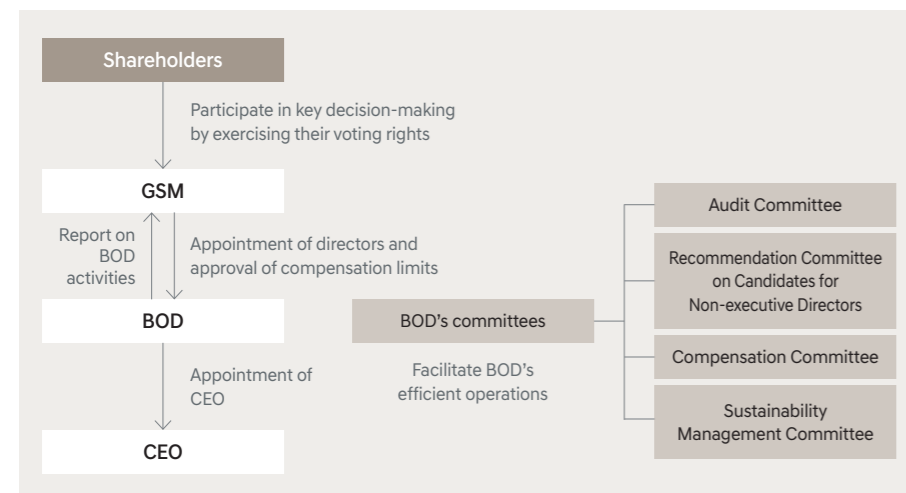
Board meetings are convened by its chair or another member appointed by the Board. At the time of convening the BOD, each director is notified of the convocation in writing or orally seven days prior to the date of the meeting. However, the convocation process may be omitted when all directors agree. 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%	
Extraordinary Meeting	Feb. 22	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	-	100%
		Approval of convocation and agenda to be submitted to the 55th GSM	Approved	100%	
		Approval for extension of adopting electronic voting system	Approved	100%	
		Approval of disposition of treasury stocks	Approved	100%	
Extraordinary Meeting	Mar. 23	Operating result of internal accounting controlling system in 2022; and Mid- to long-term strategy of Hyundai Capital Captive Financials	Reported	-	100%
		Appointment of committee members (Sustainability Management Committee, Recommendation Committee on Candidates for Outside Directors, Compensation Committee)	Approved	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%	
Extraordinary Meeting	May 24	Management performance for 2023 1Q; and Business progress and investment plan for Supernal	Reported	-	92%
		Approval of the establishment of an overseas joint venture	Approved	100%	
		Approval of the 2Q dividend for the 56th fiscal year	Approved	100%	
3rd General Meeting	Jul. 26	Approval of the change of the Fair Trade Compliance Officer	Approved	100%	100%
		Business results for 2Q 2023; Global vehicle safety status; and Major health and safety issues	Reported	-	
		Approval of strategic collaboration with another corporation	Approved	100%	
Extraordinary Meeting	Aug. 29	Approval of the establishment of internal control standards and consumer protection standards for the protection of financial consumers	Approved	100%	100%
		Approval of the major management matters of overseas affiliates	Approved	100%	
Extraordinary Meeting	Aug. 30	Approval of the 3Q dividend for the 56th fiscal year	Approved	100%	100%
		Approval of transaction between directors, etc. and the company	Approved	100%	
4th General Meeting	Oct. 26	Approval of disposition of treasury stocks	Approved	100%	100%
		Approval of a loan to cover the construction costs of the new battery factory	Approved	100%	
		Business results for 3Q 2023	Reported	-	
		Approval of competition by director (Director Gang Hyun Seo: Hyundai Steel)	Approved	100%	
Extraordinary Meeting	Dec. 19	Approval of transaction between directors, etc. and the company	Approved	100%	100%
		Approval of the sale of shares in HMMR	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.

### 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	

## 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-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.

Classification	CEO	Senior Management
Basic annual salary	Individually calculated by adding together the position salary and rank salary according to the executive compensation table	
Performance incentives	Combination of the company's financial and business performance → Performance incentive grade	Combination of organizational performance, individual performance, and policy indicators → Performance incentive grade
	$\text{Financial performance (50\%)} + \text{Company KPIs (50\%)} = \text{Performance incentive grade}$ <p>Financial performance (50%): Sales 30%, Profit &amp; loss 70%</p> <p>Company KPIs (50%): Financial indicators 35%, Business strategy indicators 45%, Sustainability indicators 20%, Common indicators (points may be added or subtracted)</p>	$\text{KPI (40\%)} + \text{MBO (50\%)} + \text{Policy (10\%)} = \text{Performance incentive grade}$ <p>Key KPI assessment results by sector, including ESG</p> <p>Annual performance goals besides KPIs: strategic/business/talent development goals, etc.</p> <p>Culture Survey: Field management capability, etc.</p>

### Remuneration Payment Details

(Unit: KRW million)

Classification	CEO <sup>1)</sup>	Board member <sup>2)</sup>	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

<sup>1)</sup> Based on remuneration for Jaehoon Chang, President & CEO of Hyundai Motor Company

<sup>2)</sup> 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

Classification	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

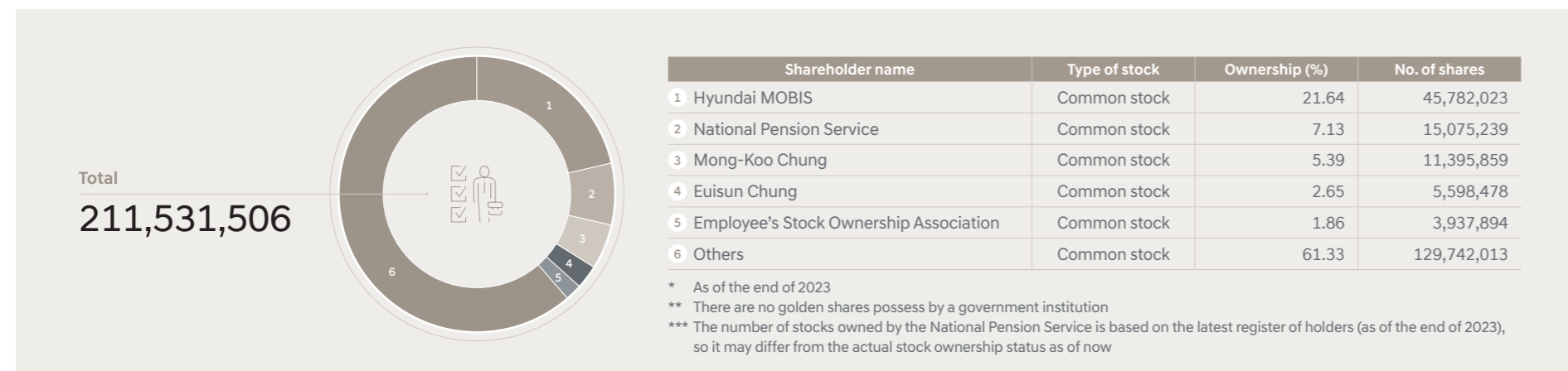
Hyundai's total number of issued shares is 274,169,670, consisting of 211,531,506 shares of common stock and 62,638,164 shares of preferred stock. According to the Articles of Incorporation, the total number of shares that can be issued is 600,000,000 shares (par value of one share: KRW 5,000), of which 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

### Share Ownership



### 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.

### 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

### 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

<b>Cyber Audit Office</b>	<b>Hyundai Motor Company Cyber Audit Office</b>	<b>By Phone</b>	+82-2-3464-3500
<b>By Fax</b>	+82-2-3464-8813	<b>By Mail</b>	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.

## 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.

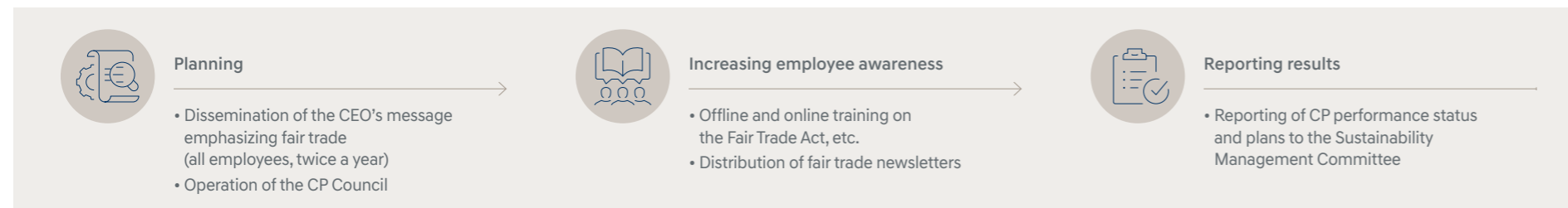
### Fair Trading Education Performance

Year	Number of training sessions	Number of participants
2020 <sup>1)</sup>	3	8,456
2021 <sup>1)</sup>	4	8,261
2022	4	1,779
2023 <sup>2)</sup>	12	4,404

<sup>1)</sup> Replaced by online training due to COVID-19 in 2020 and 2021

<sup>2)</sup> Excluding the number of in-house broadcast viewers (2 times) and recipients of newsletters for all executives and employees

### CP Implementation Process



### 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.

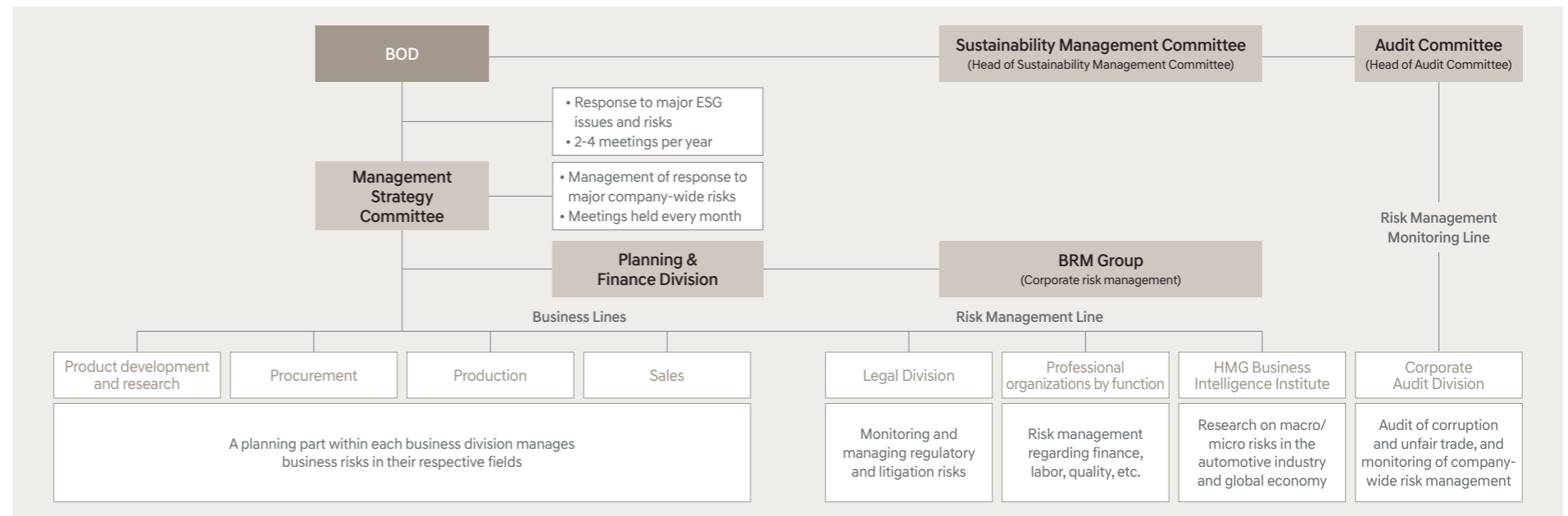
**Dedicated Organization** Established in 2023, the Business Risk Management (BRM) Group is responsible for company-wide risk management. Selected risk managers within the company's business divisions are responsible for managing risks within their respective divisions.

**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<sub>2</sub> 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<sub>2</sub> emissions from passenger cars. The new target sets the path towards zero CO<sub>2</sub> 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<sub>2</sub> 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 <sup>1)</sup>	Magnitude <sup>2)</sup>		
Non-financial risks	Regulatory risks	Risks of regulatory violations due to product and workplace-related regulations (CO <sub>2</sub> 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.

<sup>1)</sup> Assessment criteria for likelihood  
 - High: 50% or more, Medium: 25-50%, Low: less than 25%.

<sup>2)</sup> 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 laborers. 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

## Information Security

### INFORMATION SECURITY SCHEME

Hyundai strives to establish an advanced information security 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 INFORMATION 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.

### Major Activities Related to Information Security

- 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 ongoing inspections
- 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



### 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 Chief Information Security Officer (CISO). 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.

### Organization of Information Protection

