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Hyundai Motor Company
Responsible Raw Materials
Procurement Policy

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Hyundai Motor Company (hereafter “HMC”) is committed to minimizing unnecessary waste of natural resources by procuring raw materials used in the production of its products and services in a sustainable manner. This includes examining that raw materials produced through illegal practices that harm natural capital or cause environmental pollution are not used. Additionally, HMC monitors and manages the social impacts, such as human rights violations, that may occur during the procurement of raw materials.

A. Principles of Raw Materials Management

① Minimizing Environmental and Social Impact

HMC strives to reduce the environmental and social impacts arising from the procurement and use of raw materials. To achieve this, the company continuously expands logistics and transportation networks that are energy-efficient or use eco-friendly energy. Efforts are also made to reduce greenhouse gases, waste, wastewater, and other pollutants generated during logistics and transportation processes. Furthermore, HMC works to prevent potential human rights violations, including the protection of indigenous people's rights, within the raw materials procurement and value chain and to minimize negative impacts on local communities.

② External Collaboration

HMC seeks collaboration with external organizations to enhance the sustainable procurement of raw materials.

HMC enhances the effectiveness of its sustainable raw materials procurement activities by leveraging the expertise of external organizations in the field of raw materials procurement and their understanding of local specificities.

③ Inspection of Raw Material Production Sites

HMC comprehensively traces raw materials throughout the entire supply chain, including the supply chains of materials used in production. When risks are identified, HMC strives to address and improve these issues. Additionally, HMC encourages the use of raw materials produced in environmentally friendly ways or those that have received eco-friendly or sustainability certifications.

④ Evaluation of Raw Material Prioritization

HMC evaluates the usage volume and social/environmental impacts of raw materials to identify and prioritize key raw materials for management. The raw materials currently prioritized for focused management include aluminum, steel, and rubber.

⑤ Optimization of Raw Material Usage

HMC is committed to continuously enhancing its production processes to optimize the use of raw materials. Raw materials are managed under a planned production system that integrates business strategy, production schedules, and inventory management to ensure optimal utilization.

⑥ Reintroduction of Production Waste

HMC actively reintegrates waste materials, such as scrap metals including iron and aluminum, as well as other waste and by-products like scrap wood and paper, back into its production processes. Additionally, these materials are transferred or sold to other industries and external facilities capable of recycling them. Through these initiatives, HMC aims to progressively increase the use of recycled raw materials over the medium to long term.

B. Training and Dissemination

① Training

HMC provides training to employees involved in relevant tasks to enhance awareness and application of sustainable raw materials in their work. Additionally, employees are encouraged to report any issues that may hinder the sustainability of the procurement process.

② Information Disclosure

HMC publicly discloses information regarding the procurement and management activities of sustainable raw materials, as well as performance data, through the company's website, sustainability report, or other dedicated channels. This information is made accessible and understandable to stakeholders, including employees.

C. Performance Management

① Setting Performance Goals

HMC sets and manages mid- to long-term performance improvement goals to mitigate procurement risks associated with business operations. These goals are established by comprehensively considering domestic and international laws and regulations, industry trends in raw material procurement and management, and identified environmental and social impacts within the value chain.

② Monitoring Implementation Status

HMC regularly reviews the implementation status of mid- to long-term sustainable procurement goals. This includes evaluating the achievement rate against the set goals, the effectiveness of activities undertaken to achieve these goals, and any challenges encountered during the implementation process. Based on the review results, HMC may adjust the mid- to long-term performance improvement goals if necessary.

D. Governance

① Raw Material Procurement Governance

Major raw material procurement risks are managed and supervised through management committees or decision-making bodies where top decision-makers participate. The primary role of these management committees includes approving sustainable raw material procurement policies, reviewing raw material procurement risks, deliberating on responses to raw material procurement risks, and addressing other matters deemed necessary during raw material procurement. The HMC Board of Directors or its subcommittees (Sustainability Management Committee) review and deliberate on matters such as legal and regulatory compliance related to raw material procurement that significantly impact business operations, establishing monitoring and prevention plans for raw material procurement, and making decisions related to relevant investments.

E. Grievance Procedure

① Submission of grievance

HMC operates channels to receive grievances related to raw material procurement arising from business operations. These channels are available to employees and other organizations or individuals.

Reporting channels

- Audit Planning Team
 - Cyber Audit Office
(<https://audit.hyundai.com>)
- Procurement Planning Team (only Korean available)
 - Transparent Procurement Report Center
(<http://winwin.hyundai.com/coportal/system/clean.html>)
 - Transparency/Ethics Practice Suggestion Box
(https://www.vaatz.com/vsims/view/moralmgmt/html/M_transparency2.html)
- Small & Medium Supplier Cooperation Support Team (only Korean available)
 - Voice of Suppliers (Win-Win Cooperation Center → Supplier Community → Voice of Suppliers)
(<https://winwin23.hyundai.com>)

② Handling of grievances

HMC considers court precedents, relevant regulatory agency regulations, and past internal handling practices when developing response strategies for reported cases related to sustainable raw material procurement. Cases involving substantial potential legal/regulatory violations, significant impact on local residents' property rights, or risks to corporate reputation are discussed at the highest decision-making bodies such as the management board to formulate appropriate response strategies.