

HYUNDAI WIA

# SUSTAINABILITY REPORT 2023

CREATING VALUE IN SEAMLESS MOBILITY



HYUNDAI WIA

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The HYUNDAI WIA Sustainability Report can be downloaded as a PDF file from the HYUNDAI WIA website. The PDF version includes interactive features, including the ability to navigate to relevant pages within the report with a click and direct links to related webpages.

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# About this Report



## Introduction

HYUNDAI WIA has published the fourth sustainability report this year since its first publication in 2020.\* Through our annual sustainability report, we have disclosed our ESG management goals to enhance company value and its status to our stakeholders. The material issues herein were selected by conducting a materiality assessment of the stakeholders to include their opinions.

\* The last sustainability report was published in July 2022.

## Reporting Period

This report covers our sustainability management performances from January 1, 2022, to December 31, 2022. It presents quantitative data from the last three years from 2020 to 2022. The report also includes issues from the first half of 2023 in terms of critical qualitative performances outside the reporting period.

## Reporting Boundaries

This report covers the sustainability management extensively and performance of all domestic sites of HYUNDAI WIA, including the headquarters, plants, research centers, and business offices. For overseas sites, some additional information (GHG emissions, overseas employment status, sales status by regions, etc.) are included.

## Reporting Standards

This report has been written in accordance with the Global Reporting Initiative (GRI) Standards, which are global guidelines for sustainability reports. Financial information is presented on the basis of consolidated financial statements, and the reporting standards and definitions are followed by the K-IFRS. Data on energy use and GHG emissions are based on the results of emissions verification. Any significant changes are noted in the relevant sections.

## Report Reliability

To enhance and ensure the internal and external credibility of the report, we commissioned the Korea Management Registrar for a third-party verification. In terms of GHG emissions and energy use, a third-party verification was performed by DNV. GL to ensure the accuracy and reliability of the data. Detailed opinions from the verification body are included in the Appendix.

## For Inquiries Concerning Sustainability Report

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[CSR@hyundai-wia.com](mailto:CSR@hyundai-wia.com)



# CEO Message

**“We will strive to become a sustainable company, putting happiness of the humanity as our primary value.”**



## Distinguished stakeholders,

I would like to express my deepest gratitude for your interest and support for HYUNDAI WIA throughout 2022.

Last year, HYUNDAI WIA was able to achieve significant results despite the challenging conditions. We surpassed KRW 8 trillion in annual sales for the first time and significantly improved our operating profit. We also successfully acquired future growth engines, with the construction of the “Integrated Thermal Management Testbed Building” and the development of collaborative robots and logistics robots.

There was a substantial achievement in ESG management as well. HYUNDAI WIA received “Grade A” in the ESG evaluation conducted by the Korea Institute of Corporate Governance and Sustainability(KCGS) for three consecutive years. We also received a “Leadership Grade A” from the “2022 CDP Climate Change Response Assessment” by the Carbon Disclosure Project(CDP), a global sustainability assessment body. At the same time, we were selected as a member of the “Carbon Management Honors Club,” which only five other companies in Korea had the honor of joining. In addition, we reprieved a silver medal in ESG evaluation last year, which is only awarded to the top 25% of companies in the evaluation, by a global ESG assessment organization, EcoVadis.

I believe that HYUNDAI WIA was able to receive positive evaluations from various external organizations by the interest and support from all of our stakeholders, and I extend my appreciation for that.

HYUNDAI WIA publishes a sustainability report annually to share our performance and future direction with stakeholders in a transparent manner. This report contains not only information about the present and future of the company but also our efforts to contribute to our corporate suppliers and local society.

All executives and employees of HYUNDAI WIA pledge to devote themselves in creating a sustainable company and society, and I would like to share with you in more detail about the direction we will be taking this year.

## First, we will transform our business structure to carry out sustainable businesses.

In order to respond to the rapidly changing external environment in 2023, HYUNDAI WIA will drastically change our business structure. We will review the effectiveness of low-margin businesses that are not in line with our direction of growth and reorganize our business portfolio, centering the future businesses such as integrated thermal management systems, electrified torque vectoring systems, and smart manufacturing solutions based on robotics and autonomous driving technologies. This year, we will invest more manpower and material resources in these future businesses and pave the foundation for the sustainability of our company.

## Second, we will strengthen risk management and diversify our profit structure.

This year, we will systematically manage risks that may arise internally and externally. We will thoroughly examine all possible risks from the initial stage of the business and make specific plans to actively respond to the identified risks accordingly. Based on an impeccable risk response system, we will flexibly deal with the fast-changing external environment.

HYUNDAI WIA will also make companywide efforts to expand our presence in the global automotive market. We will develop exceptional products that meet the expectations of the global market, aggressively pursue localization, and strengthen our global sales channels as well as supply chain. Based on these efforts, we will expand the sales volume and transform our profit structure into one that is more sound.

## Third, we will carry out more effective ESG activities.

This year, we will carry out ESG activities that can be helpful to all stakeholders in a more practical way. First of all, we plan to actively tackle climate change which has become a global issue. HYUNDAI WIA has been transparently disclosing the environmental impact of the flagship product, “Constant Velocity Joints,” since last year. Additionally, the company has established a roadmap to achieve carbon neutrality by 2045.

We also intend on being more proactive in pursuing win-win growth with our suppliers and local communities. We will provide ESG management evaluations and its relevant training to more than 290 suppliers and expand the Win-Win Growth Fund for their growth. As for social contribution activities, we will continue to run our represented programs, including “1% Miracle,” “HYUNDAI WIA’s Green School” and “Youth Workplace” for young adults preparing to achieve self-reliance.

HYUNDAI WIA will put every provisions herein into real action and strive for a sustainable future of our company, respected stakeholders and greener planet. I ask for your continuous interests an supports for HYUNDAI WIA’s bold step towards a better future.

Thank you.

CEO, HYUNDAI WIA  
Jae-wook Jung

# About HYUNDAI WIA

## Company Overview

As a global automotive parts manufacturer, HYUNDAI WIA occupies a leading position in domestic machine tools market and supplies innovative products to automakers around the globe with its superior quality and outstanding performance.

In addition to manufacturing basic materials for automotive parts, we produce parts such as constant velocity joints for engines and modules. We are actively responding to the fast-changing mobility paradigm by developing thermal management and electric torque vectoring systems for eco-friendly vehicles. We also raised the production and quality control capabilities

of global manufacturers to the next level with ultra-precision machine tools, smart factories, and collaborative robots, also known as cobots.

Based on the ironclad foundation in the global manufacturing industry, HYUNDAI WIA is now undertaking new challenges for a better future through large scale R&D investments and aggressive expansion of global sales network.

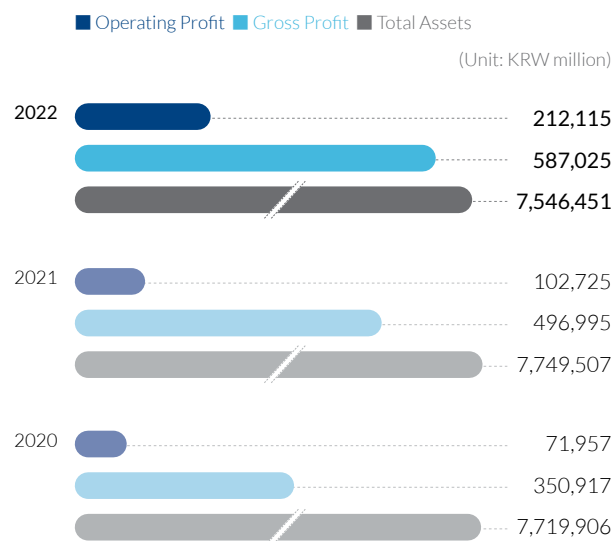
Company Name	HYUNDAI WIA Corp.
Address of Headquarters	153, Jeongdong-ro, Seongsan-gu, Changwon-si, Gyeongsangnam-do, Korea
Chief Executive Officer (CEO)	Jae-wook Jung
Date of Incorporation	March 29, 1976
Key Business Areas	Automotive Parts, Machine Tools, Defense Business
Employees	5,914 (including executives and employees abroad)
Credit Rating	AA-

## Key Financial Performance

(based on Consolidated Financial Statements)

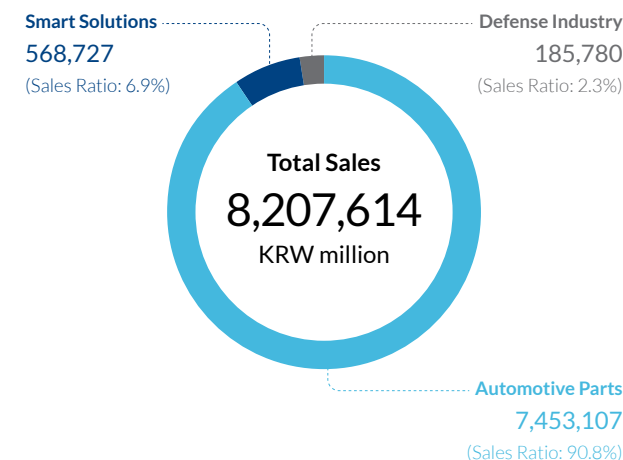
(Unit: KRW million)

Category	2020	2021	2022
Total Assets	7,719,906	7,749,507	7,546,451
Equity	3,525,860	3,695,264	3,733,651
Sales	6,592,242	7,527,739	8,207,614
Gross Profit	350,917	496,995	587,025
Operating Profit	71,957	102,725	212,115
Net Profit	53,672	56,071	43,482



## Sales by Business Unit

(Unit: KRW million)



## Company History

### Foundation and Establishment of Management System

- **1976** Established the company
- **1978** Began machine tools production
- **1979** Began automotive transmission production
- **1983** Developed Korea's first machining center
- **1989** Established U.S. subsidiary

### Expansion and Market Development

- **1994** Localized aircraft landing gear
- **1999** Incorporated into Hyundai Motor Group

### Rebounding from Crisis and Market Development

- **2004** Established Chinese subsidiary in Jiangsu
- **2005** Acquired Hyundai Motor Company's machine tools division
- **2007** Established an engine subsidiary in Shandong, China
- **2010** Awarded 「Technical Innovation Award」 at Korea Product Awards  
Established Indian subsidiary
- **2011** Listed on the Korean stock market
- **2012** Selected as an "Excellent Job Creation Company"  
Selected as an "Excellent Company for Korea Coexistence Conference"
- **2013** Completed the third engine plant in the Shandong, China  
Built a new CVJ plant in India

### Leap Forward

- **2014** Established an integrated automotive parts production system (Merger of HYUNDAI WIA, Hyundai Metia, and Hyundai Wisco)  
Established technical support centers (Changwon/Uiwang)
- **2015** Reached cumulative PTU production of 5,000,000 units  
Launched turbocharger business and began mass production  
Awarded 「Grand Prize at Korea Management Awards」 for 3 consecutive years  
Awarded for achieving \$4 billions in exports
- **2016** Completed the plant construction in Mexico and began mass production  
Built a new multi-purpose engine plant in Seosan and began mass production  
First to achieve a milestone of producing 100 million CVJ in Korea
- **2017** First to mass-produce rear wheel-based 4WD system in Korea
- **2018** Introduced the smart factory solution, iRiS, at the first plant in Changwon and Seosan  
Announced the new corporate vision "WIA, The Next Solution" and new business strategies  
Completed the construction of "Tech Cube," a technical support center in Europe
- **2019** Developed the world's first Integrated Drive Axle (IDA)  
First to mass-produce rear wheel-based electronic-limited slip differential (e-LSD) in Korea
- **2020** Started construction of an engine plant in Russia  
Signed large-scale contract for Constant Velocity Joint(CVJ) with European and U.S. automakers  
Developed a module of integrated smart manufacturing and logistics solution based on robotics and autonomous driving technology
- **2021** Developed an Integrated Thermal Management System (ITMS)  
Unveiled the ground propulsion system "E-Taxiing" applied with Urban Air Mobility (UAM) technology  
Opened a digital showroom for automotive parts & machine tools
- **2022** Surpassed the 10 million mark in PTU production  
Introduction of "Collaborative Robot and Autonomous Mobile Robot"



## Management Principles

### Vision

## CREATING VALUE IN SEAMLESS MOBILITY

We create the core value of future mobility that expands the experience of movement.

HYUNDAI WIA will provide customers with a seamless mobility experience by combining new technologies necessary for unrestricted movement.



### Creating Energy Efficiency & Performance +

- Establishment of an integrated thermal management system (ITMS)
- Optimization and modularization of thermal management and electronic components
- Eco-friendly 4WD & e-TVTC based Fun driving



### Creating Intelligent Solution

- Smart manufacturing solutions based on control, robotics, autonomous driving technologies
- Development of optimal electrified production facilities for e-Mobility
- Development of future weapon systems incorporated with artificial intelligence



### Creating Environment for Sustainability

- Improving self-leadership of employees to lead change
- Strengthening of the fair trade and win-win growth system with suppliers
- Active social contribution for the development of local communities

### Management Philosophy

We aim to fulfill the dreams of humanity by creating a new future based on creative thinking and endless new endeavors.



#### Responsible Mindset

Our vision towards a responsible mindset for the safety and happiness of our customers is practiced through quality management, which ultimately creates infinite value for our society.



#### Realization of Possibilities

We always leap to the next stage after achieving goals in front of us, and create a better future with a challenging spirit.



#### Respect for Mankind

We offer value, better products and better services for people, and make the lives of our customers more affluent.

### Core Values

The driving force of Hyundai Motor Group always comes from the action to achieve our core values filled with passion and challenges.



#### Customers First

Our decisions are based on customer satisfaction.



#### Challenge

Our new future begins with today's challenge.



#### Collaboration

We collaborate with an open mindset to create a greater possibility.



#### People

We respect each other and grow together.



#### Globalization

We lead the global market based on diversity.

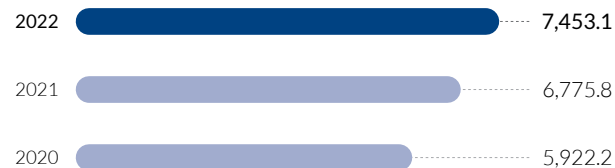
# Business Brochure

## AUTOMOTIVE PARTS

As an expert in powertrain and related parts production, HYUNDAI WIA produces innovative and excellent automotive parts based on world-class technology and ultra-precise production processes. We supply core automotive parts worldwide and take the lead in advanced technology and eco-friendly parts, providing a new direction for future automotive automotive paradigm.

### Business Performance (Sales)

(Unit: KRW billion)



### Major Products

Eco-Friendly Parts	Thermal Management Module / Motorization Torque Vectoring System
Engine	Gasoline / Diesel / Turbocharger
Module	Chassis Module / Axle Module / Tire Module
AWD	Axle / PTU / ATC / e-LSD / Coupling
Constant Velocity	Constant Velocity Joints (CVJ) / Integrated Drive Axle (IDA)
Material	Forgings

\* Casting parts business ended in December 2022.



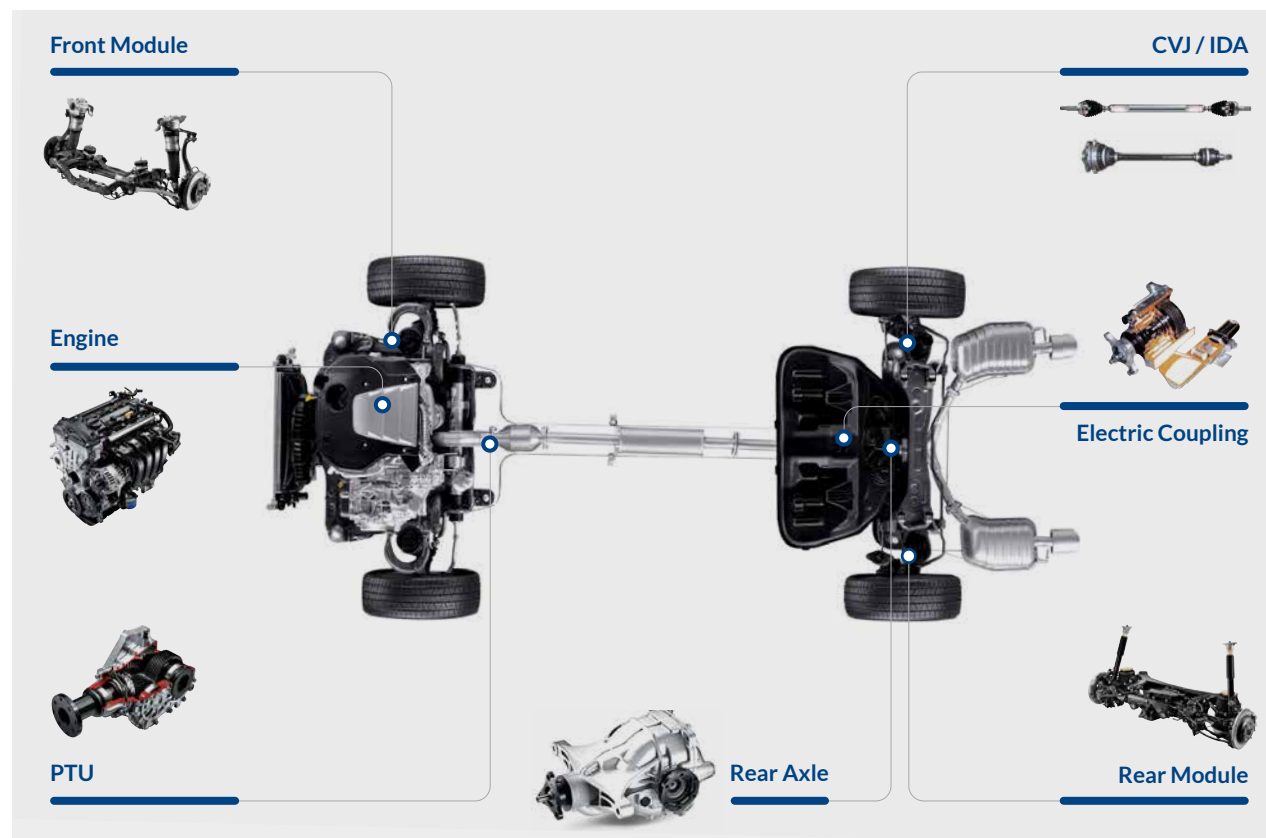


## Core Internal Combustion Engine Parts & Components Business

HYUNDAI WIA has established itself as a driving force behind the production of high-quality automobiles with its frontier technology. As the sole automotive parts company in Korea that produces automotive engines, we have gained recognition at home and abroad for our technology by manufacturing high-quality automotive modules, AWD systems, Constant Velocity Joint (CVJ), and Integrated Drive Axle (IDA). We will continue to maintain our reputation as a manufacturer of high-quality, high-efficiency automotive parts in the future by adopting advanced technologies and processes through continuous R&D and investment.

## Eco-friendly Automotive Parts Business

HYUNDAI WIA is leading the eco-friendly automotive parts market by relentlessly pursuing innovation and technology development in line with the rise of eco-friendly vehicles worldwide. Based on our know-how in manufacturing parts for traditional internal combustion engine vehicles, we are taking the lead in R&D of parts that can be applied to eco-friendly vehicles. In line with our vision announced in 2022, we plan to further expand our eco-friendly automotive parts business by combining new technologies to provide customers a seamless mobility experience.



# Business Brochure

## SMART SOLUTION

HYUNDAI WIA, the sole affiliate of the Hyundai Motor Group in terms of specializing in processing facilities, is launching new models to continuously fortify the competitiveness while offering integrated solutions for smart manufacturing, logistics, and electrified parts production lines, based on control, robotics, and autonomous driving technologies.

### Business Performance (Sales)

(Unit: KRW billion)



### Major Products

Machine Tools	Lathes / Machining Centers
Robotics & Autonomous	Machining Automation / Assembly Automation / Robot & Jig System / Smart Manufacturing and Logistics Solutions / Smart Software

### Machine Tool Business

In 2005, HYUNDAI WIA's machine tools business was integrated with Hyundai Motor's machine tool unit. Thus, we could achieve both quantitative and qualitative growth, and now we target the global market based on enhanced technology, production capacity, and brand power.

In the era of smart manufacturing, we are responding to customer needs and transforming the production environment by providing a SMART MONITORING SYSTEM that enables integrated remote management of machines.

### Robotics & Autonomous Business

HYUNDAI WIA's robotics & autonomous (RnA) business consists of four businesses Smart Factory, Electrified Production Facilities, Powertrain Processing Facilities, and Vehicle Body & Robotic Systems. The smart factory business offers flexible production cells and intelligent logistics equipment that allows small-batch production for various products, while the electrified production facilities provides total solutions for EV motor and fuel cell production. The powertrain processing facilities supplies high-performance equipment and advanced automotive production lines, based on its world best expertise in manufacturing production facility. The vehicle body & robotic system provides total solutions for automated production of vehicle bodies, provides total solutions for automated production of vehicle bodies, including optimal process design, jig manufacturing, body assembly, and robotic welding.



Lathes



Machining Centers



Mobile Picking Robot



Autonomous Mobile Robot



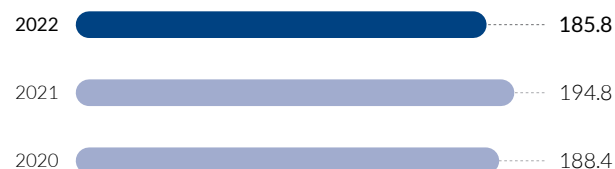
# Business Brochure

## DEFENSE BUSINESS

As the only gun manufacturer in South Korea, HYUNDAI WIA comprises ground weapons, naval weapons, aviation products and future weapon system in defense business, widely known for its outstanding quality and reliability.

### Business Performance (Sales)

(Unit: KRW billion)



### Major Products

Ground Weapons	Howitzers / Tank Guns / Mortars
Naval Weapons	5-inch / 76-mm Naval Guns
Aviation Products	T50 / KUH Landing Gear
Future Weapons	RCWS

### Land, Naval and Aviation Defense Businesses

HYUNDAI WIA is positioning as a leader in the defense industry with state-of-the-art technology for the development and production of land, naval and aviation defense products. Based on our in-house design and development capabilities and an impeccable quality assurance system, we produce exceptional defense products and contribute to the preservation of humanity's value and national territory. We will continue to develop and upgrade our defense products with the best performance and quality for an advanced defense industry.

### New Businesses for the Future

HYUNDAI WIA is tirelessly investing in R&D for future-oriented solution development that are optimized for the fourth industrial revolution and transforming battlefield environment. By combining our R&D experiences and core technologies in the traditional defense industry, we have secured core technological capabilities for cutting-edge unmanned automated weapon systems. We are also making every effort to discover business areas that will create high added value in the future. HYUNDAI WIA is currently expanding the defense business to urban air mobility (UAM) industry using the technologies acquired in the defense industry and know-how in the automotive industry.



Howitzers



Mortars



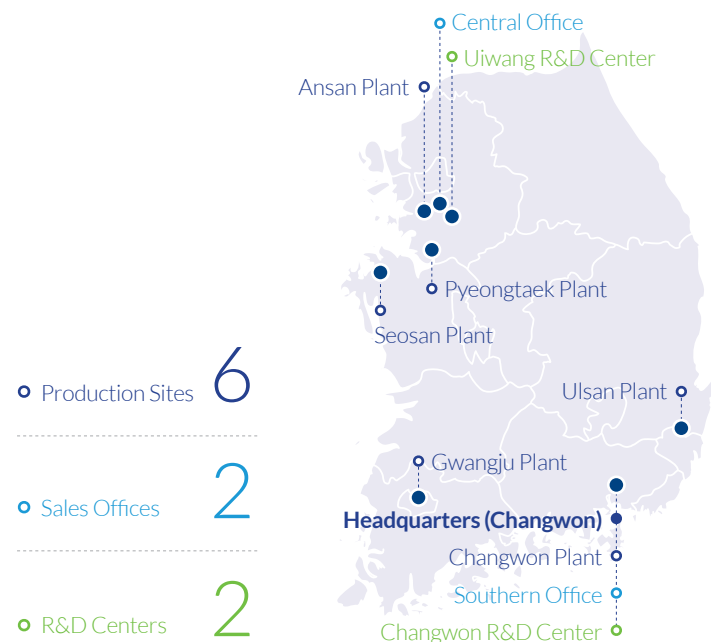
Naval Guns



Landing Gear

# Global Network

HYUNDAI WIA has established a global network in seven countries including Korea, the United States, China, Mexico, India, Russia, and Germany to enhance its competitiveness.



## Domestic Business Sites

Headquarters	Production Sites	Sales Offices
Changwon	Changwon Plant Ansan Plant	Central Office (Gwangmyeong) Southern Office (Changwon)
R&D Centers	Pyeongtaek Plant Gwangju Plant Seosan Plant Ulsan Plant	
Changwon R&D Center Uiwang R&D Center		



## Overseas Business Sites

Production Subsidiaries	Sales Subsidiaries	Sales Offices
Shandong HYUNDAI WIA (China) Jiangsu HYUNDAI WIA (China) Beijing HYUNDAI WIA (China) HYUNDAI WIA America (Alabama) HYUNDAI WIA Mexico HYUNDAI WIA India HYUNDAI WIA Russia	China Sales Company (Shanghai Office) HYUNDAI WIA America (New Jersey, U.S.) HYUNDAI WIA Europe (Frankfurt, Germany)	U.S. Office (Detroit, U.S.) India Office (Chennai) Russia Office (Moscow)



# ESG JOURNEY

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# Sustainability Management System

## ESG Management System

In April 2023, HYUNDAI WIA established ESG governance by expanding and reorganizing the functions of the existing Transparency Management Committee, with the aim of promoting with the aim to promote sustainable management in various areas such as society and governance as well as to enhance the stakeholders' value.

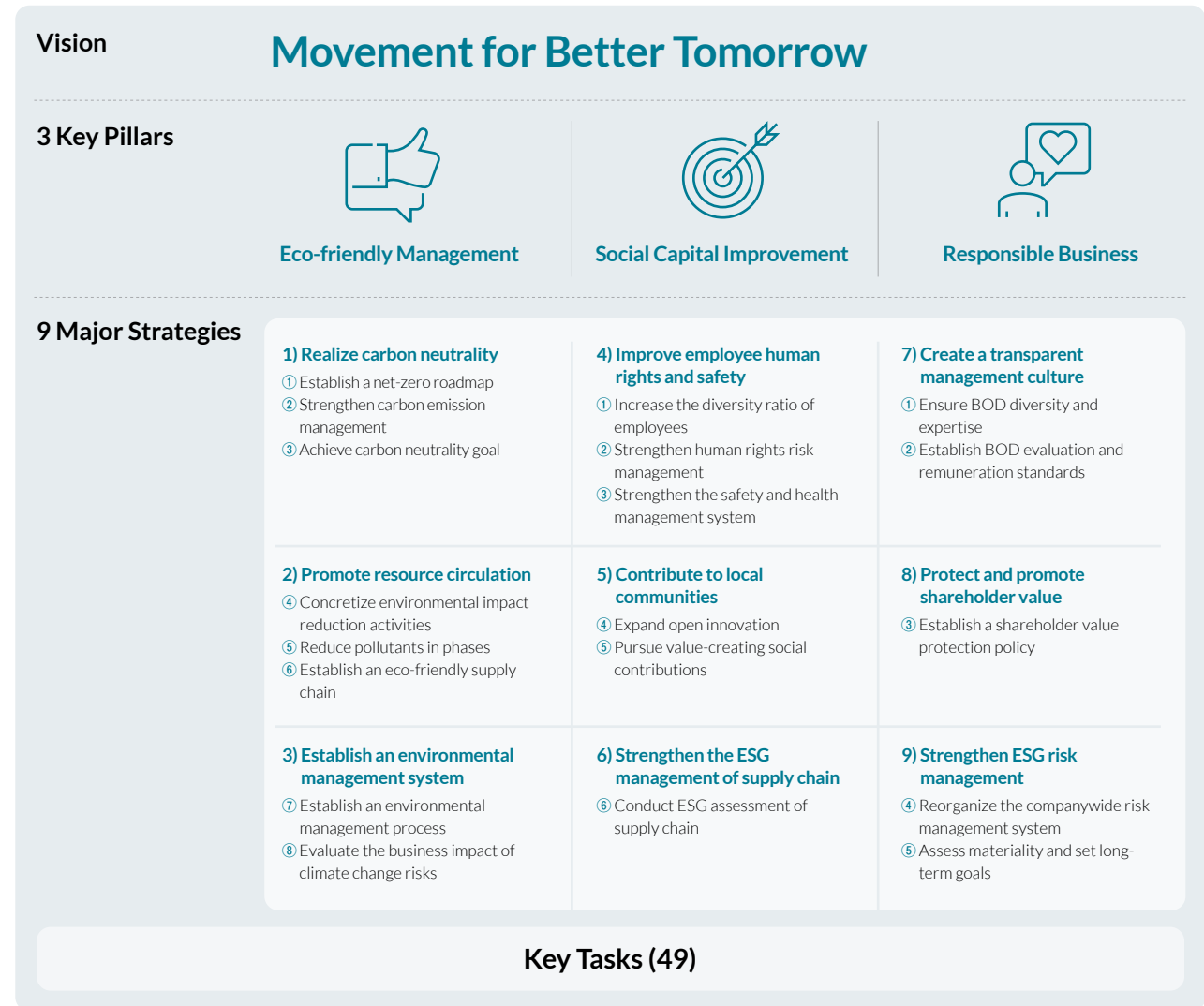
Through the quarterly meeting by the working group under the supervision of the Business Planning & Management Team from the Planning Sub-Division, which is the responsible team for overarching ESG practices, HYUNDAI WIA also established a company-wide consultation process for major ESG decisions.

Going forward, we will strive to internalize and upgrade our sustainability management system based on flexible cooperation among all relevant teams and active involvement of the board.

## Sustainability Management Organization



## Vision & Strategies



## Major Achievements in Sustainability Management in 2022

ESG Evaluation Results			
<b>A</b> Integrated Rating	<b>BB</b> Rating	<b>Silver</b> Medal	<b>A</b> Score
Korea Institute of Corporate Governance and Sustainability (KCGS)	MSCI ESG Rating	EcoVadis Sustainability Assessment	CDP

Environmental		
Declared "Carbon Neutrality by 2045" and joined the global initiative, RE100 (HYUNDAI WIA India has achieved RE20)	Acquired carbon footprint certification for one type of CVJ	Established and disclosed the environmental management policy and responsible mineral policy

Social		
Conducted a supply chain risk assessment	Operated a safety report center	Established a diversity policy

Governance		
Ensured diversity of BOD (appointed female independent directors)	Operated a voluntary transparency reporting system	Established a risk management system

## Stakeholder Engagement

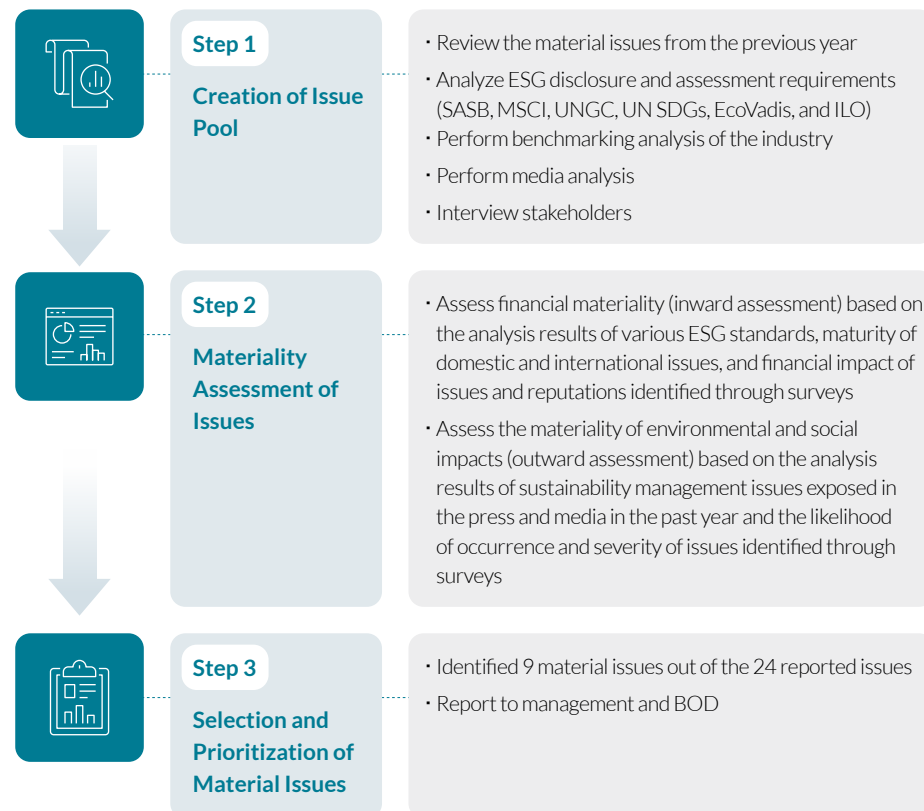
At HYUNDAI WIA, shareholders, investors, customers, local communities, suppliers, government, and executives and employees have been defined as the six stakeholder groups, and we have been running communication channels for each group. Based on smooth communication with stakeholders, we respond to changes in major issues and improve management activities for sustainability management. We will take the opinions of each stakeholder, identify material issues, into account and actively reflect them in our sustainability management strategies.

Stakeholder Group	Major Interests	HYUNDAI WIA's Activities in Response	Communication Channels	Communication Cycle
Shareholders & Investors	<ul style="list-style-type: none"> <li>Diversification of business portfolio</li> <li>Business risk management</li> </ul>	<ul style="list-style-type: none"> <li>Reporting of business performance through regular disclosures</li> <li>Advancement of mid-to long-term business strategies</li> <li>Establishment of a foundation for future value creation</li> </ul>	<ul style="list-style-type: none"> <li>Shareholder meetings</li> <li>Management disclosures</li> <li>IR activities</li> </ul>	Annually Quarterly On-demand
Customers	<ul style="list-style-type: none"> <li>Building competitiveness in product quality</li> <li>Providing transparent product information</li> </ul>	<ul style="list-style-type: none"> <li>Collecting customer opinions and reflecting feedback</li> <li>Sales and marketing activities</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction surveys</li> <li>Face-to-face &amp; non-face-to-face consultation channels</li> <li>Sales &amp; marketing activities</li> </ul>	On-demand
Local Communities	<ul style="list-style-type: none"> <li>Reinforcement of environmental and safety activities</li> <li>Revitalization of the local economy and social contribution</li> </ul>	<ul style="list-style-type: none"> <li>Reinforcement of workplace environment and safety management</li> <li>Operation of social contribution programs</li> </ul>	<ul style="list-style-type: none"> <li>Social contribution activities</li> </ul>	On-demand
Suppliers	<ul style="list-style-type: none"> <li>Win-win growth and technical cooperation</li> <li>Prevention of unfair practices and corruption</li> </ul>	<ul style="list-style-type: none"> <li>Technical and management support for suppliers</li> <li>Prevention of unfair practices and corruption</li> </ul>	<ul style="list-style-type: none"> <li>Regular general meetings with suppliers</li> <li>Visits to supplies for guidance</li> </ul>	Annually On-demand
Government	<ul style="list-style-type: none"> <li>Compliance with laws and regulations</li> <li>Reinforcement of public-private cooperation in the defense industry, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Communication with the government and related organizations</li> <li>Prevention of unfair practices and corruption</li> </ul>	<ul style="list-style-type: none"> <li>Participation in meetings with government agencies</li> <li>Participation in government policies and investments</li> </ul>	On-demand
Employees	<ul style="list-style-type: none"> <li>Improvement of the working environment and organizational culture</li> <li>Capacity building</li> </ul>	<ul style="list-style-type: none"> <li>Activities to improve employee welfare and benefits and organizational culture</li> <li>Professional and leadership capacity building activities</li> </ul>	<ul style="list-style-type: none"> <li>Labor-management council</li> <li>Labor-management meetings</li> <li>Employment Safety Committee</li> </ul>	On-demand

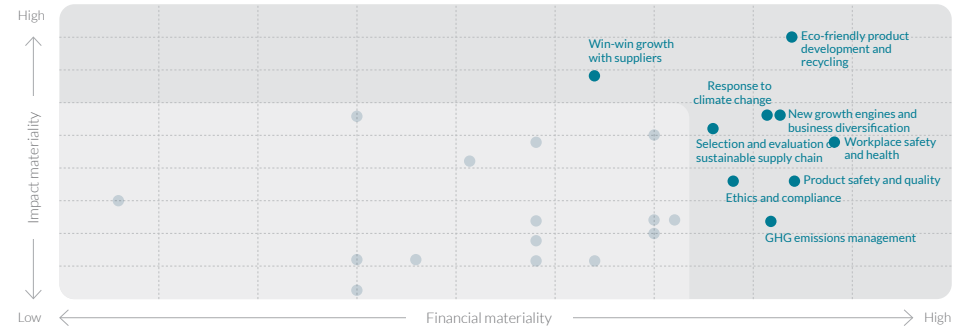
# Materiality Assessment

## Assessment Process

HYUNDAI WIA has adopted the double materiality concept presented in the EU's Corporate Sustainability Reporting Directive (CSRD) to select material issues for the materiality assessment in this year. Double materiality indicates how a company should consider the impact of sustainability issues on the company's value, such as growth, performance, and risk factors, as well as the impact that the company poses on the environment and society. This means that a company must consider both internal and external perspectives. We aim to proactively identify and manage sustainability-related issues in relation to the internal and external impacts of our business activities.











## Dual Materiality Assessment



## Dual Materiality Assessment Results

Category	Material Issues	Potential Issues
Environmental	<ul style="list-style-type: none"> <li>• Response to climate change</li> <li>• Eco-friendly product development and recycling</li> <li>• GHG emissions management</li> </ul>	<ul style="list-style-type: none"> <li>• Wastewater and waste management</li> <li>• Water resource management</li> <li>• Reduction of energy consumption and efficiency enhancement</li> <li>• Protection of biodiversity</li> </ul>
Social	<ul style="list-style-type: none"> <li>• Workplace safety and health</li> <li>• Win-Win growth with corporate suppliers</li> <li>• Product safety and quality</li> <li>• New growth engines and business diversification</li> <li>• Selection and evaluation of sustainable supply chain</li> </ul>	<ul style="list-style-type: none"> <li>• Building technological competitiveness through strengthened R&amp;D</li> <li>• Ensuring work-life balance for employees and field workers</li> <li>• Support to boost the work efficiency of employees</li> <li>• Talent recruitment and retention</li> <li>• Improvement in customer satisfaction</li> <li>• Strengthening of labor-management relations and internal communication</li> <li>• Respect for human rights</li> <li>• Involvement in the community and contribution activities</li> <li>• Promotion of employee diversity and equality</li> <li>• Education and training for capacity building</li> </ul>
Governance	<ul style="list-style-type: none"> <li>• Ethics and compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate governance</li> </ul>
New Material Issues of the Year		Key Reasons
GHG emissions management		To reflect the financial impact of achieving carbon neutrality and managing GHG emissions on the value of the company
Sustainable supply chain selection and evaluation		To increase the financial impact of customer demands for securing sustainable value chains
Product safety and quality		To reflect the financial impact of ensuring product safety and quality on the value of the company

## Management Approach to Material Issues

Material Issues	Reason for Selection and Impact	Response Strategies	Major Achievements and Activities	Page	Commitment to UN SDGs
<b>Response to climate change</b> <b>GHG emission management</b>	Many countries around the globe, including the U.S are choosing climate change response as their major agenda; thus, companies are now expected to meet the high environmental standard. Investors and customers are also demanding specific business plans to achieve carbon neutrality. Climate change response will be essential to a company's global competitiveness in the future.	HYUNDAI WIA has established a dedicated environmental safety organization under the environmental management system and five innovation tasks including greenhouse gas and energy reduction. The company has developed a carbon neutrality strategy for the purpose of responding to climate change and minimizing environmental impacts. HYUNDAI WIA is implementing key initiatives and responding to environmental issues by monitoring them with more stringent standards than legal regulations. The results of the carbon neutrality initiatives and environmental management are reflected in the KPIs of relevant departments and management, so that the climate change and environment-related risks can be incorporated into company-wide management system.	<ul style="list-style-type: none"> <li>Achieved the highest grade (A) in CDP assessment</li> <li>Acquired carbon footprint certification for one type of CVJ</li> <li>Declared "Carbon Neutrality by 2045"</li> <li>Joined the global initiative, RE100</li> </ul>	20~27	 
<b>Eco-friendly product development and recycling</b> <b>New growth engines and business diversification</b>	Innovative technologies drive the creation of future value. With the growing external demands for eco-friendly products in response to global environmental issues, product development and recycling to minimize environmental impact are essential to corporate competitiveness.	HYUNDAI WIA has established "Enhancing Product Competitiveness," "Securing New Business Technologies," and "Flexible R&D Culture" as mid- to long-term goals to develop products that can be sustained in the future by strengthening core development capabilities. HYUNDAI WIA is pursuing eco-friendly automotive parts development and business diversification as key initiatives and is committed to fulfilling these tasks through ceaseless research and development.	<ul style="list-style-type: none"> <li>Developed and mass-produced the "coolant water distribution and supply module" among integrated thermal management systems</li> <li>Commercialized logistics robots</li> <li>Developed an anti-drone system (ADS)</li> </ul>	32~37	
<b>Workplace safety and health</b>	With the growing emphasis on the importance of corporate social responsibility, companies are recognizing their responsibility for safety and environmental issues. As the stakeholder's interest in safety and environmental issues are rising, companies need to establish and implement systematic strategies to minimize safety and environmental impacts in the course of their business activities.	HYUNDAI WIA prioritizes health and safety issues all business activities in accordance with the management policy of prioritizing health and safety. The company has set "Zero Accidents," "Safety Culture," and "Zero Major Accidents" as its vision and goals and is systematically implementing safety and health management.	<ul style="list-style-type: none"> <li>Improved the accident rate (employees and suppliers)</li> <li>Operating a safety reporting center</li> </ul>	38~41	
<b>Win-win growth with suppliers</b> <b>Sustainable supply chain selection and evaluation</b>	Effective communication and win-win growth with suppliers are indispensable for driving the sustainable growth of a business. The selection and evaluation of sustainable supply chain can have a significant impact on a company's global competitiveness, as a sustainable supply chain is an essential element for fair trade and customer satisfaction.	HYUNDAI WIA operates a grievance handling process for suppliers to ensure smooth communication. The company provides support through various activities such as training, financial support, and R&D cooperation while striving for win-win growth. In addition, when selecting a supply chain, financial evaluation, credit rating, and ESG management are taken into account, and regular inspections, including quality inspections, and ESG evaluations are conducted to manage and maintain the supply chain.	<ul style="list-style-type: none"> <li>Conducted ESG evaluation of suppliers</li> <li>Provided financial support to suppliers (win-win growth fund, win-win fund, etc.)</li> <li>Provided ESG education and training to suppliers</li> </ul>	42~46	
<b>Product safety and quality</b>	Safety and quality of products are the first step to achieving customer satisfaction. The endless responsibility to ensure customers safety and happiness is practiced through quality management, leading to infinite value creation for our society. The highest level of product performance and quality is essential for gaining market competitiveness.	HYUNDAI WIA strives to preemptively understand the customer's needs for product safety and quality by proactively communicating with them, which ultimately allow us to provide safe products of the finest quality. In addition to making efforts to ensure quality from product development to post-management in all business areas, The company also operates a quality information system to manage quality history and establish a quality system internally.	<ul style="list-style-type: none"> <li>Improved the claims rate for three consecutive years</li> <li>Enhanced quality improvement programs</li> <li>Conducted periodic inspections and verifications of raw materials</li> </ul>	49~50	 
<b>Ethics and compliance</b>	Ethics and compliance management plays a decisive role in building and maintaining corporate reputation and trust. Ethics management promotes corporate sustainability and competitiveness through the fulfillment of corporate social responsibilities and in turn brings about positive social changes. As such, ethics and compliance management has a positive impact on corporate image, customer loyalty, and talent attraction. It is recognized as a key factor in sustainable development.	HYUNDAI WIA is fulfilling the basic role as a corporate citizen through ethical business management while endeavoring to establish ethical management as part of and focusing on incorporating ethical management as part of the corporate culture by ensuring employees to have the ethical mindset and act accordingly in a daily basis. Further, the company is dedicated to increasing corporate value by respecting laws and norms and earning customer trust. Based on various compliance programs, all employees of HYUNDAI WIA strive to promote transparent and fair trade.	<ul style="list-style-type: none"> <li>Introduced a voluntary transparency reporting system</li> <li>Introduced RMS system</li> <li>Conducted ethical management and compliance training</li> <li>Operated an autonomous fair trade compliance program</li> </ul>	66~69	



# ENVIRONMENTAL

HYUNDAI WIA recognizes the seriousness of global environmental issues. We aim to maximize the environmental impacts in the course of its business operations, such as GHG emissions and damage to the ecosystems, and further contribute to ecosystem restoration.

## Key Performance



**Declared “Carbon Neutrality by 2045”**

**Joined the global initiative, RE100**

**Achieved RE20 by HYUNDAI WIA India**

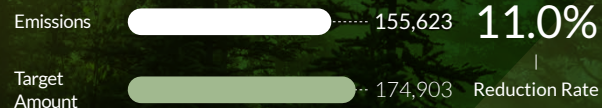
**Achieved the highest score in CDP assessment**

**A**

**Acquired carbon footprint certification for one type of CVJ**

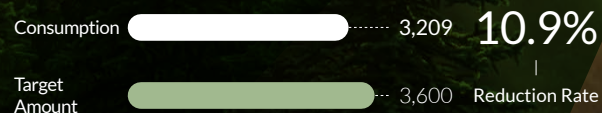
### GHG Emissions in 2022 (Domestic Business Sites)

(Unit: tCO<sub>2</sub>eq)



### Energy Consumption in 2022 (Domestic Business Sites)

(Unit: TJ)



Climate Change Response

021

Minimizing Environmental Impact

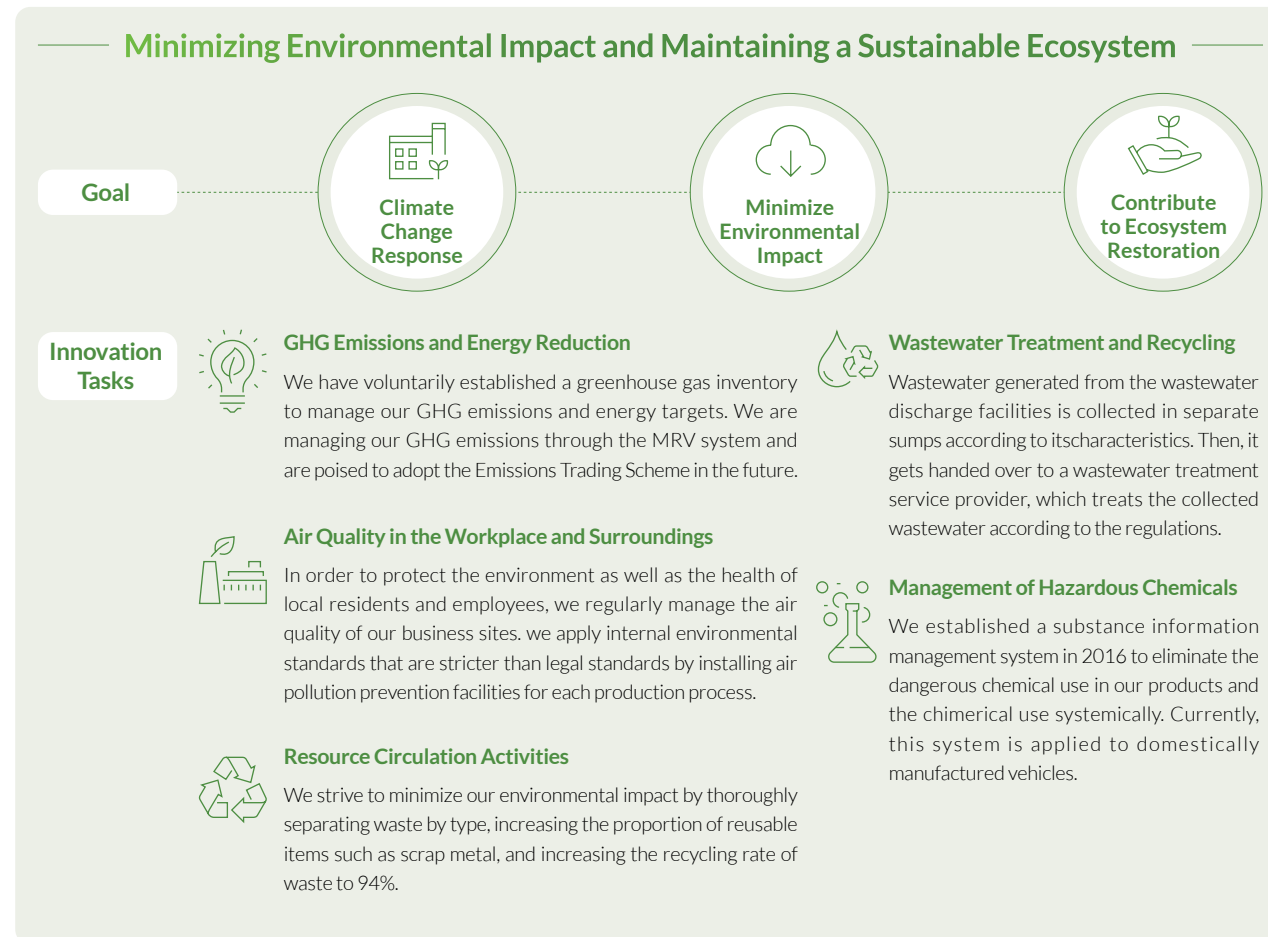
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# Climate Change Response

## Environmental Management System

HYUNDAI WIA strives to minimize pollutant emission and environmental impact. We manage air and water pollutant emissions based on internal environmental standards that are stricter than legal standards, and monitor air pollutant emission concentrations at all times by measuring and analyzing them according to the legal cycle.



## Environmental Management Policies and Practices

We have established an environmental management policy to continuously improve our environmental performance based on eco-friendly management practices, while minimizing negative environmental impacts across our business activities and value chains.

HYUNDAI WIA recognizes the importance of environmental issues, therefore, we practice environmental management in conjunction with our core management strategies by communicating with various stakeholders, including employees, suppliers, and local communities.

### HYUNDAI WIA's Environmental Management Policy

- 1 We shall create corporate value through proactive environmental management and fulfill our social responsibility by recognizing the environment as the key to corporate success.
- 2 We shall set implementable targets and evaluate implementation performance to respond to climate change.
- 3 We shall actively make efforts to use resources and energy sustainably and reduce pollutants throughout the entire lifecycle of development, production, sale, use, and discharge.
- 4 We shall actively support suppliers' environmental management activities and establish and implement criteria necessary to carry out an eco-friendly supply chain policy.
- 5 We shall comply with domestic and international environmental regulations and conventions and establish and implement necessary policies to promote environmental management.
- 6 We shall establish policies to protect bio-diversity and preserve the natural environment.
- 7 We shall post our environmental management achievement to corporate members and stakeholders per reasonable and objective criterial.

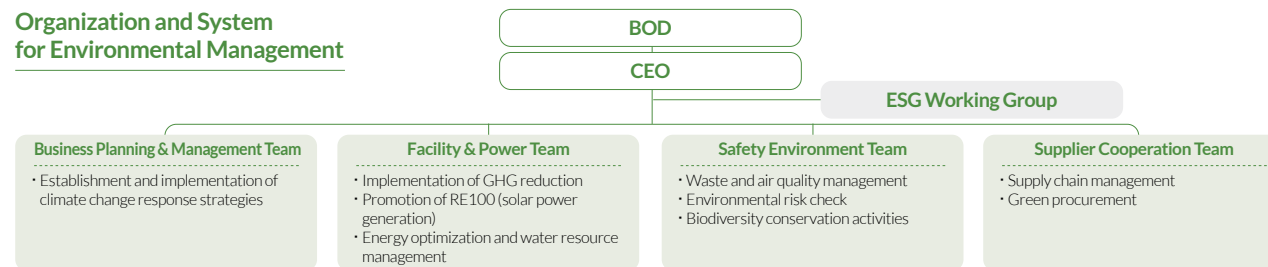
## Environmental Management Governance

At HYUNDAI WIA, we are pursuing environmental management through collaboration among related departments, centering the Business Planning & Management Team from Planning Sub-Division. The Business Planning and Management Team is the organization that oversees companywide ESG practices checks the establishment and implementation of climate change response strategies. The Facility & Power Team and Safety Environment Team from Business Support Division are the core organizations in environmental management, and their main responsibilities are to reduce greenhouse gas emissions and check environmental risks. The Supplier Cooperation Team from Procurement Division manages the environmental management of the supply chain and spearheads the company's efforts to expand green procurement.

The board of HYUNDAI WIA oversees risk management and performance improvement activities in the area of environmental management, such as carbon reduction performance and climate change response. The board also reach resolution and reviews the mid- to long-term environmental management strategies and major initiatives through the Board of Directors (BOD). Their responsibilities for environmental management are specified in the environmental management policy.

The BOD reaches resolutions on the management policy and budget for climate change response and health, safety, and environment (HSE) issues established by the environmental management organization every first quarter, as well as the results of activities in the previous year and the plans for activities in the following year. The board also receives regular reports on environmental management activity results every quarter. In 2022, an investment plan for eco-friendly technology was chosen as the main agenda as the main agenda for environmental management, and major environmental management achievements, such as carbon neutrality strategies and carbon footprint certification, were reported to the BOD.

### Organization and System for Environmental Management



## Environmental Management System Certification Management

HYUNDAI WIA has successfully renewed the international environmental management system certification (ISO 14001) for the business sites over the years. In 2022, twelve production plants and R&D centers in seven regions in Korea and four overseas production subsidiaries maintained the ISO 14001 certification.



### ISO 14001 Certification

12  
Domestic

4  
Overseas

Domestic	ISO14001	Overseas	ISO14001
Changwon Plant 1	○	Shandong, China	○
Changwon Plant 2	○	Jiangsu, China	○
Changwon Plant 3	○	Mexico	○
Changwon Plant 4	○	India	○
Changwon Plant 5	○		
Ulsan Plant 1	○		
Ulsan Plant 3	○		
Ansan	○		
Pyeongtaek	○		
Gwangju	○		
Seosan	○		
Uiwang	○		

## Environmental Education for Employees

To proactively address various environmental issues, we provided environmental education and training to those in charge of environmental areas (air quality, chemicals, etc.). We also conducted ESG training for all staff to raise awareness of ESG practices and boost their understanding of environmental management. HYUNDAI WIA is also developing and implementing educational programs about environmental issues for our employees to obtain environmental management capability and skills to respond to the increasingly stringent environmental regulations.

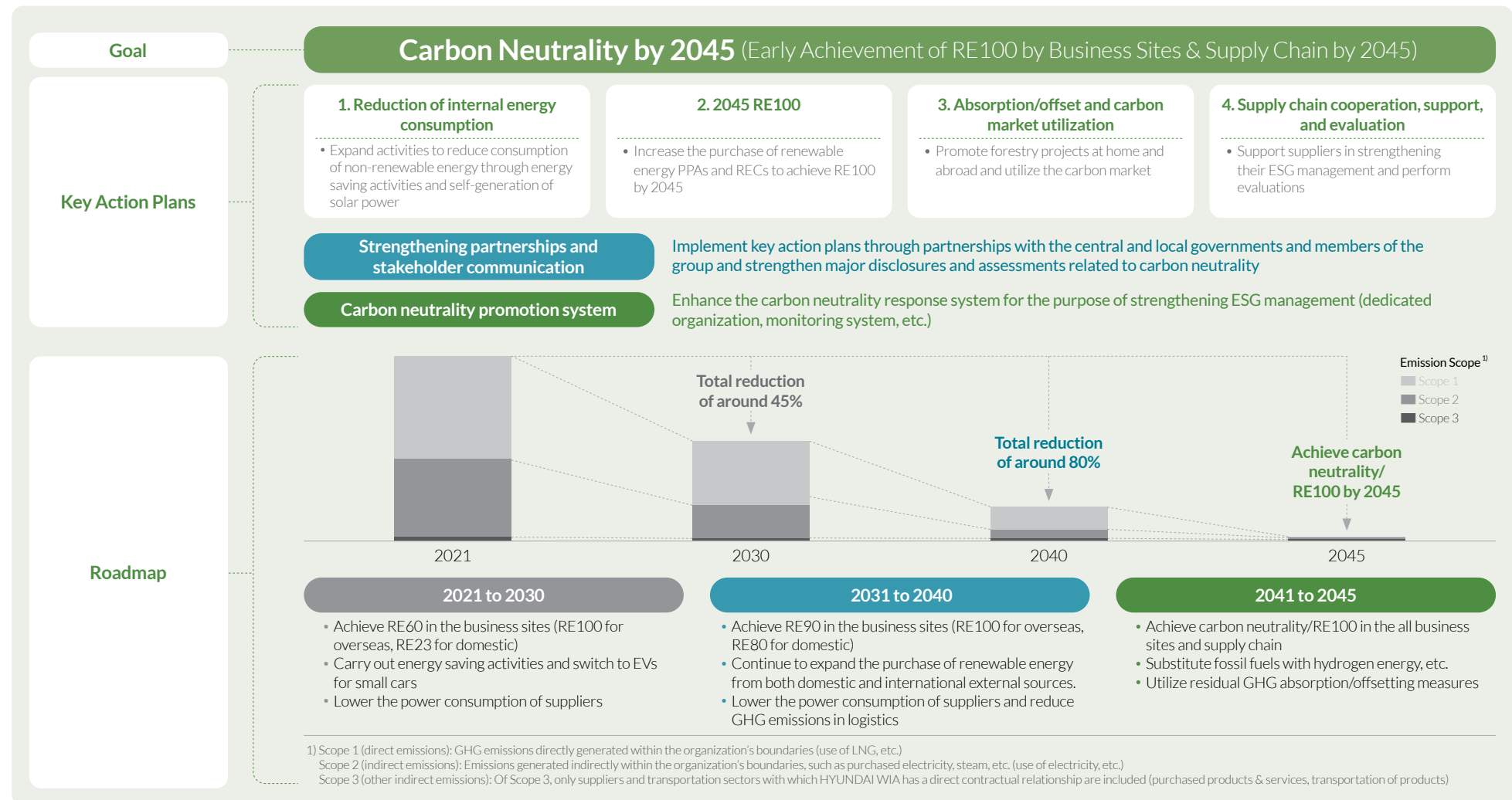
### Environmental Education & Training Programs

Program Title	Number of Participants (persons)	Hours of Training (hours)
Training on Management and Handling of Hazardous Chemicals	1,065	2,298
Training for Air Quality Technicians	6	132
Training for Water Quality Technicians	2	16
Training on Emissions Trading Scheme Settlement	1	4
Annual Training for Each Stage of Emissions Trading Scheme	1	5
Practical Training on Environmental Information Disclosure System	2	6
Education on CDP Climate Change Disclosure	2	48
Air Respirator Training	16	16
Practical Training on Writing Chemical Accident Prevention and Management Plan	1	19
<b>Total</b>	<b>1,096</b>	<b>2,544</b>

## Climate Change Response System

### Carbon Neutrality Strategy

In order to actively respond to climate change issues, HYUNDAI WIA has set a goal to achieve carbon neutrality by 2045 and to achieve RE100 earlier than planned, along with the establishment of key action plans and a mid- to long-term roadmap to achieve these goals. As a leader of ESG management, HYUNDAI WIA aims to emerge as the world's top-tier carbon neutral automotive parts manufacturer and help create a sustainable future by faithfully implementing the tasks according to the carbon neutrality strategies.



## Risks and Opportunities of Climate Change

Category	Timeline	Risks/Opportunities	Potential Financial Impact	Response Strategies
Transition risk	Current Short	• Tightened regulation of emissions Trading Scheme and increase in the prices of emission rights	• Increased cost and price of emission rights	• Establish a mid- to long-term carbon neutrality strategy • Switch to renewable energy (plans to invest about KRW 10 billion in domestic solar power generation systems by 2027) • Manage and reduce energy consumption and GHG emissions through WEMS
	Regulatory & Legal			
	New Medium	• New or tightened carbon regulations (e.g., procurement target system for eco-friendly vehicles to transition to zero-emission vehicles, carbon border adjustment mechanism (CBAM), etc.)	• Increased costs for compliance with tighter or new carbon regulations (e.g., higher costs due to the switch to eco-friendly vehicles)	• Monitor domestic and international trends and regulations • Establish and implement strategies to respond to climate change risks (participation in the the Korean version of EV100 initiative (K-EV100) campaign, etc.)
	Market	• Changes in customer (Car Maker) behavior	• Loss of market competitiveness and declining sales due to failure to meet customer requirements such as carbon neutrality and ESG assessment	• Switch to renewable energy such as self-generation of solar power • Implement carbon neutrality strategies • Undergo ESG evaluation and certification in line with customer requirements
	Technology	• Substitution of existing products due to the introduction of low-carbon products/services	• Increased costs due to the replacement of existing production lines with parts lines for eco-friendly vehicles at business sites and a decrease in sales due to suspension of business site operation	• Expand R&D for the production of low-carbon products and related technology • Pursue business diversification (smart factories and robotics, UAM landing gear, etc.)
Physical risk	Reputation	• Negative feedback from stakeholders due to poor corporate valuation as investors and stakeholders demand climate change response	• Decrease in the value of the company due to poor reputation and difficulty in attracting investment	• Disclose climate change response status and strengthen ESG assessment response • Participate in global initiatives such as RE100 • Actively communicate with stakeholders
	Acute Long	• Damage to business sites due to an increase in extreme weather events such as typhoons and localized heavy rain	• Reduced sales due to plant shutdown in the event of damage to business sites	• Establish and implement a major disaster response manual • Conduct regular inspection/maintenance of facilities
	Chronic Long	• Heat waves and droughts due to rising average annual temperature	• Decrease in sales due to disruption in production caused by insufficient water supply as a result of heat waves and drought	• Carry out activities to reduce water consumption (installing high-efficiency water-saving devices in business sites, etc.)
Opportunity	Resource efficiency Short	• Improvement of energy efficiency of business sites	• Reduced electricity bills with the use of high-efficiency products resulting in reduced operating costs	• Establish and implement energy consumption monitoring and saving plans for business sites
	Product & Service Medium	• Expanding market and increasing demand for eco-friendly vehicle parts	• Increased sales of eco-friendly vehicle parts as a result of increased sales of eco-friendly vehicles	• Expand the eco-friendly automotive parts business portfolio and R&D
	Market Medium	• Increased expectations from stakeholders due to full-fledged ESG management • Expansion of the eco-friendly vehicles market	• Increased value of the company thanks to improved ESG ratings (or increased ESG activities) • Increased sales of eco-friendly vehicle parts	• Carry out PR in relation to the pursuit of carbon neutrality, RE100, CDP score, etc. • Pursue climate change response activities that meet customer requirements

## Flexibility in Management Strategy Considering Various Climate Change-Related Scenarios Including Under the 2-Degree Scenario

HYUNDAI WIA establishes management strategies to adequately handle the potential financial impacts of climate change risks and opportunities from the various potential scenarios of climate change. In accordance with the TCFD recommendations, we examine risks from climate change centering on business model impacts, classify them into transition risks and physical risks and we also manage the financial impacts identified in the short, medium, and long term to integrate them in our management strategies.

For transition risks, we reviewed our GHG reduction targets, budget, and roadmap for eco-friendly technology development based on the International Energy Agency (IEA)'s Net-Zero Emissions (NZE) by 2050 scenario and reflected them in our management strategies. For physical risks, we analyzed disaster risks and potential financial impacts under various weather conditions at our business sites based on the RCP 8.5\* scenario from the Intergovernmental Panel on Climate Change (IPCC) report. Then, we took measures to proactively respond to these risks.

\* RCP 8.5 (Representative Concentration Pathways): Applicable scenarios when GHG emissions continue on their current trajectory without any reduction

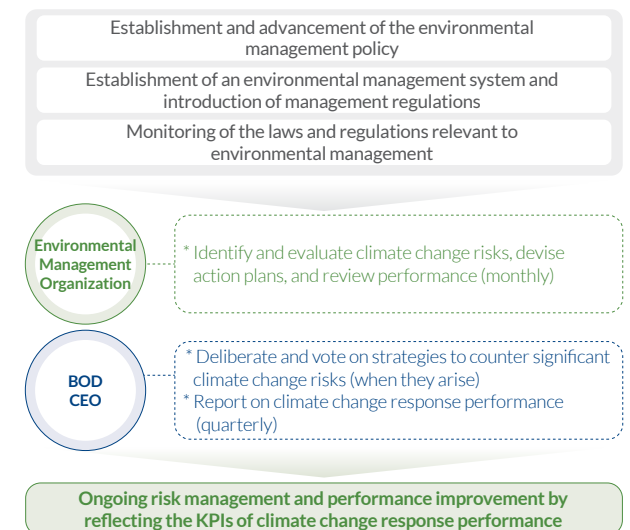
## Climate Change Risk Identification, Assessment, and Management Process

HYUNDAI WIA's environmental management organization identifies and evaluates climate change risks on a monthly basis and establishes companywide action plans for climate change risks to support the pursuit of GHG reduction targets and execute the related investment decisions. The identified climate change risks that are evaluated as material issues are reported to the CEO and the BOD for final decision-making.

To structuralize and manage climate change-related risks, HYUNDAI WIA stipulates environmental policies and management regulations, establishes and operates an environmental management system, and monitors the laws and regulations relevant to environmental management in an ongoing manner.

Moreover, HYUNDAI WIA has established a system to integrate climate change-related risks into the company's risk management system. This is done by reflecting ESG assessment results into KPI and including environmental management indicators such as the rate of improvement of GHG emissions per unit in the KPIs that are evaluated by a personnel from a relevant department with a team leader position or above.

## Climate Change Risk Management System



## Climate Change Response Performance

### Greenhouse Gas and Energy Management

HYUNDAI WIA has established and operates the WIA Energy Management System (WEMS), an MRV\* system for monitoring GHG emissions and energy use at the business sites. Based on the GHG emissions and energy use data on WEMS, we manage companywide GHG emission and energy reduction targets and performance. We also receive verification of GHG emissions\*\* of our domestic and overseas business sites from reputable third-party verification bodies for more reliable environmental data management.

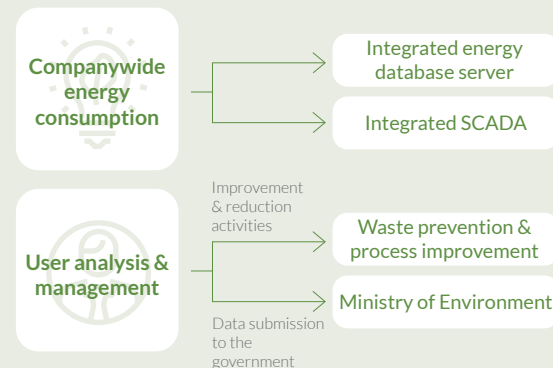
Meanwhile, we utilize various indicators such as the product quantity that are produced and sold, sales revenue, and the investment volume of R&D in eco-friendly technologies to assess risks and opportunities related to climate change. Then, we ultimately use the following evaluation results and consider them when we develop strategies and decide on investment direction.

\* MRV: Monitoring, Reporting, Verification

\*\* For Scope 3, only domestic business sites receive verification of their respective GHG emissions.

#### WIA Energy Management System (WEMS)

We established a companywide energy management system to reduce energy costs and be aligned with government policies (GHG Emissions Trading Scheme) based on energy monitoring and energy consumption pattern analysis



In 2022, total GHG emissions from all domestic business sites (production and sales sites and R&D centers) were 155,623 tons; the direct emissions from the use of fuel (Scope 1) were 9,760 tons and indirect emissions from the use of electricity (Scope 2) were 145,870 tons. It is worth noting that GHG emissions from domestic business sites dropped by 26,315 tons year-on-year.

We have been receiving third-party verifications of GHG emissions at overseas business sites since 2020. Unlike 2021, in 2022, the scope of third-party verification was expanded to include production sites, sales sites and branch offices. As a result, third-party verification was conducted at twelve subsidiaries, which are Jiangsu HYUNDAI WIA, Shangdong HYUNDAI WIA, Beijing HYUNDAI WIA, HYUNDAI WIA Mexico, HYUNDAI WIA India, HYUNDAI WIA China, Branch Office India, Branch Office America, HYUNDAI WIA Axle Alabama, HYUNDAI WIA Russia and HYUNDAI WIA Europe.

In 2022, the total GHG emissions of the overseas business sites amounted to 151,729 tons; the direct emissions from the use of fuel (Scope 1) were 9,132 tons and indirect emissions from the use of electricity (Scope 2) were 142,597 tons.

#### GHG Emissions

(Unit: tCO<sub>2</sub>eq)

Category	2020	2021	2022
Domestic Scope1	14,093	15,629	9,760
Domestic Scope2	156,086	166,317	145,870
Domestic Subtotal	170,173	181,938	155,623
Overseas Scope1	11,396	9,900	9,132
Overseas Scope2	273,565	161,576	142,597
Overseas Subtotal	284,961	171,476	151,729
<b>Total</b>	<b>455,134</b>	<b>353,414</b>	<b>307,359</b>

\* May differ from the sum of Scope 1 and Scope 2 emissions due to summation after rounding for each business site

#### Total Domestic Energy Consumption

Category	Unit	2020	2021	2022
Electricity (indirect energy)		3,214	3,475	3,048
Fuel (direct energy)	TJ	182	197	168
Other (steam, etc.)		-	-	-
Total energy usage		3,387	3,665	3,209
Energy consumption intensity	TJ/billion	60.6	57.3	48.0

\* Due to the rules of the Emissions Trading Scheme, the total amount differs from the sum of direct and indirect energy consumption (sum of energy consumption after rounding for each business site)

### GHG Emissions and Energy Consumption Targets and Performance

HYUNDAI WIA aimed to reduce GHG emissions and energy use by at least 10% from the targets in 2022. During the year, GHG emissions from all domestic sites totaled 155,623 tCO<sub>2</sub>eq, a reduction of 11.0% from the target. On the other hand, energy consumption of all domestic sites amounted to 3,209 TJ, which was 10.9% lower than the target. We carried out a wide range of GHG emission reduction and energy efficiency improvement activities. These include investing in WEMS for further improvement and introducing high-efficiency equipment, to achieve the GHG emission reduction targets set in accordance with the mid- and long-term carbon neutrality roadmap.

#### GHG Emissions in 2022

(Domestic Business Sites)

(Unit: tCO<sub>2</sub>eq)

Emissions 155,623

Target 174,903

Reduction Rate **11.0%**

\* GHG emissions allowance allocation for 2022 under the GHG Emissions Trading Scheme: 222,978 KAU

#### Energy Consumption in 2022

(Domestic Business Sites)

(Unit: TJ)

Consumption 3,209

Target 3,600

Reduction Rate **10.9%**

## Carbon Footprint Certification

HYUNDAI WIA measures the environmental impact of its products throughout the entire production processes to disclose the extent of the environmental impact of each product to stakeholders and actively pursue the carbon neutrality goal. As a result of these efforts, HYUNDAI WIA became the first Hyundai Motor Group's affiliate company to be certified for "Environmental Product Declaration" by the "Korea Environmental Industry and Technology Institute." This certification is a system that quantitatively displays the environmental impact of each product throughout its entire life cycle, including raw material collection, production, transportation, distribution, use, and disposal. HYUNDAI WIA will continue to make multifaceted efforts to protect the environment and tackle climate change, and strive to be a leader in eco-friendly management.

### Environmental Product Declaration Certification



## Implementation of the GHG Emissions Trading Scheme

Since 2015, the GHG Emissions Trading Scheme has been activated and the government is not setting the cap for GHG emissions each year and allocates emissions allowance to companies. At HYUNDAI WIA, we compare our emission allowance with our GHG emission projection for the year to check the insufficiency of our carbon credit. Until 2022, we have either carried forward or sold surplus carbon credits acquired by emitting less than our annual emission allowance. We expect our emissions to be less than what we have been allocated even in 2023. However, the emission rate in 2024 is likely to exceed the allowance. Accordingly, we are striving to comply with our legal obligations by strengthening the GHG emission management at our plants and taking measures to address any shortfall in carbon credits. The Facility & Power Team, in particular, has identified major amendments to the law, such as changes in penalty standards and the date of carrying forward, borrowing,

and settling carbon credits. The team also reports internally and holds meetings with related departments regarding the following provisions to share them. In addition, they are responding to the changes flexibly according to the company's status and the applicable laws and regulations by requesting cooperation from the related departments in terms of the expansion and closure of business sites and revised response strategy for the emissions trading scheme (carrying-forward/borrowing/settlement).

(Unit: tCO<sub>2</sub>eq)

Category	2021	2022	2023	2024
Allocated Emissions	249,963	193,249	162,081	130,898
Emissions (estimated)	181,938	157,623	140,748	145,666
Surplus (shortfall)	68,025	37,626	21,333	(14,768)

## CDP Score and Awards

Since 2020, HYUNDAI WIA has been proactively responding to climate change by issuing an annual climate change report under the Carbon Disclosure Project (CDP) after a third-party after a third-party verification process. As a result of these efforts, we received the highest grade, Leadership A, in the "2022 CDP Climate Change Response Assessment" by the "CDP Korea Committee," and we were also selected as a member of the Carbon Management Honors Club for the second year in a row. As the sole automotive parts company in Korea with Leadership A status and "membership, HYUNDAI Carbon Management Honors Club," HYUNDAI WIA is laying the ground to become a leader in climate change response.



2020 CDP Score



2021 CDP Score



2022 CDP Score



## Energy Efficiency Improvement Activities

To reduce GHG emissions and energy use, we measure the energy efficiency of energy-intensive facilities on a regular basis and actively taking improvement and replacement measures. We continuously try to rationalize energy use by participating in the resource trading market for electricity users. In 2022, HYUNDAI WIA participated in the city gas demand reduction project organized by the Korea Energy Agency and Korea Gas Corporation and reduce the amount of city gas used through raising the efficiency of energy facilities. HYUNDAI WIA received incentives in recognition of our efforts.

Investments in Raising Energy Efficiency	Target Business Sites
<ul style="list-style-type: none"> <li>Improved the WIA Energy Management System</li> <li>Replaced old once-through boilers</li> <li>Changed the heating system (convection heating → radiant heating)</li> <li>Applied power-saving features to the touchscreen monitors in the line</li> </ul>	Changwon
<ul style="list-style-type: none"> <li>Replaced old compressors</li> </ul>	Changwon and Ulsan
<ul style="list-style-type: none"> <li>Increased heating effectiveness by installing gas-type door heaters</li> </ul>	Ansan
<ul style="list-style-type: none"> <li>Rationalized compressor operation by installing an additional air tank</li> </ul>	Pyeongtaek

### Result of energy efficiency improvement activities

Total annual savings of KRW **827.9 million**



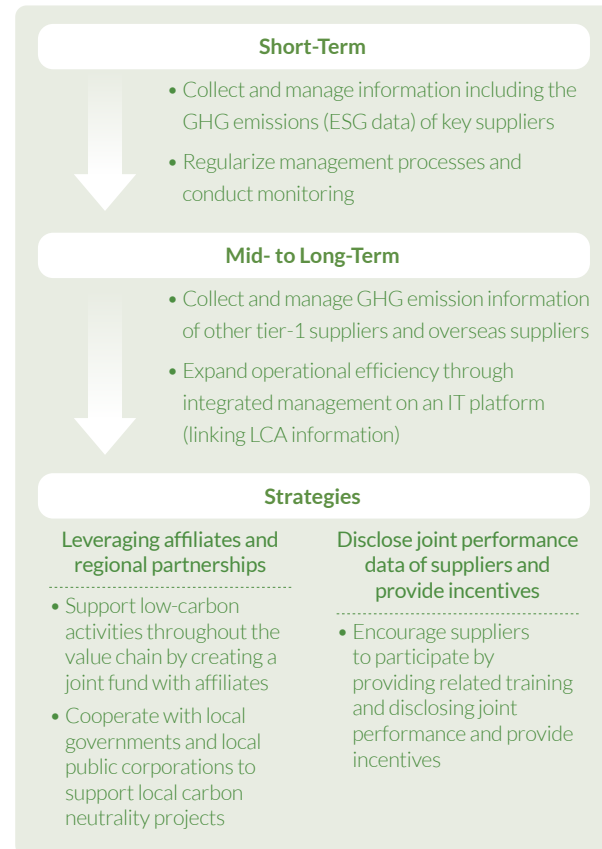
Rationalization of compressor operation by installing an additional air tank at Pyeongtaek Plant



## Carbon Neutrality Management of Supply Chain

HYUNDAI WIA has established a carbon neutrality roadmap to achieve carbon neutrality emissions of the Value Chain. In 2023, we plan on establishing an ESG information management system to collect GHG data from our suppliers and select key management partners in the supply chain. In the future, we will continue our efforts to achieve carbon neutrality in a more systematic manner by proactively engaging in GHG management and supporting our suppliers.

### Carbon Neutrality Roadmap for Supply chain



## Transition to Renewable Energy

Along with the final approval of RE100\* membership in 2022, HYUNDAI WIA set mid- to long-term goals and its key action plan to increase the percentage of renewable energy use to 60% by 2030, 90% by 2040, and 100% by 2045 and achieve carbon neutrality. We will strive to make the transition more effectively by implementing a number of strategic initiatives, including self-generation of renewable energy (solar power), conclusion of power purchase agreements (PPAs), and purchase of renewable energy certificates (RECs).

In particular, to increase self-generation of renewable energy, we have formulated a detailed investment plan for constructing solar power generation system at each business site in Korea. In 2023, we implemented the investment plan and began constructing the solar power generation facilities at the main building of Changwon Plant 1 and Uiwang R&D Center. The investment in self-generation of solar power will begin from facilities without any production lines and be expanded to production facilities after checking the power quality. Then, the investment will be expanded from domestic plants to overseas plants. In the case of our subsidiary in India, we plan to expand the percentage of renewable energy use from 20% to 40% by concluding PPAs in 2023.

\* RE100: An international campaign that aims companies to use 100% of electricity from renewable energy sources such as solar, wind, hydro, bio, and geothermal power.

### Domestic Solar Power System Investment Plan

Category	[Stage 1] 2023	[Stage 2] ~2025	[Stage 3] ~2027
Changwon Plant 1	Capacity: 60kW / Investment: KRW 0.15 billion	Capacity: 232kW / Investment: KRW 0.51 billion	Capacity: 571kW / Investment: KRW 1.25 billion
Changwon Plant 2		Capacity: 237kW / Investment: KRW 0.4 billion	
Changwon Plant 3			Capacity: 533kW / Investment: KRW 1.17 billion
Seosan Plant		Capacity: 1,620kW / Investment: KRW 3.56 billion	Capacity: 1,350kW / Investment: KRW 2.31 billion
Uiwang R&D Center	Capacity: 212kW / Investment: KRW 0.45 billion		Capacity: 119kW / Investment: KRW 0.2 billion
<b>TOTAL (KRW 10 billion)</b>	Capacity: 272kW / Investment: KRW 0.6 billion Power generation (annually): 350MWh (0.1% of the total in Korea)	Capacity: 2,089kW / Investment: KRW 4.47 billion Power generation (annually): 2,470MWh (0.7% of the total in Korea)	Capacity: 2,573kW / Investment: KRW 4.93 billion Power generation (annually): 3,043MWh (0.8% of the total in Korea)

### Mid-to Long-Term Targets for Renewable Energy Transition

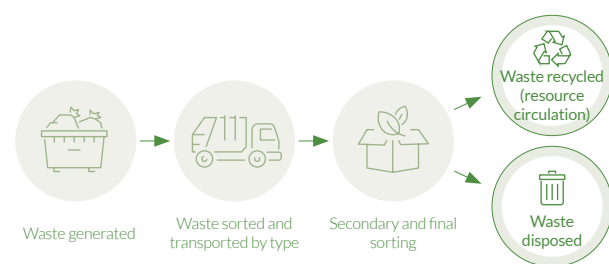


# Minimizing Environmental Impact

## Waste Management

HYUNDAI WIA monitors the entire waste management process from waste disposal to transport and treatment, to minimize waste generation and encourage recycling. Wastes HYUNDAI WIA is contributing on the resource circulation by separating waste that can be recycled and recycle them

## Waste Treatment Process



Through the waste treatment processes, HYUNDAI WIA has been reducing the amount of waste generated and increasing the recycling ratio each year. In 2022, more than 94% of the generated wastes were recycled.

## Waste Treatment and Recycling Ratio by Type

(Domestic Business Sites)

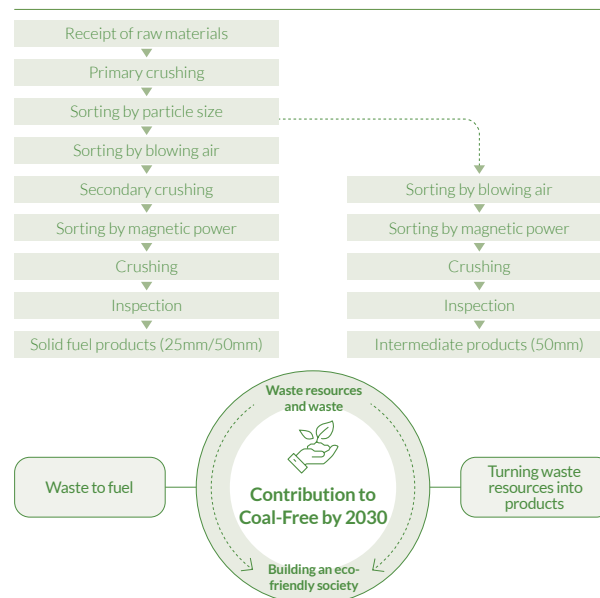
(Unit: tons)

Category		2020	2021	2022
General waste	Recycled	18,855	18,281	7,409
	Incinerated	789	792	285
	Landfilled	37	144	26
	Subtotal	19,681	19,217	7,720
Designated waste	Recycled	5,509	7,810	5,734
	Incinerated	1,458	978	505
	Landfilled	-	-	-
	Subtotal	6,967	8,788	6,239
Total		26,648	28,004	13,959
Recycling ratio		91.4%	93.2%	94.2%

HYUNDAI WIA has switched the method of disposing the waste synthetic resin among other general waste from the incineration method to recycling. The synthetic resin waste generated at HYUNDAI WIA is transported to a recycling company to be recycled (crushed and ground) into solid recovered fuel (SRF, non-molded) and intermediate processed waste, which allow us to turn the waste into energy. In particular, the SRF is considered as renewable energy, so it is used as a supplementary fuel for power plants, district heating, and industrial boilers.

We also continued our efforts to maximize recycling under a waste circulation system and exceeded the targets for resource circulation management indicators at our domestic business sites. We will gradually increase the use of recycled resources to minimize the input of natural resources and promote the society to obtain a sustainable resource circulation system.

## Waste Resource Circulation System (Waste Synthetic Resin Recycling Performance in 2022: 305.5 tons)



## 2022 Waste Resource Circulation Performance Indicator

Business Site	Circulation and Utilization Ratio (%)	
	Target	Actual
Changwon Plant 1	45.67	72.82
Changwon Plant 2	49.79	80.33
Changwon Plant 3	61.24	85.95
Changwon Plant 4	55.94	85.24
Changwon Plant 5	10.37	97.56
Ulsan Plant 1	5.69	65.57
Pyeongtaek Plant	12.97	78.68
Seosan Plant	29.59	83.26

\* Circulation and utilization ratio: (Actual recycling rate + Recognized amount of circulated resources)/(Amount of waste generated + amount of circulated resources) X 100

## Air Quality Management

With the aim of improving the air quality in areas near its plants, HYUNDAI WIA signed the second “Voluntary Fine Dust Reduction Agreement” with the Gyeongsangnam-do Provincial Government. This agreement is renewed every five years, and we are working with the local government to reduce the emissions of air pollutants such as dust, sulfur oxides, nitrogen oxides, and volatile organic compounds. To practice the agreement, we have been conducting various activities, including tracking and managing fine dust, inspecting and improving air emissions, and the prevention facilities.

In addition, we manage the pollutant emissions from air pollution prevention facilities under a stricter internal standard by restricting the emissions 20% lower than the permitted standard of law. Based on periodic monitoring, we also keep the records of emissions of dust, sulfur oxides, and nitrogen oxides. If the emissions exceed the internal emission allowance, we make multifaceted improvements such as process improvement by changing input raw materials, changing the structure of emission facilities, and considering the installation of high-efficiency pollution prevention facilities.

## Hazardous Chemicals Management

HYUNDAI WIA established and implemented a five-year plan to reduce the emission of trichloroethylene (TCE), hazardous chemicals. We reduced the TCE use to zero by substituting it with a non-hazardous chemical (NEW HS-100) since November 2022. We will continue to make similar efforts to reduce the use of other hazardous chemicals in the future.

## Water Resources Management

HYUNDAI WIA has made a persistent effort to reduce water consumption at each business site to protect water resources and minimize environmental impact. For example, we have invested in water-saving devices and facilities to reuse 90% of the generated waste at the business sites. As a result, we used less water than the target set each year. Going forward, we will continue to reduce the water consumption target each year by continually making efforts to reduce water consumption as a means to reduce wasting of water and take the lead in efficient water utilization.

### Water Consumption Target and Performance

(Domestic Business Sites)

(Unit: thousand tons)

Category	2020	2021	2022
Water consumption target	698	643	635
Actual water consumption	618	620	550
Target – actual water consumption	80	23	85

To minimize water pollutants, HYUNDAI WIA applies stricter in-house standards that are, on average, less than 20% of the legal limits. Environmental accidents are also prevented by managing the water level in storage tanks in real time using the wastewater (oil) level monitoring system. We also thoroughly manage the separation of sewage and wastewater generated at the plants and discharge the sewage to the sewage treatment plant for treatment in compliance with the law. All of the wastewater generated at the plants is treated by a contractor to minimize the impact on water resources.

In 2022, we installed a flowmeter at the CVJ painting line at Changwon Plant 3 for improved analysis and prediction of the amount of wastewater generated at the plant, thereby enhancing the system for analyzing and managing the environmental impacts of our use of water resources.

## Green Procurement

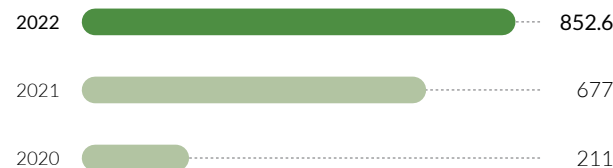
Green procurement refers to the purchase of eco-friendly products (products with an environmental mark, energy-saving mark, etc. and recycled or reused products). HYUNDAI WIA prioritizes purchasing eco-friendly products in accordance with the Green Procurement Guidelines and encourages our suppliers to engage in eco-friendly activities.

### Green Procurement Guidelines

- The Procurement Team shall register and manage eco-friendly product manufacturers as suppliers.
- The Procurement Team shall prioritize the purchase of eco-friendly products, instead of re-tender, if there are bidders whose scores are the same.
- The Procurement Team shall regularly disclose green procurement performance in the sustainability management report.

### Green Procurement Performance

(Unit: KRW million)



## Environmental Risk Inspection

HYUNDAI WIA analyzes the potential financial impact on the company by defining and evaluates risks and opportunity factors related to major environmental issues such as air and water pollution in order to minimize environmental impact and promote recycling. The company actively responds to environmental risks by considering risks and opportunities that poses significant financial impacts in management strategies and investments.

## Risks and Opportunities Related to Major Environmental Issues

Issues	Reinforcement of the Clean Air Act	Enforcement of the Environmental Crime Control Act
Risks & Opportunities	Tightening of the air pollutant (nitrogen oxide) emission allowance standards	Increased penalties for serious environmental incidents (other than leaks)
Company Response	Investment in ad installation of ultra-low-NOx burners	Investment in and installation of water level monitoring system
Financial Impact	Increased costs	Increased costs

Furthermore, we regularly conduct inspection activities to eliminate potential environmental risks and discover risk factors in advance. Inspection activities are conducted regularly in accordance with the Environmental Operations Manual, and the items in the checklist are systematically managed. In terms of socioenvironmental issues such as fine dust and odor, we manage those polluted emissions through special inspection activities.

### Inspection Activities

Category	Inspection cycle		Checklist
	Operating Department	HSE Department	
Atmospheric prevention facilities	Daily	Monthly	Check for normal operation of prevention facilities and compliance with laws and regulations
Outsourced wastewater storage facilities	Daily	Monthly	Check the storage facility management status and check for compliance with laws and regulations
Toxic substance handling facilities	Daily	Monthly	Check for compliance with handling facility installation standards
Waste storage facilities	Daily	Monthly	Check for compliance with waste storage standards
Soil pollution control facilities	Daily	Monthly	Check for oil storage facility management status and leaks



Environmental Risk Inspection Activities

## Environmental Impact Reduction Activities

### One-Company, One-River Campaign

To improve the water quality of local rivers and restore the biodiversity of aquatic ecosystems, the “One-Company,” “One River Campaign” is carried out every year in the Gaumjeongcheon Stream area in Changwon, Gyeongsangnam-do Province. We strive to create clean water systems and waterfront areas through the voluntary participation of executives and employees in campaign activities such as cleaning up rivers, removing plants that disrupt the ecosystem, and monitoring water quality.

### Agreement to Save Masan Bay

We have established flexible partnerships with sixteen organizations, including Changwon City, to clean up the Masan Bay. We actively participated in the measures to reduce pollution in the specially managed waters of the Masan Bay and helped clean up the local community by cleaning up the sea and coastal area and cutting down on the use of plastic.



One-Company, One-River Project



Agreement to Save Masan Bay

## Biodiversity Conservation Activities

### Acorn Feeder

Acorns are a food source for many wildlife species, including squirrels, chipmunks, and jays. When these animals are unable to find food in the forest, they are forced to leave their habitat to search for food elsewhere, which ultimately leads the animals to get killed while crossing roads. To address this issue, HYUNDAI WIA has been running a campaign to install “Acorn Feeder” to provide acorns in the wild. Since 2019, we have installed and managed acorn feeders at ten locations, including Bieumsan Mountain in Changwon. This campaign gives employees the joy to be apart of environmental protection and creation of healthy forests where wild animals do not starve.

### Aquatic Ecosystem Impact Analysis

We analyze and manage the environmental impact of its corporate activities on the aquatic ecosystems by analyzing the quality of surface water at Changwon Plant 1 every year. We commissioned a specialized water quality analysis organization designated by the Ministry of Environment to measure BOD and 14 other water pollutants in the surface water at the final outfall of Changwon Plant 1. Through the analysis, we could discover that the water discharged from our plant did not violate the set river water quality standards and did not significantly impact the aquatic ecosystems. Through regular water quality and impact analysis, we will continue to protect biodiversity and prevent related risks in advance.



Acorn Feeder

### Biological Diversity Agreement

HYUNDAI WIA signed a business agreement between public, private, industry and academia to protect the urban biodiversity in Changwon. Together with various organizations, including Changwon City, we conduct surveys on the local biodiversity with the aim of carrying out ongoing protection activities for biodiversity conservation. We conduct population surveys and ecological conservation activities for otters and Clithon retropictus (a freshwater snail species), which are endangered species in Korea, and support the Changwon Citizen Biological Survey Group by making annual donations. We recognize the value of biodiversity and pledge to continue to be involved in the creation of an ecological city where people and nature coexist. HYUNDAI WIA promises to put continuous effort into conserving a sustainable ecosystem.

### Activities of the Citizen Biological Survey Group

Category	Main Activities
Endangered Species Survey	<ul style="list-style-type: none"> <li>• Otters: Maintain and manage unmanned cameras for otter observation (5 locations: Yuseonggyo Bridge, Myeonggokgyo Bridge, Towolgyo Bridge, and two locations at Yachongyo Bridge) → Frequency of otter shoots: 45 times</li> <li>• Clithon retropictus: Identify their habitats in the Namcheon Stream and tributaries</li> </ul>
Changwoncheon and Namcheon Stream Fish Survey	<ul style="list-style-type: none"> <li>• Changwoncheon Stream: Identified 233 individuals of 14 species of 8 families</li> <li>• Namcheon Stream: Identified 109 individuals of 10 species of 5 families</li> </ul>



Activities of the Citizen Biological Survey Group



# SOCIAL

HYUNDAI WIA prioritizes "Customer Satisfaction" first and foremost for decision-making. This philosophy demonstrates our unwavering responsibility to ensure the safety and happiness of our customers.

We will continue to do our best to fulfill the "Customer Satisfaction" through win-win growth and development with our suppliers, executives, and employees.

HYUNDAI WIA will also make the utmost efforts to bring forth value that will create a new future and enrich people's lives.

## Key Performance



**Developed and mass-produced an integrated module for distribution and supply of coolant water**

**Commercialized logistics robots**

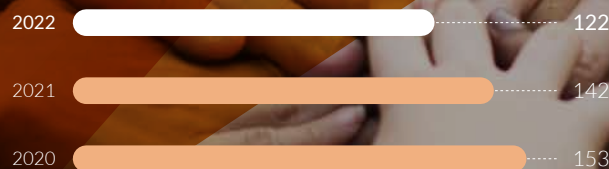
**Developed an anti-drone system (ADS)**

**Operated a safety reporting center**

**Conducted sustainable supply chain assessment**

### Cost of Claim Per Vehicle

(Unit: KRW/unit)



\* Engine and Automotive Parts Quality Division

Creating Future Value	032
HSE Management	038
Sustainable Supply Chain	042
Customer Satisfaction	047
Employees	051
Strengthening CSR	058
Human Rights Protection	061
Information Protection	063

# Creating Future Value

## Future Value Creation Framework

HYUNDAI WIA aims to develop sustainable products by building product competitiveness, acquiring new technologies, and creating a collaborative R&D culture. To strengthen the competitiveness, we plan to develop advanced products and customized products, and expand the R&D investments to acquire technologies related to integrated thermal management modules, electrified parts, smart manufacturing/mobile robots and other new businesses. Furthermore, we will continue to put effort into boosting communications with staff and systematizing processes to generate a more collaborative R&D culture and value in the future.

### Future Value Creation Framework



## R&D Network

HYUNDAI WIA's Uiwang R&D Center located in Uiwang, Gyeonggi-do Province is currently undertaking a project to develop automotive parts and smart manufacturing and logistics technology, including green technologies related to electrification. Meanwhile, the Changwon R&D Center is applying new technologies to develop ultra-precision machine tools and modern weapons systems.

Category	R&D Center	Major Activities
Domestic	Uiwang	Automotive engine / 4WD / Thermal management modules / HVAC and collaborative robot development
	Changwon	Development of machine tools, test research, and development of new defense technologies

### R&D Personnel

(Unit: persons)



### R&D Investment

(Unit: KRW billion)



### CASE Study

#### Collaboration Between HYUNDAI WIA & Hanyang Univ. in Development of Next-Generation "Block Coil Motor"

HYUNDAI WIA signed a joint research agreement with Hanyang University to develop the next-generation "Block Coil Motor" for mass production of a "Driving Systems for Robots" and opened the "HYUNDAI WIA i-Motor Lab" on the Hanyang University campus to conduct block coil research and foster human resources.

Block coil motors are expected to become a key component of future mobility, such as automotive, collaborative, and parking robots. HYUNDAI WIA plans to continue pursuing open innovation to build its technological competitiveness in the future industries and robotics markets.





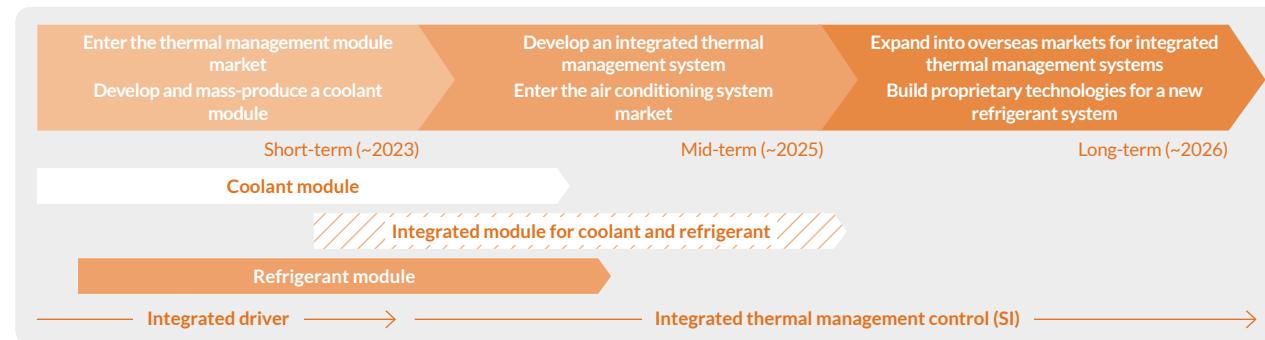
## Development of Eco-Friendly Automotive Parts

HYUNDAI WIA invested KRW 22.8 billion (about 40% of the investment in automotive part R&D) to develop eco-friendly automotive parts in 2022 and plans to invest KRW 33.6 billion (about 50% of the investment in automotive part R&D) in 2023. There are also plans to increase the pool of R&D personnel in the areas of “Integrated Thermal Management Systems” and “Electrified Control” to lead the future mobility parts market. The company is striving to develop products with global competitiveness by continuously expanding investment in R&D and R&D personnel for eco-friendly automotive products, including the integrated thermal management system.

### Integrated Thermal Management System

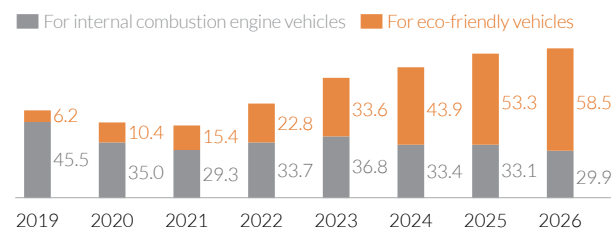
HYUNDAI WIA is currently developing the thermal management system in three major sectors (electric components, battery, and cabin cooling and heating). Thus, we are continually putting effort to lead the thermal management market. As a result of these efforts, we became the first in Korea to successfully develop an “Integrated Module for Coolant Distribution” one of the thermal management systems for eco-friendly vehicles, and it began to be installed in E-GMP, a platform dedicated to Hyundai electric vehicles, for mass production in May 2023 (118,000 units in 2023, with an average annual supply of 174,000 units). We plan to take one step further and develop an “Integrated Thermal Management System” that incorporates air conditioning from the existing cooling module by 2025 and supply to global automakers.

### Integrated Thermal Management System Development Strategy



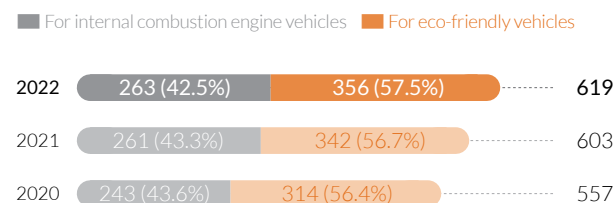
### Eco-friendly Automotive Parts R&D Performance and Plans

(Unit: KRW billion)



### Total Intellectual Property Registrations for Automotive Parts

(Unit: cases)



Modularization of major parts for thermal management for eco-friendly vehicles

Optimization of thermal management of electronic components and batteries

Establishment of an integrated system for the three areas of thermal management

### Integrated Thermal Management Module



#### Expected Effects

- Reduced carbon emissions by the improved mileage based on improved EV efficiency (13.3% improvement, on average, in winter)
- Reduced quantity and weight of parts due to modularization
- Increased productivity and space utilization through assembly integration

#### CASE Study

#### First Production of “Coolant Hub Module” for EVs

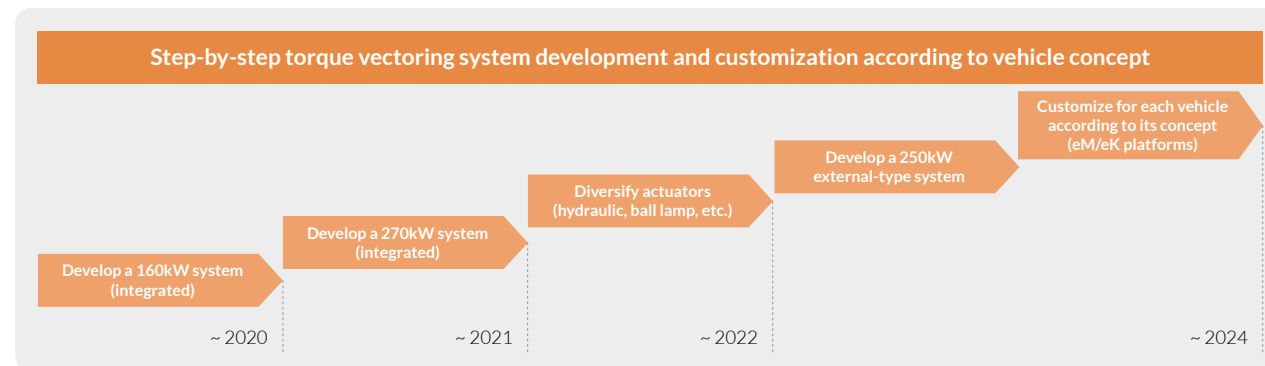
In May 2023, HYUNDAI WIA became the first automotive parts manufacturer in South Korea to produce coolant hub modules at the Changwon Plant 1. The “Coolant Hub Module” is part of the thermal management system for electric vehicles. It facilitates efficient thermal management of EV batteries, driving units, and electronic components. The coolant hub module will be installed in Kia “EV9” and “the All-New Kona Electric” from Hyundai, with an annual production capacity of up to 210,000 units.



## Electrified Torque Vectoring System (eTVTC)

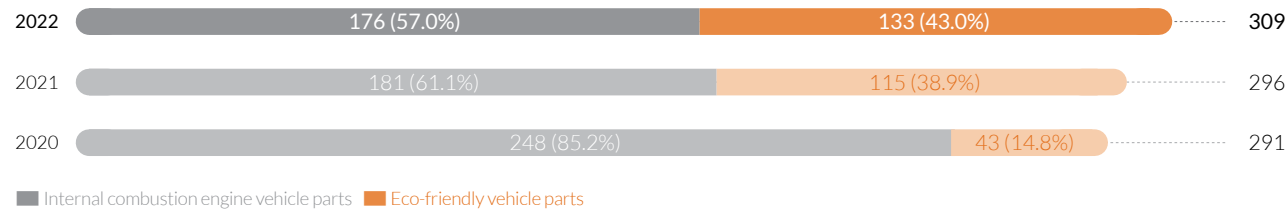
In 2019, HYUNDAI WIA successfully developed an "Integrated E-axle System," which is an eco-friendly 4WD system. The company continues to upgrade the product to satisfy customers' desire for "Fun Driving" with dynamic driving performance of electrified vehicles through the power distribution to the left and right wheels, rather than just the front and rear wheels of the existing 4WD system. As a result, a torque vectoring system technology could be combined with HYUNDAI WIA's 4WD technology. Along with this system development, we plan to develop a customized system for each vehicle platform by July 2024.

### Torque Vectoring System Development Strategy for EVs



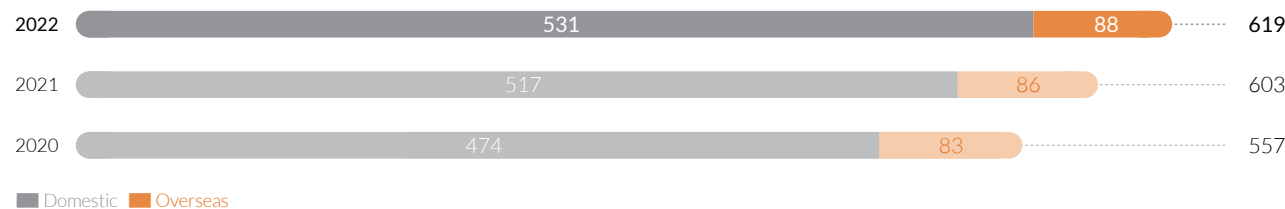
### Automotive Parts R&D Personnel

(Unit: persons)



### Domestic and Overseas Intellectual Property Registrations for Automotive Parts

(Unit: cases)



Lubrication technology for wet clutch application

Individual precision control technology for left and right clutches

Instrument system optimization technology (wet clutch module assembly)

### Electric Vehicle Torque Vectoring System (eTVTC)



#### Expected Effects

- Improved handling performance with left and right active torque vectoring function
- Improved environment with better fuel efficiency (expanding the area of flexible driving/regenerative braking)

## RnA Solution (Smart Manufacturing & Logistics)

HYUNDAI WIA is driving innovation in the manufacturing industry by presenting integrated solutions for smart manufacturing and logistics and electrified parts production lines based on control, robotics, and autonomous driving technologies. The company has developed, diversified, and advanced smart factories and robots that can provide flexible production cells and intelligent logistics devices as well as RnA solutions to provide customers with optimal automated lines and production solutions in line with the e-Mobility trends.

### Smart Manufacturing and Logistics Robots

HYUNDAI WIA is developing and providing a product group of intelligent robots that form the core of smart factories. We aim to improve the flexibility and efficiency of the manufacturing environment by providing human-friendly collaborative robots that are capable of working together with humans without a safety net. We are also looking to maximize logistics automation and efficiency through autonomous mobile robots (AMR) that can transport goods without any guidance, automated guided vehicles (AGV) that transport goods along a predetermined optimal route, and automated parking robots (AGV-Parking) that are capable of entering under vehicles and equipped with tire lifting devices.

We are also developing a variety of smart manufacturing and logistics robots, including autonomous mobile robots for cleaning (AMR-Cleaning), autonomous guided vehicles used as forklifts (AGV-Fork Lifter), mobile picking robots (MPRs) that can transfer, transport, and assemble parts using an integrated interface system, and outdoor parking robots that transport vehicles without restrictions in indoor and outdoor environments. We will continue to expand our product lineup to offer customized solutions, based on our extensive robot development technology.



### AI Logistics Robot Control Solution

HYUNDAI WIA has developed a "Mobile Robot Integrated Control System" that controls various types of multiple robots and conducts logistics monitoring in real time based on algorithms optimized for manufacturing and logistics situations. We have also developed the "Parking Control System" that controls parking robots and monitor parking lots, and the "AI Logistics Robot Control Solution" that can be combined with the customer's system to maximize manufacturing flexibility and profitability. The "AGV Control System(ACS)" that enables task scheduling and fleet management of logistics robots, and a web-based control solution that improves design and usability, were also developed. We offer smart manufacturing and logistics robots and various AI-based control solutions tailored to each customer to help them create a smart manufacturing and logistics environment.



#### CASE Study

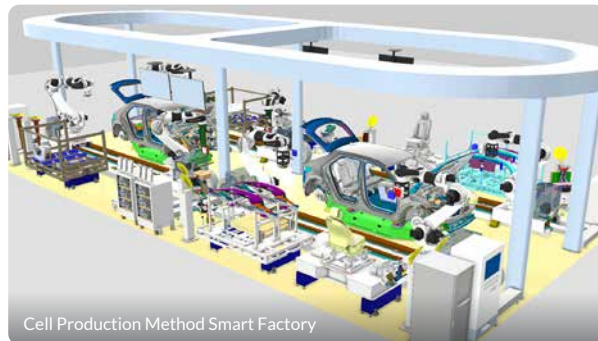
##### Commercialization of Logistics Robots EV Exclusive Factory in U.S.

HYUNDAI WIA will supply logistics robots to Hyundai Motor Group Metaplant America, the dedicated EV Exclusive Factory in the United States. It will be also supplied to Hyundai Mobis' new EV battery factory in the United States starting in 2024. Two types of Autonomous Mobile Robot(AMR) (300kg, 1 ton), fixed-route AGV, and AGV-Parking will be supplied to smart factories that manufacture EVs and batteries. HYUNDAI WIA also provides the "Logistics Robot Control System" that monitors and controls the robots in real-time and the "Total Smart Manufacturing Solution" that includes fourteen types of outfitting assembly facilities in the cell production method as well as the automated warehouse system. As a participant of a project to construct robot-friendly smart building initiated by Hyundai Motor Group and Aegis Asset Management, we will supply AGV-Parking to Aegis Asset Management's smart office building called "Factorial Seongsu," which is expected to be completed in January 2024. We will also participate in another ongoing project called "Future Smart Cargo Terminal Infrastructure Development Project" by the Hyundai Motor Group, Incheon International Airport Corporation, and Hanjin Group. HYUNDAI WIA will be supplying the AMR and automated warehouse systems.



## Establishment of Smart Factory for Cell Production

By applying collaborative robots, industrial robots, and 3D machine vision, HYUNDAI WIA aims to build a smart factory system with a cell production method suitable for flexible production of various types of products in small quantities. Furthermore, we plan to provide customers with the most efficient production system through a smart logistics system in combination with AMR/AGV. HYUNDAI WIA is continuously striving to provide production systems and digital twin systems that meet customer needs with optimized solutions developed based on 3D simulation analysis of production, assembly, and logistics.



## Electrification Facilities

HYUNDAI WIA is in the middle of commercializing new technological facilities based on its experiences in building automated mass production lines, followed by the development of core facilities for EV hairpin motor stators. Furthermore, we are expanding our business scope into the development of power electric (PE) system production facilities by internalizing the technology for EV front and rear wheel motor reducer lines. Based on the technical and analytical capabilities we've gained over the years, we will continue expanding our electrification facility business through various business activities, such as developing a core facility for hydrogen component production that meets customer needs.



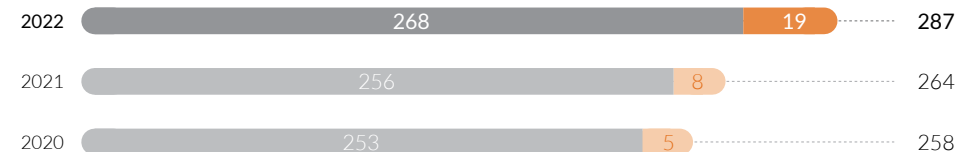
### Machine Tools and R&D Personnel for RnA Business

(Unit: persons)



### Total Intellectual Property Registrations for Machine Tools and RnA Business

(Unit: cases)



■ Domestic ■ Overseas

\* The number of patents has been changed from the previous year's report due to the exclusion of the IPs whose rights have expired.



## Defense Business

Recent defense policies call for adoption of weapons systems incorporated with the Fourth Industrial Revolution technologies for national security, with a focus on the acquisition of cutting-edge technologies such as AI and unmanned robots as well as miniaturization and ultra-precision. HYUNDAI WIA has accelerated development of innovative future weapons systems to meet such needs. There are also plans to venture into parts for UAM and UAVs, in line with the growing demand for eco-friendly and unmanned products.

### Remote Firing Control System

HYUNDAI WIA is reviewing army weapon systems that can maximize survivability and operability during missions. The vehicle-mounted RCWS\* is a weapons system that integrates a strike system such as a machine gun and automatic grenade launcher with a surveillance system and is operated by a remote control device. It is currently undergoing in-house testing and evaluation. By continuously developing and acquiring core technologies in the related field, we will strive to be at the forefront of the new defense market through ensuring latest weapon systems and contribute to the advancement of Korea's national defense.

\* RCWS: Remote Control Weapon System



### Special Business R&D Personnel

(Unit: persons)



### Total Intellectual Property Registrations for Special Business (Domestic)

(Unit: cases)



### Anti-Drone System

HYUNDAI WIA has developed an advanced anti-drone system (ADS\*) to counter the threat of drone attacks that are becoming increasingly sophisticated, and it is in the process of testing and evaluation. By applying AI software technology and 40mm aerial explosives, we have secured a technology that can significantly increase the probability of interception and allow us to respond to a fleet of drones at the same time. The paradigm of the defense industry is chaining. Accordingly, HYUNDAI WIA will further accelerate the development of related technologies to nurture our special business through export and contribute the enhancement of Korea's defense capabilities.

\* ADS: Anti Drone System



### Urban Air Mobility

With "Urban Air Mobility(UAM\*)" garnering attention as a game changer in the mobility market, there is a global race for preemptive technological development and market leadership. To prepare for the reorganization of the aviation market, we are developing core components such as landing gear, electric actuators, and controllers for comfortable, safe flight and eco-friendly UAM and AAM\* operations, based on our 30 years of experience in developing and mass-producing aviation components, as well as electric motors in the automotive sector. Furthermore, we are preparing to develop an electric taxiing that can move the plane on the ground with its own electric power without the thrust of rotors and propellers, which can save energy consumption and reduce carbon emissions at the same time. The e-taxiing have been applied for a patent. We will contribute to the expansion and technological improvement of the future mobility industry by converging our own technologies and the latest technologies in the aviation and automotive sectors and become a leader in the development of new technologies.

\* UAM: Urban Air Mobility / AAM: Advanced Air Mobility



### Development of Close-In Weapon System (CIWS- II)

Recently, the Republic of Korea Navy made a decision to develop a 30mm-class Close-In Weapon System (CIWS- II \*) domestically to protect vessels against high-performance anti-ship missiles and attacks from enemy's aircraft as well as small high-speed crafts. In response, we have been developing a gun system, the core equipment for the firing function of the CIWS, in collaboration with an overseas company since the first quarter of 2022.

CIWS-II is expected to significantly boost the naval power of Korea with the application of a number of the latest technologies compared to the equipment currently in operation. We will accelerate the development of CIWS-II based on our know-how and technologies in manufacturing 76-mm and 5-inch guns that are currently used in actual field operation and contribute to the survivability of naval vessels and self-defense. In addition, we'll pave the way to enter new export markets.

\* CIWS- II : Close In Weapon System





# HSE Management

## HSE Control System

### HSE Management System

HYUNDAI WIA has declared the “Health and Safety First Management Policy,” focusing on safety management by prioritizing the health and safety of all employees including corporate suppliers from various accidents and disasters. HYUNDAI WIA has obtained ISO 14001 and ISO 45001 certifications for advanced and scientific HSE management. HYUNDAI WIA is also putting utmost effort to create a safe and clean work environment by applying the HSE management system to all business sites, including overseas plants.

### Vision & Goals

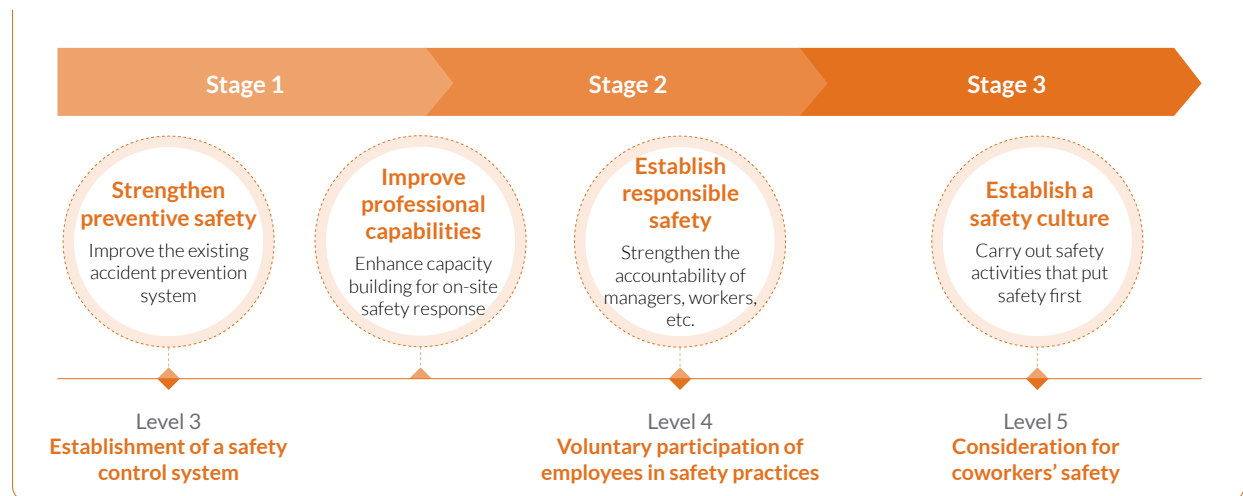
**“Safe Partnership for a Happier Tomorrow”**  
**Safety is the first step to a partnership for a better future.**



### Innovation Tasks



### Roadmap



## ISO 45001 Certifications of Domestic and Overseas Business Sites

(Unit: companies)

Category	Target	ISO 45001 Certification	Certification Rate (%)
Domestic	12	12	100
Overseas	4	4	100
<b>Total</b>	<b>16</b>	<b>16</b>	

## 2023 HSE Goals

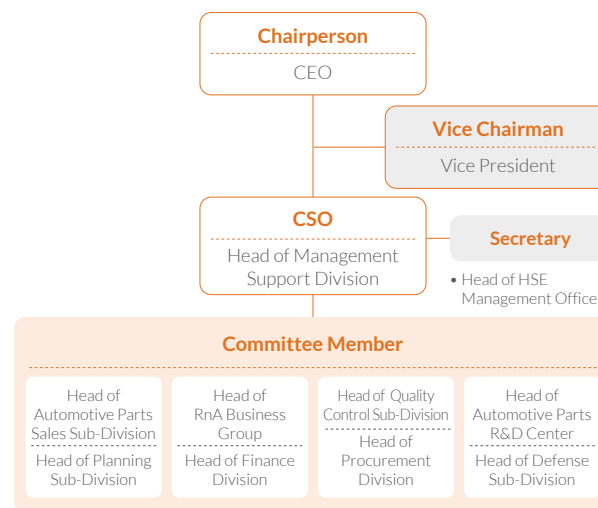
HYUNDAI WIA has established annual HSE goals to improve and better manage health, safety, and the environment and performs regular monitoring of related performance to achieve the goals set for each issue.

NO	Goal	Description
1	Zero serious accidents	Attain the goal of zero serious accidents based on regular safety inspections and training
2	Zero serious accidents at suppliers	Attain the goal of zero serious accidents at suppliers (internal and public corporations)
3	Zero serious fires	Attain the goal of zero serious fires based on fire inspections and training
4	Attainment of accident rate goal	Reduce by 10% from the previous year
5	Attainment of absenteeism goal	Reduce by 10% from the previous year
6	Zero environmental accidents	Attain the goal of zero leaks of air/water pollutants, wastes, chemicals, etc.
7	Zero environmental violations	Attain the goal of zero legal and regulatory violations based on environmental inspections and employee awareness

## HSE Governance

HYUNDAI WIA has organized the Safety Management Committee to discuss domestic and overseas safety activities, implementation measures, and recommendations on HSE issues on a quarterly basis. Monthly safety inspection meetings are held under the leadership of the CSO to review HSE issues.

## Safety Management Committee



HYUNDAI WIA responds to potential risks at its business sites through the Occupational Safety and Health Committee, which is composed of labor and management members (Labor side: Besides the branch president, 10 additional members. Company side: Besides the head of management support division, 10 additional members). The Safety Management Committee is convened every quarter for a meeting presided by the CEO to discuss major issues related to the HSE issues at each business site. Thus, the committee identifies risk factors at the industrial sites and implement improvement measures accordingly. HYUNDAI WIA undertakes HSE activities with the goal of achieving zero accidents and relentlessly strives to establish an effective safety control system.

		Major Discussions
1	Q1 2022	<ul style="list-style-type: none"> <li>Selection of work environment measurement service provider and related improvements</li> <li>Selection of general and specialty health screening service providers and related improvements</li> </ul>
2	Q2 2022	<ul style="list-style-type: none"> <li>Establishment of measures to prevent musculoskeletal diseases</li> <li>Installation of additional safety bars and height improvement at Changwon plants 2 and 3</li> </ul>
3	Q3 2022	<ul style="list-style-type: none"> <li>Establishment of safety incident prevention measures</li> </ul>
4	Q4 2022	<ul style="list-style-type: none"> <li>Establishment of measures for hazardous substances handled by Special Assembly Team 2</li> </ul>

## Safety Reporting Center

HYUNDAI WIA operates a safety reporting center to raise the safety awareness among the internal suppliers and employees and to establish an efficient integrated safety control process. The safety reporting center enables immediate response to accidents and proactive crisis management process by checking unsafe factors at workplaces in advance and devising improvement measures. By allowing employees to easily assess the safety reporting center and report potential risks on sites, HYUNDAI WIA will enhance the effectiveness of accident prevention.

## Safety Reports Handled in 2022

Category	Unit	Number of Reports Received	Number of Reports Processed	Number of Reports Rejected
Processing status	cases	20	20	-

## HSE Management of Independent Suppliers

HYUNDAI WIA conducts on-site safety inspection on suppliers annually to provide safety training to fulfill the social responsibility of occupational safety and build win-win growth with them. The company is assisting twelve suppliers in maintaining their ISO45001 and ISO14001 certifications and making sure that they maintain safe workplaces.

## Safety Training for Suppliers and On-Site Inspections

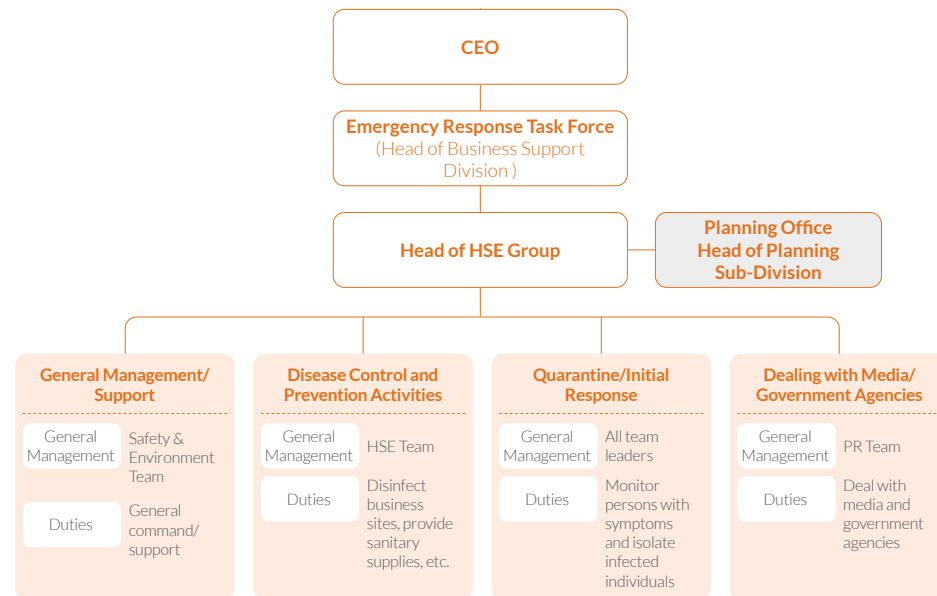
Category	Unit	2020	2021	2022
Safety training	times	12	12	12
Safety training target		850	808	687
On-site inspection of the environment & safety	suppliers	-	-	15

\* Conducted for external suppliers of HYUNDAI WIA

## Epidemic Response

HYUNDAI WIA responds to epidemic emergencies immediately by operating epidemic emergency organization upon the outbreak of an infectious disease. There are also detailed countermeasures for various types of epidemics for systematic response according to the situation.

### Command System for Epidemic Emergency Response (Organization Chart)



### Major Activities



## Safety and Health Risk Management

### Internalization of Safety and Health Culture

HYUNDAI WIA has established the "10 Essential Safety Rules" to prevent accidents and improve awareness of safety among employees. We also run "Safety Talk" session and share safety policies with workers and identify the current status of safety policy implementation to promote awareness of the importance of safety and prevent negligence.

### 10 Essential Safety Rules



### Safety Talk

Category	Details
Objective	<ul style="list-style-type: none"> <li>Spread of a safety culture with worker participation</li> </ul>
Attendees	<ul style="list-style-type: none"> <li>HSE Team, team leaders of the Production Dept., production managers, and production staffs</li> </ul>
Matters requiring improvement	<ul style="list-style-type: none"> <li>Understanding of the need to follow safety standards and increased interest in safety</li> <li>Increased safety awareness</li> <li>Strengthening of safety investment process</li> <li>Launch of a council comprised of safety representatives of suppliers</li> <li>Guidance on the process of requesting safety shoes for quality personnel and provision thereof</li> </ul>

## Safety Training for Employees

HYUNDAI WIA employees receive safety trainings to prevent accidents at the workplace and gain a safety awareness.

### 2022 HSE Training for Employees

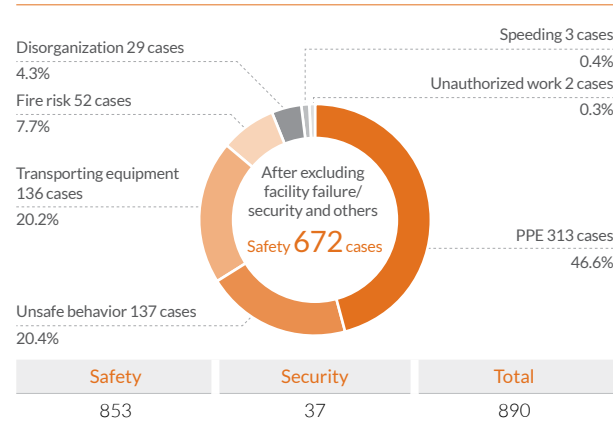
Program	Target	Method	Details	Cycle
HSE workshop	Person in charge of HSE from each department	Collective training	<ul style="list-style-type: none"> <li>Direction of the HSE policy</li> <li>Discussion of current HSE issues</li> <li>Lectures by external lecturers, etc.</li> </ul>	Annually
New employee training	New recruits	Collective training	<ul style="list-style-type: none"> <li>Introduction of HSE policies and tasks</li> <li>Introduction of major safety and environmental laws and regulations</li> <li>Case studies of accidents, etc.</li> </ul>	OJT for new recruits
Overseas resident employee training	Person in charge of HSE from each department	Collective training	<ul style="list-style-type: none"> <li>Direction of the HSE policy</li> <li>Discussion of current HSE issues</li> <li>Lectures by external lecturers, etc.</li> </ul>	Before dispatching as resident employee
Special training	Department heads, etc.	Collective training	<ul style="list-style-type: none"> <li>Sharing of HSE issues, response and preventive measures, etc.</li> </ul>	When an issue arises
Training after job change	Employees who have been transferred to a different department	Collective training	<ul style="list-style-type: none"> <li>HSE compliance</li> <li>Case studies of accidents, etc.</li> </ul>	Before the job change
Risk assessment training	Manager/supervisor from each dept.	Collective training	<ul style="list-style-type: none"> <li>Practical training on risk assessment techniques</li> <li>Information on safety and health risks, etc.</li> </ul>	Annually
First aid training	Field manager/supervisor, person in charge of HSE from each dept., etc.	Collective training	<ul style="list-style-type: none"> <li>Necessity of first aid and action guidelines in case of emergency</li> <li>Hands-on training on CPR, AED operation, etc.</li> </ul>	Second half of the year
Regular Safety and Health Training	All management staff	Online	<ul style="list-style-type: none"> <li>Education on the Occupational Safety and Health Act and the Industrial Accident Compensation Insurance Act</li> <li>Practical training on risk assessment techniques, etc.</li> </ul>	Quarterly
	All production staff	Collective training	<ul style="list-style-type: none"> <li>Education on the Occupational Safety and Health Act and the Industrial Accident Compensation Insurance Act</li> <li>Instructions on how to handle hazardous/dangerous machinery and equipment and practical training</li> </ul>	

## HSE Inspection Activities

We conduct daily HSE inspection in all departments on site and inspects dangerous machinery and equipment, such as cranes and pressure vessels, that can potentially cause high-risk accidents. In addition, we operate a integrated control center to prevent safety incidents such as fires, disasters, and security accidents. By monitoring all business sites, we take immediate action in the event of an accident.



### Monitoring Status in 2022



### Major HSE Inspection Activities Planned for 2023

Category	Schedule	Target	Details
Safety diagnosis of domestic/overseas business sites	Semi-annually	All business sites	<ul style="list-style-type: none"> <li>Establish safety goals</li> <li>Carry out safety activities in the management and field</li> </ul>
Safety inspection of dangerous machinery and equipment	Semi-annually	All business sites	<ul style="list-style-type: none"> <li>Improve robots and conveyors</li> <li>Conduct safety inspections and maintenance of dangerous machinery and equipment</li> </ul>
Fire/safety inspection of external suppliers	Q3	External suppliers	<ul style="list-style-type: none"> <li>Ensure safety and health compliance</li> <li>Check and instruct on legal compliance</li> <li>Conduct on-site inspection and provide guidance</li> </ul>
Winter fire prevention campaign	Q4	All business sites	<ul style="list-style-type: none"> <li>Conduct a campaign with the participation of workers</li> </ul>
Drills for serious accidents	Semi-annually	All business sites	<ul style="list-style-type: none"> <li>Train on how to extinguish fires using fire extinguishers</li> </ul>
In-house construction safety management	During the year	All business sites	<ul style="list-style-type: none"> <li>Safety control plan for large-scale construction work</li> </ul>
General/special health checkups	First and second halves of the year	All business sites	<ul style="list-style-type: none"> <li>General health checkups for all employees</li> </ul>
Measurements of working environment conditions	First and second halves of the year	All business sites	<ul style="list-style-type: none"> <li>Noise, dust, heavy metals, etc.</li> </ul>
Occupational Safety and Health Committee	Quarterly	All business sites	<ul style="list-style-type: none"> <li>Regular and ad hoc Occupational Safety and Health Committee meetings</li> <li>Listen to workers' opinions and make improvements</li> </ul>

#### CASE Study

#### Activities to Prevent Serious Domestic Accidents in 2022

On October 20, 2022, HYUNDAI WIA conducted a training to response to a serious accident at Changwon Plant 1. Upon notification of a fire, employees stopped working and evacuated, after that, fire was extinguished by the in-house fire brigade, victims of suffocation were rescued. Through these activities to prevent serious accidents, we are identifying areas for improvement to continuously improve our disaster response process. In line with the management policy of "Safety First," we will strive to ensure the safety of our employees.



# Sustainable Supply Chain

## System for Promoting Win-Win Growth with Suppliers

HYUNDAI WIA pursues sustainable management that allows us to ensure a fair trade system with our corporate suppliers and gain competitiveness with them by providing support for win-win growth. The corporate suppliers are our life-long partners beyond just business relationships. We share our visions and cultures and recognize that we can create greater value when we cooperate and coexist with one another.

Together with our suppliers, we are committed to comply with the relevant laws and regulations, such as the “Fair Transactions in Subcontracting Act.” Through this commitment, we strive for fair subcontracting and win-win cooperation. In addition, we are faithfully implementing the “Four Practices for Fair Subcontracting Between Large Corporations and SMEs” established by the Korea Fair Trade Commission.

### CASE Study

#### Participation in “Busan-Ulsan-Gyeongnam Win-Win Agreement Ceremony”

HYUNDAI WIA participated in the Fair Trade and Win-Win Cooperation Declaration Ceremony organized by the Korea Fair Trade Commission (KFTC). We announced the declaration's provisions, including practices for a fair subcontract, fair distribution of the burden on rising raw material costs, and improving payment terms. HYUNDAI WIA will continue to make efforts to abide by the declaration.



We support our suppliers in improving their financial health and building their capacity in order to foster win-win relationships and a fair and transparent trade environment. As a result of these efforts, we achieved the highest rating in both the Fair Trade Agreement Implementation Evaluation and the Win-Win Growth Index Evaluation. We also participated in the Win-Win Growth Agreement Ceremony to revitalize manufacturers in Busan, Ulsan, and Gyeongnam, thereby establishing ourselves as an exemplary model for win-win partnerships.

### Fair Trade Agreement Implementation Evaluation & Win-Win Growth Index Evaluation Results

Category	2020	2021	2022	2023 (Target)
KFTC	Top Excellence	Top Excellence	Top Excellence	Top Excellence
KCCP	Excellence	Excellence	Excellence	Excellence

\* Fair Trade Agreement Implementation Evaluation by the KFTC & Win-Win Growth Index Evaluation by the Korea Commission for Corporate Partnership (KCCP)

## Operation of Dedicated Organization for Win-Win Growth

HYUNDAI WIA operates the Supplier Cooperation Team to ensure consistency in the implementation of the win-win growth policy. The team undertakes tasks related to win-win growth to strengthen the relationships with suppliers in terms of risk management of subcontracting law violations, fair trade agreements, and perception surveys.

### Tasks of the Win-Win Cooperation Team

Category	Major Tasks
Fair Trade Agreement	<ul style="list-style-type: none"> <li>Signing of Fair Trade Agreement between KFTC &amp; HYUNDAI WIA</li> <li>Performance management of fair trade agreements</li> <li>Management the basic transaction agreements and Four Practices for Fair Subcontracting</li> </ul>
Perception Surveys	<ul style="list-style-type: none"> <li>Introduction of win-win growth programs and visits for VOC</li> <li>Promotion of a performance sharing system and performance management</li> <li>Participation in government-initiated purchasing consultations</li> </ul>
Subcontracting	<ul style="list-style-type: none"> <li>Mediation of disputes with suppliers</li> <li>Discovery and improvement of internal risks of legal violations in purchasing related to subcontracting</li> </ul>
Cooperative Association	<ul style="list-style-type: none"> <li>Formation of a cooperative association and organization of regular general meetings and discussions</li> </ul>
Government Affairs	<ul style="list-style-type: none"> <li>Participation in government policy briefings such as those of the KFTC and KCCP</li> <li>Participation in the Group Win-Win Growth Working Council</li> </ul>

### Win-Win Growth System

Objective	sustainability management through win-win cooperation with suppliers		
Core Strategies	1. Continuously improve the system	2. Establish fair trade practices	3. Strengthen the competitiveness of suppliers
Tasks	<ul style="list-style-type: none"> <li>Operate a performance sharing system and expand the scope of support</li> <li>Operate the first and second rounds of the win-win payment system</li> <li>Expand the cash payment ratio</li> </ul>	<ul style="list-style-type: none"> <li>Adopt and comply with the Four Practices established by the KFTC</li> <li>Operate the second and third rounds of the KFTC Standard Contract</li> </ul>	<ul style="list-style-type: none"> <li>Increase funding support such as the Win-Win Growth Fund</li> <li>Actively adjust unit prices for suppliers</li> <li>Expand the operation of training programs to improve supplier capabilities</li> </ul>
Supporting Organization	Win-Win Growth Secretariat		
Roles	<b>Purchasing</b> <ul style="list-style-type: none"> <li>Establish a win-win growth policy and operate related programs</li> <li>Adopt the "Four Practices of Fair Trade" and sign standard subcontracting agreements</li> <li>Check the suppliers' Voice of Customers (VOC) activities and subcontracting transactions</li> </ul>		<b>Finance, etc.</b> <ul style="list-style-type: none"> <li>Improve supplier funding and payment methods</li> <li>Protect and jointly develop suppliers' technologies</li> <li>Provide marketing support to suppliers to expand their sales channels, etc.</li> </ul>
Core Values	Fair Trade · Transparent Trade · Win-Win Cooperation		



## Supply Chain Selection and Evaluation

### Supplier Management and Status

In 2022, we conducted business with 1,551 domestic and overseas suppliers. After establishing the Code of Conduct for Suppliers in July 2020, we have been encouraging suppliers to comply with the code in order to pursue win-win growth and to enable them to grow as socially responsible companies alongside HYUNDAI WIA. We evaluate and monitor our suppliers' compliance with the Code of Conduct on a regular basis through ESG inspections on various sectors such as supply chain. HYUNDAI WIA strive to create a fair and transparent trading environment by signing fair trade agreements with suppliers each year. We also receive opinions from suppliers through periodic visits and meetings to address problems and prevent unfair practices.

#### Supplier Status

(KRW billion)

	Category	Domestic	Overseas	Total
2020	# of Companies	1,324	248	1,572
	Purchasing Scale	4,442.6	487.2	4,929.8
2021	# of Companies	1,313	220	1,533
	Purchasing Scale	5,140.9	431.4	5,572.3
2022	# of Companies	1,325	226	1,551
	Purchasing Scale	5,576.1	143.1	5,719.2

### Supply Chain ESG and CSR Evaluation Checklist

Category	Evaluation Checklist
Environment	<ul style="list-style-type: none"> <li>• Possession of an environmental policy</li> <li>• Possession of an environmental management system certification</li> <li>• Violations of environmental laws and regulations</li> </ul>
Labor & Human Rights	<ul style="list-style-type: none"> <li>• Possession of a human rights charter</li> <li>• Payment of minimum wage</li> <li>• Prevention of sexual and workplace harassment</li> <li>• Possession of a health and safety management system certification</li> <li>• Violations of health and safety laws and regulations</li> </ul>
Ethics	<ul style="list-style-type: none"> <li>• Possession of an ethics charter and tracking of conflict minerals</li> <li>• Donation expenditures and administrative sanctions related to business operations</li> </ul>
Governance	<ul style="list-style-type: none"> <li>• Operation of a reporting channel for corruption, conflict of interest, etc.</li> <li>• Disclosure of sustainability management performance</li> <li>• Anti-corruption and compliance training</li> </ul>

### Supplier Evaluation and Selection

At HYUNDAI WIA, we evaluate and select suppliers with the goal of maintaining a "Sustainable Value Chain" while prioritizing customer stratification first and foremost. When selecting suppliers, we evaluate them based on not only their quality management systems, quality performance, and credit ratings, but also non-financial factors such as their practices related to the environment, ethics, human rights, and safety, and how they reflect the findings from those activities in their selection process. We conduct Q5 Star and supply chain ESG evaluations once a year on our major suppliers and manage our supply chain in a way that strengthens the suppliers' capabilities to reduce risks related to supply chain sustainability.

#### Supplier Evaluation and Selection Process

##### 1. Preliminary evaluation of suppliers

- Conduct a comprehensive evaluation of the quality management system and financial, safety/environmental, and human rights/ethics aspects of suppliers to continue business transactions

##### 2. Establishment of supplier operation structure

- Register suppliers that meet the acceptance criteria, form pools according to the items, and establish bidding methods in advance
- Strengthen supply chain competitiveness by forming a competitive system for suppliers

##### 3. Quotation, bidding, and contract conclusion

- Carry out fair and transparent transactions
- Conduct electronic bidding on the AONE purchasing system
- Select suppliers based on price, quality, delivery date, and ethical, environmental, and safety management

##### 4. Regular evaluation of suppliers

- Implement supplier management and check evaluation items
- Foster suppliers for the purpose of strengthening SCM
- Apply benefits and sanctions to new bids/contracts according to the supplier evaluation results

\* Periodic evaluation of suppliers (Q5 Star) is conducted once a year, and the results are reflected in the selection of suppliers by considering the above evaluation criteria in the bidding process.

#### Checklist for Regular Evaluation of Suppliers

Category	Details
Q5 Star	<ul style="list-style-type: none"> <li>• Quality management system</li> <li>• Comprehensive evaluation of credit rating and HSE management</li> </ul>
Supply Chain ESG Evaluation	<ul style="list-style-type: none"> <li>• Comprehensive evaluation of sustainability management such as HSE management, human rights, ethics, and governance</li> </ul>

#### Regular Supplier Evaluation Performance and Plans

(Unit: companies)

Category	2020	2021	2022	2023 (Plan)
Q5 Star Evaluation	140	143	133	121
Supply Chain ESG Evaluation	-	-	123	269

#### New Supplier Evaluation Items and Q5 Star Evaluation Items

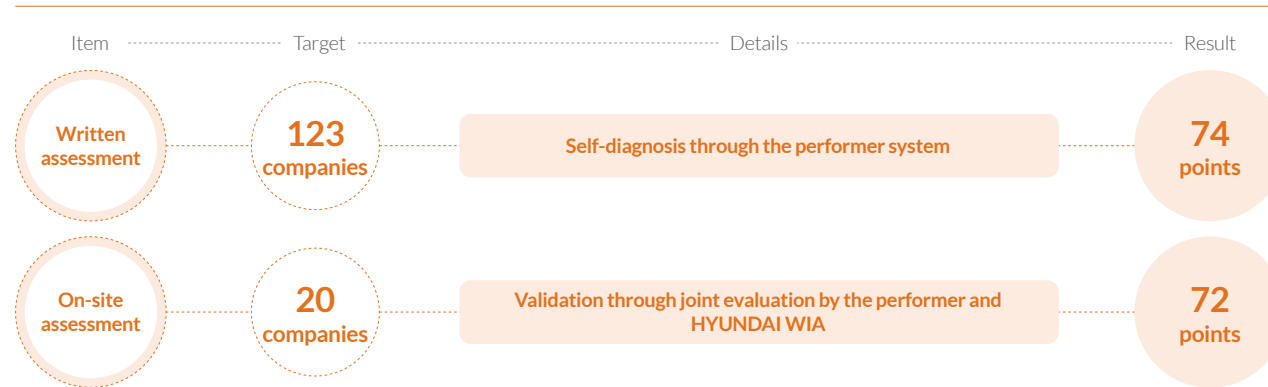
Evaluation for registration of new supplier	Management assessment	1. Organization and policy management 2. HR and labor management 3. Employee education and training 4. Standardization of internal operations
	Credit assessment	1. Credit rating 2. WATCH rating 3. Cash flow 4. Reliance on borrowings
Q5 Star evaluation	Quantitative assessment	1. Defect rate of delivered goods 2. Process defect rate 3. Claim reimbursement rate
	Qualitative assessment	1. Outsourced parts/mass production process management 2. Disaster prevention and safety control 3. Idea proposal and technological prowess

\* When registering a new supplier, some of the Q5 Star evaluation items are additionally evaluated depending on the type of supplier.

## ESG Assessment of Suppliers

As a partner of win-win growth, HYUNDAI WIA implements supply chain management policies to boost the competitiveness of suppliers and reduce ESG risks. In 2022, we conducted a written assessment on 123 suppliers and took additional on-site assessment and consultation on the lowest 20 suppliers in the scoring index. Major deficiencies were related to environmental performance management, management safety control, and ESG disclosure. The corrective actions for these issues will be checked in 2023. In 2023, there are plans to conduct written and on-site assessments on 269 companies, which is much higher number than the original evaluated suppliers. Supply chain ESG evaluation is conducted regularly, and the supplier's ESG operations are reported to the BOD. Various assessments and support policies, such as programs to strengthen suppliers' ESG capabilities, are implemented to eliminate ESG risks in our supply chain in accordance with the industry and customer requirements, so our supply chain can be fully managed without any ESG risks.

### ESG Evaluation of Suppliers in 2022



### ESG Assessment Indicators of Suppliers



### Supply Chain ESG Evaluation and Goals for 2023

Category	Details
Evaluation indicators and grades	<ul style="list-style-type: none"> <li>• Complementary to existing evaluation indicators</li> <li>1) 63 questions → 67 questions</li> <li>2) Strengthen environmental and safety assessment</li> <li>• Grading (7 grades: S~F) based on evaluation results and grade-based evaluation policy</li> </ul>
Target companies	<ul style="list-style-type: none"> <li>• Written assessment: 269 automotive parts suppliers</li> <li>• On-site assessment: selection of 40 companies</li> <li>1) Receive on-site assessment applications from suppliers</li> <li>2) Select suppliers requiring ESG capacity building</li> </ul>
ESG training	<ul style="list-style-type: none"> <li>• Provide training that reflects industry issues and ESG trends</li> </ul>
Establishment of infrastructure	<ul style="list-style-type: none"> <li>• Develop and operate a supply chain ESG evaluation system</li> </ul>
Reflection in purchasing policies	<ul style="list-style-type: none"> <li>• Establish incentive and penalty policies for suppliers based on supply chain ESG evaluation grades</li> <li>• Incentives: ESG consulting support and priority support for win-win growth programs</li> <li>• Penalties: On-site inspection of poorly rated suppliers and monitor improvements</li> </ul>

### Management of Conflict Minerals

HYUNDAI WIA is participating in a policy that restricts the use and procurement of conflict minerals. Our policy on conflict minerals is posted on our website, and to implement it, we thoroughly investigate whether our products contain conflict minerals such as tin, tantalum, tungsten, and gold that are illegally mined and distributed, as well as major minerals mined from cobalt mines, where there have been issues of child human rights violations. We also monitor and inspect our suppliers proactively to ensure that conflict minerals are not used throughout the supply chain. Through these efforts, we are building a sustainable supply chain system. Furthermore, we will continue our efforts to ensure that our suppliers' business partners also implement socially responsible mineral purchasing policies to avoid using conflict minerals.

## Win-Win Development Activities

HYUNDAI WIA faithfully implements fair trade agreements and operates various win-win growth programs to strengthen supplier capabilities. We promise to become an exemplary model for win-win growth by providing genuine support to suppliers.



## Creating Growth Foundation for Suppliers

HYUNDAI WIA, we clearly understand the importance of a transparent and trusted relationship with suppliers to achievement growth that is long-lasting. To achieve this, we comply with the "Four Practices for Fair Subcontracting" established by the KKFTC. We also review suggestions from suppliers through online and offline VOC platforms, and provide feedback on the results of improvements. Furthermore, we strive to build a sustainable win-win management ecosystem that fosters coexistence by operating a system that grants bonus points in bidding to tier-1 suppliers who have signed fair trade agreements with tier-2 suppliers.

### CASE Study

#### Smart Factory Construction Project for Suppliers

As a part of the "Support Project for Large Corporation and SMEs' Smart Factory Construction" by the Hyundai Motor Group, Ministry of SMEs and Startups, Foundation of the Korea Automotive Parts Industry Promotion, HYUNDAI WIA supports 12 corporate suppliers to inspect the smart system implementation, we plan to include more suppliers in the project to improve process inspection data consistency, reliability, and work convenience. By actively supporting the growth of our suppliers, we will establish a culture of "Win-Win Growth."



## R&D Collaboration

HYUNDAI WIA conducts a wide variety of R&D collaborations, such as sharing our patents with suppliers and conducting joint R&D, in order to strengthen suppliers' R&D capabilities.



## Supplier Training

HYUNDAI WIA conducts various training programs on quality, technology, safety, and security to strengthen the supplier's capabilities thereby improving quality and achieving customer satisfaction. According to the growing demand for ESG management that overarches various social factors, including sustainable business management and implementing carbon neutrality policies, we provide training and consultation related to those topics.

We also provide training to all suppliers at the "Global Win-Win Cooperation Center," an exclusive training facility for Hyundai Motor Group's suppliers, to help them strengthen their technological capabilities for the future.

### Training Programs for Suppliers in 2022

Category	Course (ea.)	Frequency (sessions)	Trainees (persons)
Raising quality awareness and capacity building	33	73	987
Technical capacity building	9	17	142
Enhancement of practical skills	29	91	1,219
Total	71	181	2,348

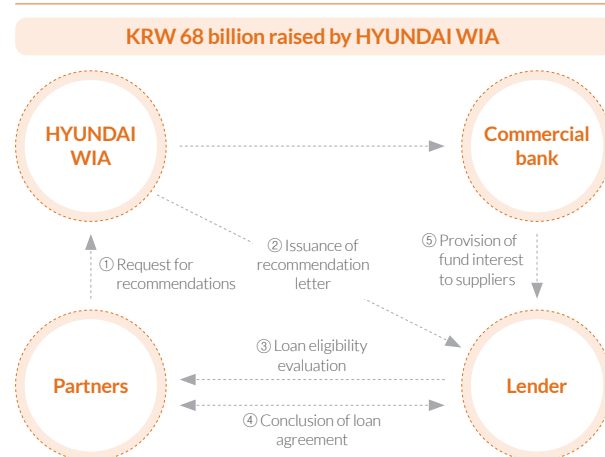
### ESG Training Plan for Suppliers in 2023

Program	Schedule	Details
ESG awareness	May	<ul style="list-style-type: none"> <li>Reaching a consensus on the need for ESG management</li> <li>- Improving employee awareness of ESG</li> </ul>
System briefing	June	<ul style="list-style-type: none"> <li>Open briefing session on HYUNDAI WIA's supply chain ESG system</li> <li>- How to prepare for supplier ESG evaluation and use the system</li> </ul>
ESG trends	October	<ul style="list-style-type: none"> <li>Sharing global/industry ESG management trends</li> <li>- EU due diligence law, need for carbon neutrality, enhanced safety, etc.</li> </ul>

## Financial Support

HYUNDAI WIA has helped suppliers overcome financial difficulties and secure liquidity by operating a win-win growth fund and improve payment terms and conditions. In particular, the company borrowed KRW 68 billion from the win-win growth fund to suppliers with low-interest rates. In 2022, the payment terms applied to suppliers were lifted as well, which allowed us to pay for the supplies within 10 days when the company's annual sale was less than KRW 100 billion.

### Win-Win Growth Fund



### HYUNDAI WIA's Terms and Conditions of Payment

Category	Payment Method
SMEs with sales of less than KRW 100 billion	Cash
Medium-sized companies with sales of less than KRW 300 billion	60-day secured loan of credit sales
Other companies	90-day secured loan of credit sales
Common factors: Less than KRW 100 billion at the end of the week/month	Cash

### Cash Payment Rate for Fair Trade Partners

2020	2021	2022	2023 (Target)
95.40%	95.20%	95.84%	95% or more

## Win-Win Growth Events

HYUNDAI WIA organizes a wide range of win-win growth events to build stronger partnerships with suppliers. The Partnership Day and Each Division of Supplier Association Meetings were one of the most representative events. The partnership Day is held every year, and through this day, the employees and the association's leader gather together and share business visions and measures for win win growth. The Each Division of Supplier Association Meetings serve as a forum for exchanges among business units, where they can discuss the progress of future technology projects, learn about win-win growth programs, and share the suggestions from suppliers.

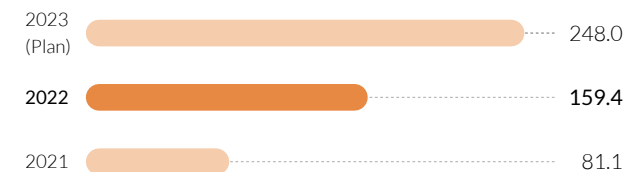


## Operation of Win-Win Fund

HYUNDAI WIA injects funds under the name of win-win fund to the Korea Foundation for Cooperation of Large and Small Business, which is affiliated body of the KCCP and runs various programs. The programs assist our suppliers to improve their productivity, pursue market development abroad, plan to continue to grow the fund and operate additional win-win programs in the future.

### Performance of Win-Win Programs

(Unit: KRW million)



(Unit: KRW)

Category	2022 Performance
Support for suppliers' instrument inspection and calibration	60,289,945
Support for suppliers' work environment measurement	33,650,620
Online job fairs for suppliers	500,000
Support for supply chain ESG evaluation	65,000,000
Total	159 million

# Customer Satisfaction

## Customer Satisfaction Management

To strengthen communication with customers, HYUNDAI WIA internalizes satisfactory management and internal/external customer satisfaction by conducting leadership training and prior monitoring processes and also through tailored programs against departments that showed poor customer satisfaction. We will strive to fulfill customer satisfaction by improving related expertise and boosting the customer satisfaction level.

### Customer Satisfaction Management

#### Improving Customer Satisfaction

1. Activities to strengthen customer service effectiveness
2. Customer satisfaction surveys
3. Customer satisfaction campaigns
4. Proactive monitoring activities
5. Customer importance

#### Internalization of Customer Satisfaction Management

1. Customer satisfaction management training (companywide customer satisfaction leaders)
2. Improvement program for underperforming departments

#### Internal Customer Satisfaction & Family Satisfaction

1. Proactive monitoring activities for internal customers and suppliers
2. Improvement of prioritization of internal customers and suppliers

We conduct various activities company-wide to improve customer satisfaction. Leaders with high customer satisfaction rates from 124 teams within the company are selected, and we provide them with adequate training, such as customer satisfaction management theory and best practices in customer satisfaction management. We also conduct customer related campaigns with customers twice a year, such as one-on-one VOC and expressing gratitude to customers and partners. HYUNDAI WIA also rewards teams/leaders with excellent customer satisfaction practices at the end of the year and continually improves the customer satisfaction.



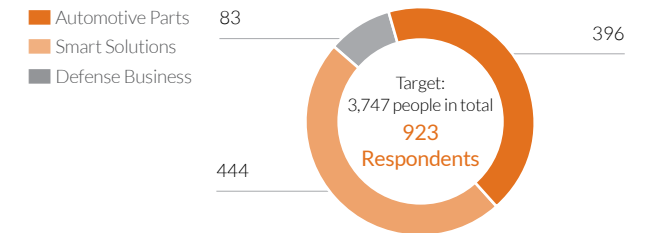
Customer Satisfaction Leader Training in 2022

HYUNDAI WIA, puts "Customer Orientation" as the core value and conducts customer satisfaction surveys regularly to identify improvement points and enhance customer satisfaction. The surveys are conducted on domestic and overseas customers, and it comprises various subjects from the purchase stage to the product usage stage, including contracts, salespeople, product delivery, product performance, convenience, and after-sales service. In 2022, HYUNDAI WIA's customer satisfaction survey result was 83.3 points, and the family satisfaction survey result was 81.4 points.

## Customer Satisfaction Survey

(2022 Result: 83.3 points)

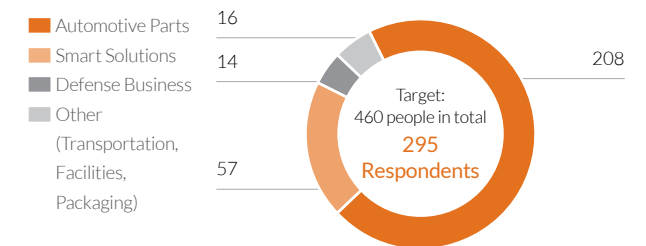
(Unit: persons)



## Family Satisfaction Survey

(2022 Result: 81.4 points)

(Unit: persons)



## Satisfaction Survey Process



## Training Programs for Underperforming Departments

Category	Details
Objective	Improve customer satisfaction by leveling up the customer satisfaction oriented mindset and making improvements based on VOC
Target	Departments with poor customer satisfaction management in 2021
Schedule	First session: March 2022, Second session: May 2022
Contents	Instructions on matters requiring improvement based on VOC and education non theories related to customer satisfaction



### Satisfaction Survey Results for 2022 and Targets for 2023

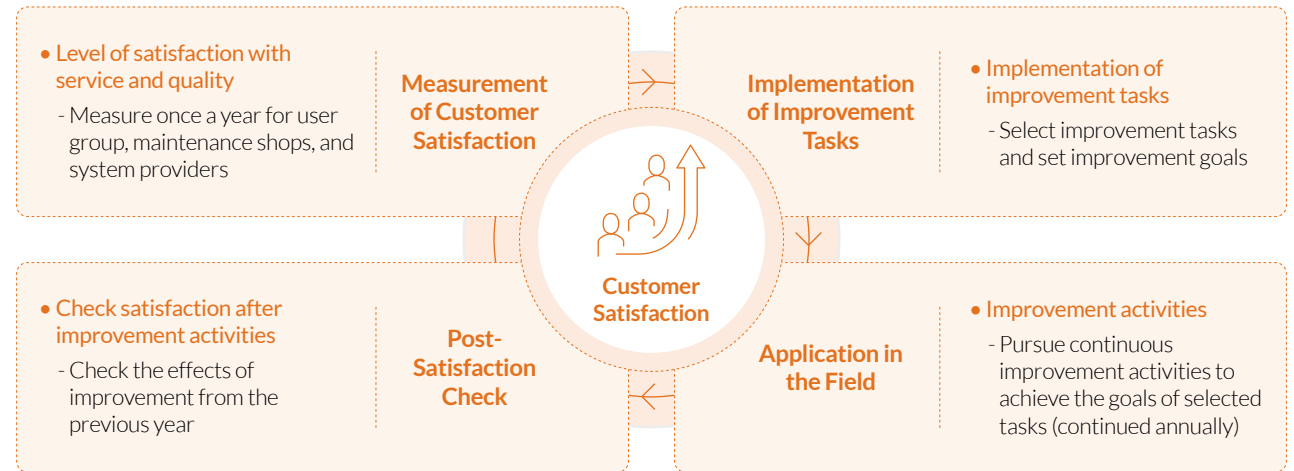
Category	Cycle	2022 Result	2023 Target	Implementation Year
Customer Satisfaction (CS)	Every year	83.3 points	85.8 points	2019 ~
Family Satisfaction (FS)	Even-numbered years	81.4 points	-	2020 and 2022
Internal Customer Satisfaction (ICS)	Odd-numbered years	-	76.4 points	2019 and 2021

HYUNDAI WIA is dedicated to promoting customer satisfaction by not only conducting customer satisfaction surveys, but also identifying and implementing improvements based on the results. We have expanded the scope of monitoring the supplier in advance from a few designated teams to all teams relevant to customer satisfaction. We plan to strengthen capabilities for new technology design at each division in order to improve quality in advance and nurture professional expertise. Moreover, we strive to improve family satisfaction through regular communication and by helping them further develop their expertise.

### Major Plans for 2023

Category	Major Plans
Customer Satisfaction (CS)	<ul style="list-style-type: none"> <li>Expand proactive customer monitoring</li> <li>Ensure quality reliability</li> </ul>
Family Satisfaction (FS)	<ul style="list-style-type: none"> <li>Operate regular communication channels with suppliers</li> <li>Improve attitude when dealing with suppliers</li> </ul>
Internal Customer Satisfaction (ICS)	<ul style="list-style-type: none"> <li>Strengthen professional expertise</li> <li>Strengthen interdepartmental communication</li> </ul>

### Customer Satisfaction Improvement Process



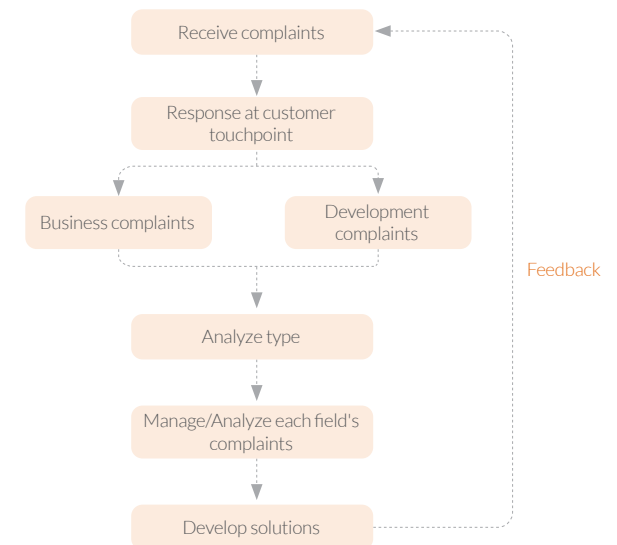
### Voice of Customers (VOC) System

HYUNDAI WIA operates a VOC system to collect customer opinions. The system is designed and built to obtain customer opinions and complaints effectively and relay them to the relevant departments immediately that the person in charge can answer them on one-on-one basis for customer convenience. We reflect the opinions and complaints through the VOC system in our action plan to provide the optimal customer service.

### VOC Operation Status

Category	Unit	2020	2021	2022
Received	cases	104	105	106
Processed		104	105	106
Processing Rate	%	100	100	100

### Customer Complaint Handling Process



## Quality Management System

HYUNDAI WIA is focusing on improving its capabilities for quality improvement by developing specified strategies based on the “Strengthening Advanced Quality Activities,” “Advancing IT-based Quality System,” and “Improving expertise in Quality.” Internally, we operate quality information systems (GQMS/GQIS) to manage quality history and build a quality system. By maintaining “IATF 16949,” which is the standard of automotive industry’s quality management system, “ISO 9001” for machine tool sector(Changwon Plant 1), and “KS Q 9100” & “KDS 0050 9000” for defense business(Changwon Plant 1 and 2), HYUNDAI WIA lays the groundwork to ensure quality throughout all processes from product development to post-management in all business areas.

### Quality Information Systems Quality Management System



### Cost of Claim Per Vehicle

(Unit: KRW/unit)

2022	<div></div>	122
2021	<div></div>	142
2020	<div></div>	153

\* Engine and Automotive Parts Quality Division

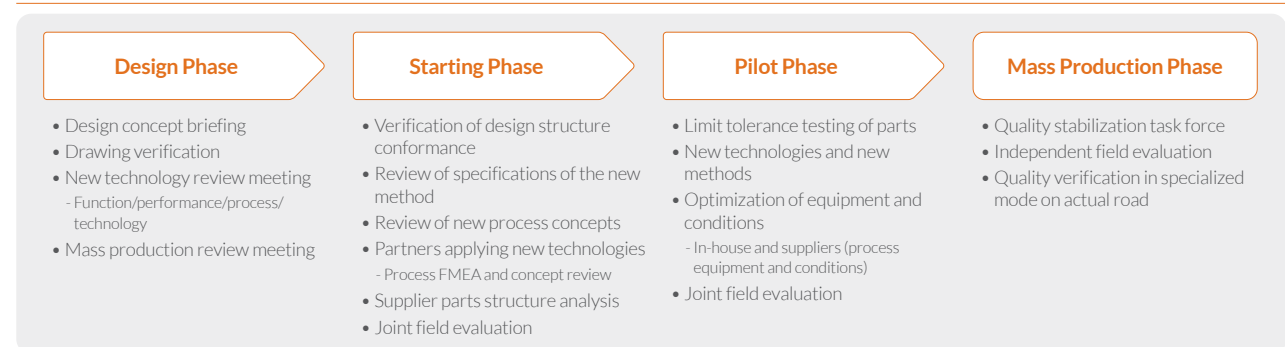
## Quality Improvement Program

HYUNDAI WIA has secured industry leading quality competitiveness in the areas of automotive parts, machine tools, and defense business by setting forth a companywide quality policy and strengthening the quality system. We continue our quality improvement efforts even after the product purchase through corrective actions, implementing customer quality management processes, conducting satisfaction surveys, collecting customer complaints, and taking improvement measures to secure a competitive advantage and fulfill the customer satisfaction.



HYUNDAI WIA aims to stabilize the quality at the early mass production stage by strengthening the quality verification system in the development stage of new technologies/new structures related to automotive parts. The quality verification process for new technologies were strengthened through stricter design verification, process optimization, process joint review, and quality verification in specialized mode on actual road for each development stage. To secure product quality internally through reliability engineering-based component verification (using Weibull analysis), we completed improvements on seven target items in 2021, and five target items for 2022. Since 2020, we have been conducting basic, working-level, expert trainings every year to enhance reliability of our entire company. HYUNDAI WIA will continue to expand the target items for securing quality internally and take stronger quality verification measures and improvement activities.

### Quality Verification Procedure for New Technologies by Development Stage



HYUNDAI WIA carries out stringent verification procedures for all raw materials purchased from tier-1, tier-2 and tier-3 suppliers to enhance quality. New and developed parts are inspected and verified through ISIR inspection to check the raw material composition, material type, and harmful substances. The mass-produced parts are inspected and verified based on a regular inspection plan established each year according to the inspection cycle. When the parts are assessed to be nonconforming, we isolate those parts and identify the causes according to the nonconforming product handling process, and corrective actions are carried out to prevent recurrence. The security parts in the vehicle sector are inspected twice a year, while critical and general parts are inspected once a year. We are dedicated to ensuring consistent product quality through periodic inspections and verification activities.



Quality Improvement Activities

HYUNDAI WIA provides quality control training to our employees, thereby boosting their awareness of quality management. Those in charge of quality control are provided with more in-depth and detailed training through thematic quality training programs to improve their professional expertise. In addition, we seek to further improve quality control by providing quality control training to suppliers with poor performance or low score in quality awareness and essential training related to each part's quality control. In 2022, 76 quality control training programs were held for 142 suppliers, and we are expecting to hold the following programs for 73 suppliers in 2023. We will continue to dedicate ourselves to upgrading quality by continuously conducting training and quality improvement programs.

### Quality Control Training Hours for Internal Personnel



\* Responsible personnel for managing quality in the automotive parts, special, and machine tool business divisions

### Quality Control Training for Suppliers

Category	Target (sessions)	Actual (sessions)	Target Attainment (%)
2022	55	76	138
2021	51	52	102
2020	61	73	120

We conduct various quality control improvement activities such as system advancement and supporting suppliers' quality control management under the philosophy that customer safety and happiness can only be achieved through quality management. We will continue to plan and operate quality improvement programs to provide better products and services to more customers.

### Major Quality Improvement Activities in 2022

Category	Details & Achievements
Capacity Building for Quality Improvement	<b>Reorganization of the quality assurance business system</b> <ul style="list-style-type: none"> <li>Automotive Parts: Development of specialized modes for quality verification on actual roads (25 themes discovered for standardization of verification modes and 7 field evaluations)</li> <li>Machine Tools &amp; Defense Business: Strengthened the quality activity system in the development phase (establishment of 31 items for Gate 4 requirements for Machine Tools and Gate 3 stages for Defense Business)</li> </ul>
	<b>Internalization of quality support activities for suppliers</b> <ul style="list-style-type: none"> <li>Regular quality awareness education (including past failures), support for improving equipment and method management, joint inspections, etc.</li> <li>Pursuing quality level-up for the worst suppliers (51 companies), improving pinpoints of expert groups, etc. (226 cases)</li> </ul>
	<b>Strengthening of the overseas OEM network and establishment of customized quality management systems</b> <ul style="list-style-type: none"> <li>Opening of real-time communication channels via social media, management differentiation reflecting specialized requirements of each OEM, and regular exchange meetings (once every quarter)</li> </ul>
Implementation of a Preventive Quality System	<b>Establishment of an inspection agreement-based manufacturing quality control system (232 vehicle lines, 6 machine tool lines, 5 special business lines)</b> <ul style="list-style-type: none"> <li>Re-selection of quality control characteristic items, re-defining of inspection standards, conclusion of inspection agreements (quality ↔ production), and re-establishment of inspection system</li> </ul>
	<b>Internalization of the five major activities of preventive quality control</b> <ul style="list-style-type: none"> <li>Clarification of standards for the five major activities (reflecting factory-specific characteristics) and regularization of monthly inspections (incorporating visual and audible inspections, etc.)</li> </ul>
	<b>Stabilization of the quality of the six major technologies (heat treatment, welding, chemical conversion coating, painting, casting, forging)</b> <ul style="list-style-type: none"> <li>Establishment of a selection and verification system for key control items for each technology (heat treatment: 147 items for CVJ, coating: 38 items for actuation, etc.)</li> </ul>

# Employees

## Recruitment and Supporting Personal Growth

### Recruitment

HYUNDAI WIA has been pursuing sustainable growth by recruiting excellent talents with creativity and willingness to take action. We strive to attract talented people who obtain capabilities in future technologies through frequent recruitment of new and experienced workers, recruitment-linked internships, research scholarships, and overseas recruitment. HYUNDAI WIA recruits people based on their capabilities for the designated position without discriminating them by gender, educational background, and regional background. We strictly comply with laws related to fair recruitment procedures and proceed with training interviewers to prevent any unfair practices.

We also run onboarding programs such as in-house mentoring and talent retention programs to share positive experiences from the existing employees with new members of the company. There are also programs that are proceeded to respect and consider employees in terms of their stages in life, which are the Career Development Program(CDP and retiree support program.



#### CASE Study

#### “CEO Welcome Talk” with New Hires

HYUNDAI WIA held the “CEO Welcome Talk” for 65 new employees, where they had a chance to speak with the CEO. At HYUNDAI WIA, various activities and programs are carried out to nurture new hires into leaders of the mobility market in the future and help them think about their direction of personal development as well as goals.



### Reemployment Program for Skilled Workers

HYUNDAI WIA's Reemployment Program for Skilled Workers provides a sense of belonging and a change to engage in economic activities for the retiree. This retiree support program helps them to live their lives emotionally and financially more stable. Retirees are hired to work as short-term contract employees for six months to a maximum of one year. HYUNDAI WIA hired 6 people in 2020, 86 people in 2021, and 76 people in 2022 to support retirees and promote diversity in the workplace.



### Supporting Personal Growth

HYUNDAI WIA is making companywide efforts to cultivate organizational capabilities to create future value by building a creative organizational culture, job expertise improvement, improving global competency, and fostering talented leaders who can adapt to business paradigm shifts in such businesses, including integrated thermal management and smart manufacturing solutions. HYUNDAI WIA will continue to support our employee's personal growth who will lead changes in the industry with innovative and creative thinking.

### Strengthening Leadership Skills

In order to deal with the challenges in the business environment, HYUNDAI WIA conducts early bird seminars for executives and team leaders to provide insights from the leadership and business perspectives. Training is also provided to potential team leaders to nurture core human resources early on. In addition, the Leadership Coaching Center was opened to address leadership issues in a timely manner by providing coaching solutions.

#### HYUNDAI WIA Leader Coaching Training



## Strengthening Job Competencies

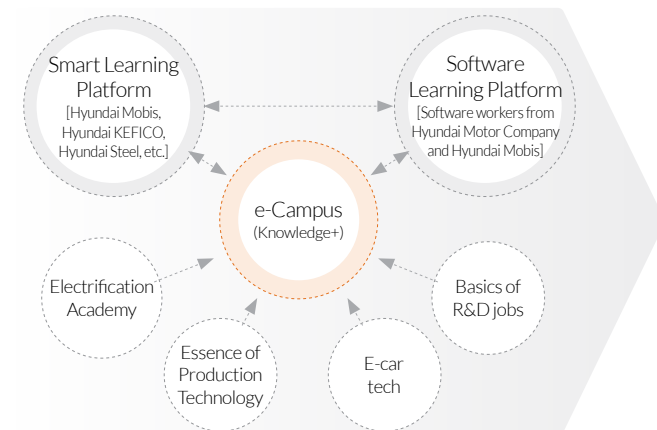
HYUNDAI WIA operates job competency enhancement programs to strengthen the capabilities of its members in relation to future technologies. We offer customized training and special lectures about core skills, future technology and education curricula such as technology insight lectures, DT training, and the Big Data School. We also allow employees to take job training courses at external educational institutions and we also operate an in-house learning club (Learning Cell) system to create an educational environment where employees can achieve their goals and grow in a self-directed manner.

### Major Activities on Strengthening Job Competencies

Job Training Field	Major Activities in 2022
Customized Job Training by Division	<ul style="list-style-type: none"> <li>Preparation for reliability engineer qualification and purchase negotiation training</li> <li>Job training at Ulsan Plant 3</li> </ul>
DT Training/Big Data School	<ul style="list-style-type: none"> <li>Big Data School</li> <li>Practical training on AI</li> </ul>
Special Lectures on Technology Insights	<ul style="list-style-type: none"> <li>Smart factory and DT operation</li> </ul>
Online Technical Courses	<ul style="list-style-type: none"> <li>Introduction of a software learning platform</li> <li>Improvement of R&amp;D contents</li> </ul>
External Job Training	<ul style="list-style-type: none"> <li>403 courses (729 trainees)</li> </ul>

HYUNDAI WIA has introduced the “Smart Learning Platform,” a continuous learning platform for job skills and software that help employees improve their job skills.

### Platform Composition



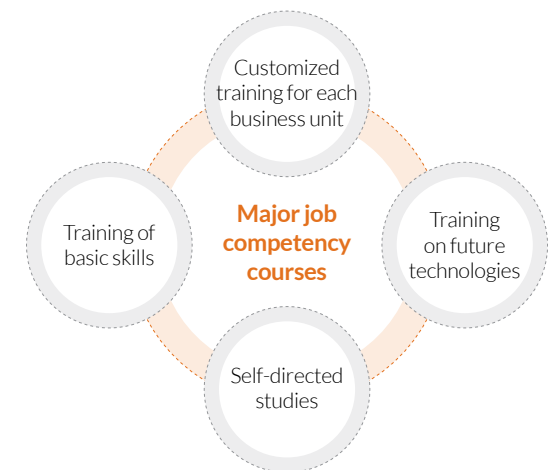
### Training Status in 2022 and Targets for 2023

Key indicator	Unit	2022 Status	2023 Target
Training hours	hours	101,356	105,715
# Of trainees	persons	17,473	17,860

HYUNDAI WIA offers a wide range of in-house language courses and intensive language courses for employees to better adapt to the globalized business environment. The courses include small group sessions and video/telephone English classes. In addition, we provide language contents to employees and organize language campaigns that to enhance their global competency and also create a culture that values learning. We will continue to develop and enhance our global competence education programs to help employees grow into professionals with global leadership skills.



### Direction of Job Competency Enhancement



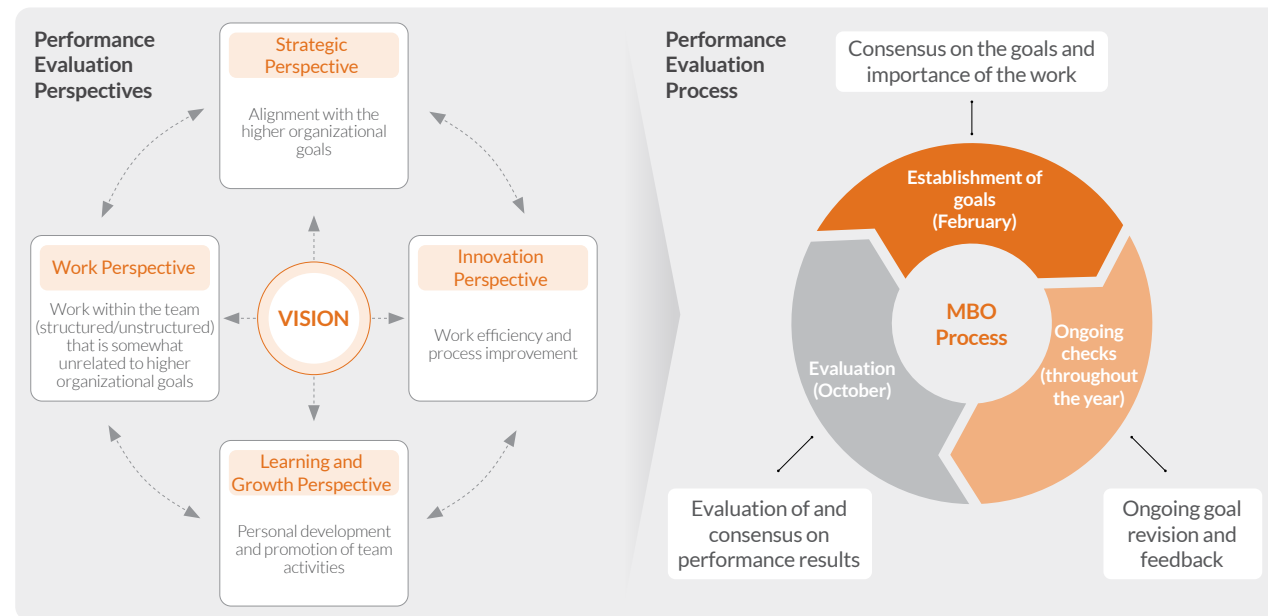


## Performance Evaluation and Compensation

### Performance Evaluation System

HYUNDAI WIA seeks to create an environment where employees can focus on achieving their goals and developing their capabilities by obtaining employees who manage their performance proactively and implementing a personnel evaluation system that reflects the characteristics of each organization.

HYUNDAI WIA's personnel evaluation system consists of performance evaluation based on KPIs and MBO\* and competency evaluation based on job skills, leadership skills, and common skills. Employees establish their own goal based on the company's mission. The fairness and objectivity of the evaluation system is ensured through continuous and regular feedback process and opinions from diverse employees.



\* MBO: Management By Objectives

### Remuneration System

HYUNDAI WIA's remuneration system is based on individual performance and competence. A rational and transparent remuneration system is operated so that employees are not discriminated against based on various factors such as gender and nationality.

Such performance evaluation system is implemented for general employees. The evaluation results are used for identifying and fostering excellent talents as it serves as an indicator for various HR activities such as remuneration, promotion, and appointment.

In addition, we are implementing HR policies based on employee motivation and performances from various reward programs such as Exemplary Employees and Idea Proposals.

### Operation Status of HYUNDAI WIA Reward System in 2022

Category	Details
Exemplary Employee Reward	<ul style="list-style-type: none"> <li>Rewarding employees with outstanding performance and capabilities</li> </ul>
In-house contests	<ul style="list-style-type: none"> <li>Discovering ideas in the areas of new business, marketing, production quality, social contribution, etc. and rewarding innovative ideas</li> </ul>
Idea Contest	<ul style="list-style-type: none"> <li>Discovering and rewarding best practices within the organization</li> </ul>
Change and Innovation Award	<ul style="list-style-type: none"> <li>Discovering and rewarding ideas related to safety</li> </ul>
Safety Idea Contest	

### HYUNDAI WIA Personnel Evaluation (Performance/Competency Evaluation) in 2022

	Target (persons)	Actual (persons)	Target Attainment Ratio
Performance evaluation (general employees)	1,800	1,800	100%
Competency evaluation (general employees)	1,781	1,781	100%

\* In the case of employees hired in the middle of the year, the decision on whether to include them in the evaluation was determined according to internal standards, taking into account the timing and purpose of the evaluation.

## Employee Diversity

### Diversity Policy

HYUNDAI WIA has established the D&I policy to create an organizational culture where diverse talents can maintain a creative and enterprising mindset and contribute to boost an inclusive society. We do not discriminate against employees on the basis of gender, race, ethnicity, nationality, cultural background, disability, age, sexual identity and religious beliefs without a reasonable cause. Furthermore, we commit to foster working environment where employees from diverse backgrounds can feel the value of diversity and inclusion.

### HYUNDAI WIA ERG\* Activities

HYUNDAI WIA encourages ERG activities that enable employees with common interests in diversity and inclusion and from diverse backgrounds to interact with one another and share their cultures.

\* ERG: Employee Resource Group (exchanges among employees and stakeholders from diverse backgrounds)

Category	Major Activities & Details
Women ERG	HYUNDAI WIA, which operates domestic and overseas channels for female employees to grow together, held "Women's Networking Day" in 2023 to commemorate International Women's Day and bring female employees together for discourses and communication.
Foreign/Overseas ERG	To foster a culture of respect for local culture and local employees, various activities are carried out to celebrate local traditional events such as Ayudhapuja Day in India and promote communication and interactions between Korean employees and local employees.
Elderly ERG	We support life design and continuously support employees through communication and exchange among participants after their retirement.



International Women's Day Event (Jiangsu)



Ayudha Pooja Day

## Organizational Culture and Employee Welfare

### Direction of Organizational Culture Change: WIAness

HYUNDAI WIA has established a unique way of working called “WIAness” and is making companywide efforts to practice it. By practicing WIAness, we aim to achieve our sub-visions and build an organizational culture that can materialize our new vision, “Creating Value in Seamless Mobility.”

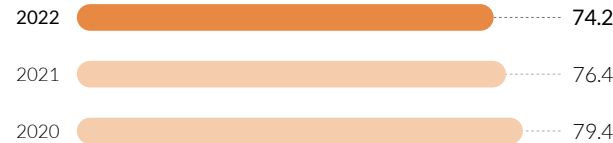


### Regular Diagnosis of Organizational Culture

HYUNDAI WIA participates in the Culture Survey conducted by the Hyundai Motor Group. Every September, employees are asked to evaluate the following organizational culture characteristics: “Responsiveness to the Business Environment,” “Enhancement of Employee Motivation,” “Efficient and Systematic Way of Working,” “Leaders Leading by Example and Making Efforts to Change, as well as Companywide Systems and Infrastructure.” Then, the impact of these factors on organizational effectiveness is diagnosed. After analyzing the results, we identify hindrances to organizational culture and endeavor to make improvements by operating organizational culture programs linked to HYUNDAI WIA’s unique way of working, or “WIAness,” to create an innovative and sound organizational culture.

#### Culture Survey Results

(Unit: points)



### Organizational Culture Programs

HYUNDAI WIA plans and operates various organizational development and revitalization programs to improve obstacles identified through regular diagnosis of organizational culture. Through these employee experiences, we make practical changes in organizational culture and support employees to effectively contribute to the company’s performance based on improved organizational culture.



### Organizational Culture Programs in 2022

Program	Description	Result
Vision Wave	Non-face-to-face cultural talk within each organization led by leader	Reached a consensus among members on the organization's vision and direction of change
Culture Newsletter	Sharing companywide organizational culture activities and spreading messages of change	Provided insights on changing the organizational culture
Reader-tailored Newsletter	Improving the mindset of leaders and spreading the message of change	Provided leaders with insights to lead change in the organizational culture
Reverse Mentoring	Mentor (junior)-mentee (executive) reverse mentoring program	Reduced the communication gap between generations and created a horizontal organizational culture
Culture Messenger & W-Creator	Listening to and delivering issues and needs of each organization and operating decision-making channels	Improved programs by listening to the needs of members according to the characteristics of various classes and business departments
Heart-to-Heart	Sending online letters to praise or thank other members for their work and sharing best practices	Created a culture of praise and recognition through positive feedback among members
Challenge Wave	Establishing and pursuing individual goals related to personal development, health, and happiness based on a habit-forming app	Enhanced organizational vitality by strengthening members' enterprising spirit and forming habits conducive to personal growth
Seasonal Events	Promoting organizational activities through customized events for each season	Strengthened positive experiences through programs tailored to the times and trends
Improvement of Organizational Culture Issues	Identifying and improving organizations with issues through detailed analysis of companywide organizational culture	Reinforced organizational effectiveness by identifying and addressing issues with the organizational culture
Improvement of Collaboration Issues	Identifying and improving organizations with issues through detailed analysis of the companywide collaboration network relationships	Reinforced organizational effectiveness by identifying and addressing issues with collaborations

## Supporting Employee Welfare

HYUNDAI WIA, which has been certified as a Family-Friendly Company, is dedicated to creating a work environment where employees can maintain work-life balance and enhance their work efficiency. Flexible working systems, such as telecommuting and flextime, are in place to improve productivity and create a family-friendly work environment. We also operate a wide range of employee welfare programs to support living stability, leisure activities, and healthcare so that employees can enjoy happiness and a sense of security. We strive to enhance our employees' work-life balance through several programs, including satisfaction surveys on in-house welfare facilities such as dormitories and daycare centers. By utilizing questionnaires, suggestion systems, and councils, we continually identify the needs of employees and discover programs that can substantially boost the work and life satisfaction of employees.

Working Hours	<ul style="list-style-type: none"> <li>Flexible working system: Flexible working hours within the limit of 52 hours per week and flexible start and end times</li> <li>Telecommuting: Autonomous work arrangement beyond the efforts to prevent the spread of COVID-19</li> </ul>	Cultural and Leisure Activities	<ul style="list-style-type: none"> <li>Use of vacation facilities (condominiums, resorts, etc.)</li> <li>Welfare points for artistic and cultural activities and personal development</li> <li>Sports fields, gyms, and clubs</li> </ul>
Maternity, Paternity, and Childcare Support	<ul style="list-style-type: none"> <li>Reduced working hours during pregnancy: Reduced working hours by 2 hours per day (within 12 weeks of pregnancy and after 36 weeks)</li> <li>Prenatal checkups: Paid time-off for prenatal checkups during pregnancy</li> <li>Maternity/paternity leave: Time off for the birth of a child (90-day maternity leave and 10-day paternity leave)</li> <li>Parental leave: Up to two years of parental leave per child up to age 8 or in second grade</li> <li>Reduced work hours for childcare: Reduced work hours to ease the burden of raising children (15 to 35 work hours per week)</li> <li>Fertility treatment leave: 3 days off per year for fertility treatment (1 day paid and 2 days unpaid)</li> <li>Family care leave: Time off to take care of a family member such as a child and parent (90 days per year)</li> <li>Operation of a daycare center in the workplace</li> </ul>	Medical and Health	<ul style="list-style-type: none"> <li>Support for regular checkups and comprehensive medical examinations</li> <li>EAP psychological counseling program</li> <li>Operation of an infirmary</li> <li>Medical expenses for employees and their families: Financial aid for 60% of medical expenses under KRW 1 million and 100% of medical expenses over KRW 1 million</li> </ul>
Vacations	<ul style="list-style-type: none"> <li>Summer vacation: 5 days of summer vacation in addition to annual and monthly leaves</li> <li>Long-term service reward: Vacation, reward money, and souvenir (gold medal) in 5-year increments for 10 to 35 years of long-term service</li> </ul>	Child Education Expenses	<ul style="list-style-type: none"> <li>Financial aid for children's tuitions</li> <li>Financial aid for educational expenses for children with disabilities</li> </ul>
Living Support and Benefits	<ul style="list-style-type: none"> <li>Housing and dormitory</li> <li>Jeonse (rental) and housing fund and financial aid for vehicle purchases</li> <li>Pension plan for all employees who have work for the company for at least a year</li> <li>Four major insurances and group marine insurance for all employees, including indirectly hired workers</li> <li>Weekly two-shift point system (250,000 points accumulated semi-annually)</li> </ul>	Hygiene & Sanitation	<ul style="list-style-type: none"> <li>Personal protective equipment: Provision intervals vary by item</li> <li>Workwear</li> <li>Outsourced laundry service</li> </ul>
		Other Support	<ul style="list-style-type: none"> <li>Domestic business travel expenses: Up to KRW 80,000 for accommodation and KRW 40,000 for travel expenses per day</li> <li>Overseas business travel expenses: Depends on the country</li> </ul>

## Labor Relations and Communication

### Employee Communication

HYUNDAI WIA has established cooperative labor-management relations based on mutual trust with the consensus that the company and its employees should work together. Based on this relationship, we successfully maintained excellent labor relations for 28 years without a labor dispute. HYUNDAI WIA practices transparent management by building trust with its employees based on cooperation and communication.

#### Major Employee Communication Activities in 2022

Communication Activities		Details
Bargaining & Consultation	Collective bargaining	<ul style="list-style-type: none"> <li>Negotiating wages and collective agreements and improving the work environment</li> </ul>
	Operation of labor-management council	<ul style="list-style-type: none"> <li>Holding regular and ad hoc labor-management consultations</li> <li>Handling grievances concerning HSE, etc., promoting employee welfare, improving productivity, etc.</li> </ul>
	Employment Stability Committee	<ul style="list-style-type: none"> <li>Announcing and consulting on performance and plans by business area</li> <li>Sharing information and consulting on mutual relationship between labor and management through regular consultations pertaining to employment security and production</li> </ul>
Communication & Sharing	Activities to strengthen shared labor-management communication	<ul style="list-style-type: none"> <li>Holding regular meetings for each level of union members</li> <li>Subdividing labor-management communication channels and conducting activities tailored to each generation</li> </ul>
	On-site communication	<ul style="list-style-type: none"> <li>Conducting field tours and meetings with management</li> </ul>
	Information sharing and PR activities	<ul style="list-style-type: none"> <li>Sharing business operation performance and industry information through regular management briefings</li> <li>Sharing information such as industry trends and common issues through the publication of newsletters</li> </ul>
Revitalization of organizational culture	Promotion of club activities	<ul style="list-style-type: none"> <li>Supporting in-house clubs and encouraging active participation</li> </ul>
	Support for on-site technical training	<ul style="list-style-type: none"> <li>Providing information and opportunities to obtain on-site technical training</li> </ul>
	Joint labor-management social contribution activities	<ul style="list-style-type: none"> <li>Conducting 1% Miracle and volunteer activities</li> </ul>

### Collective Bargaining

HYUNDAI WIA respects the labor rights of workers and complies with relevant laws and regulations to maintain good working conditions and socioeconomic status for workers. Accordingly, we allow collective bargaining in accordance with relevant laws and the collective bargaining agreement. Our labor and management work together to reach an amicable agreement by making proposals that are reasonable for both parties and engaging in constructive discourses.

### Labor-Management Council

In addition to collective bargaining, regular and ad hoc Labor Management Consultations and Occupational Safety and Health Committee meetings are held to discuss important issues and measures related to employee welfare, grievance handling, and workplace safety and health.

In 2022, HYUNDAI WIA labor and management formed the “Future Hiring Strategy Committee” to jointly respond to the rapidly changing industrial environment and build sustainable competitiveness. The “Future Hiring Strategy Committee,” which is held semi-annually, was convened for the first time in December 2022. They make practical efforts to ensure secure establishment and quality of new businesses and ultimately achieve the common goals of sustainability management and employment security.

In addition, the “Employment Security Committee” is convened every month to share business performance and discuss productivity improvement and efficient personnel management.

#### Future Hiring Strategy Committee's Activities

Date	Matters Discussed
December 2022	<ul style="list-style-type: none"> <li>Explanation of the future businesses of HYUNDAI WIA</li> <li>Explanation of the Integrated Thermal Management System Roadmap</li> <li>Explanation of the business development direction for RnA solutions</li> <li>Emphasis on the importance of communication with field workers on new business development</li> </ul>
May 2023	<ul style="list-style-type: none"> <li>Sharing of the status and challenges of the future businesses of HYUNDAI WIA</li> </ul>

### Sharing Information and Building Consensus

HYUNDAI WIA promotes communication and harmony through a variety of labor-management activities.

Through management briefings, the future business strategies and visions are shared with employees to promote mutual understanding and enhance company competitiveness. Small groups representing business units are formed to carry out activities to improve productivity and operations, thereby reducing costs and enhancing product competitiveness. By holding small group competitions to share ideas and know-how on productivity improvement measures, we seek to boost employees' organizational satisfaction and work engagement. In addition, we strive to create a creative and horizontal labor-management culture through joint workshops and support for club activities for improved communication.





# Strengthening CSR

## CSR Promotion Strategy

HYUNDAI WIA is bringing value to society through social contribution programs that utilize resources, manpower, and technical capacity. Based on the CSR promotion strategy devised with the nature of our businesses in mind, we are systematically carrying out activities to tackle climate change, nurture communities, promote mobility, and allow employees to contribute to society.

### Vision

A partner in creating a happier world

### Strategies

#### Communicate with stakeholders



Promote the company's image and maximize contributions to communities

#### Strengthen synergistic effects



Pursue win-win growth and create shared value for stakeholders

#### Risk management



Establish management systems for safety, the environment, labor, culture, etc.

#### Create social innovations



Secure future growth engines in consideration of social impact

### Roadmap

#### Short-term

##### Upgrading the CSR system

- Establish the direction
- Expand employee participation and experience
- Pursue social contribution activities from the perspective of beneficiaries

#### Mid-term

##### Creating social value

- Internalize the four major programs
- Spread shared value
- Reinforce eco-friendly content
- Pursue proactive community collaboration

#### Long-term

##### Social Contribution

- Create the image of a sustainable company
- Proactively deal with changes in the business environment
- Pursue efficient business operations centering on social impact

### Direction of CSR

#### Climate



Protect environment and respond to climate change

#### Mobility



Improve mobility for people who have difficulty moving and socially disadvantaged

#### People



Education for the Future Generation

#### Commitment



Carry out outreach programs with the participation of employees and customers

## Climate

### Creating a Sustainable, Green Planet

Clean air and lush forests protect our health and lives. Small actions can bring big changes, ultimately improving air quality and making barren lands fertile to sprout new life. HYUNDAI WIA strives to create a planet where all forms of life can enjoy excellent health and longevity.

#### Major Activities

Schools supported **5** schools

Students supported **1,545** students

#### HYUNDAI WIA's Green School

HYUNDAI WIA Green School is an afforestation program involving planting trees along school routes and on school grounds near major roads and factories to protect children who are especially vulnerable to the harmful effects of fine dust.

In 2022, we selected Seoul National School for the Deaf in Jongno-gu, Seoul, as a Green School. We created a spacious deaf-friendly facility where students can communicate in sign language, as well as a garden for students to see different seasonal plants throughout the year. We improved the environmental conditions for students with respiratory problems by creating a green space in the school in conjunction with our environmental management program. We were able to transform an idle space in the school into a universal everyday activity space that considers characteristics of the hearing impaired. In the process of improving the educational environment, we applied governance management methods such as collaborating with companies and organizations. In recognition of the excellence of these projects, we were awarded the top prize in the private sector at the 2nd Seoul Universal Design Awards hosted by the Seoul Metropolitan Government.

The Green School has achieved outstanding environmental results. We could increase carbon storage capacity through the green spaces created, fine dust reduction, and growth of rare plants. In addition, we could promote the emotional and psychological wellbeing and independence of students with disabilities, while enhancing their understanding of biodiversity and ecology through nature experience programs.



## Mobility

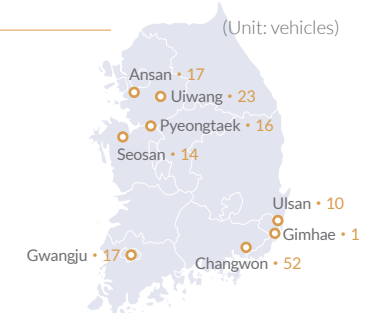
### Offering the Excitement of Unrestricted Mobility

HYUNDAI WIA aims to enable everyone to enjoy the unrestricted mobility. To this end, we are endeavoring to create an environment where everyone can go anywhere they wish with ease and help those with mobility difficulties to travel comfortably anytime, anywhere, without any constraints.

#### Major Activities

#### Vehicles provided

**150** vehicles  
(2013 to 2022)



#### Dream Car

Dream Car is a program that donates vehicles to neighbors with mobility challenges. Since 2013, we have delivered a total of 150 welfare vehicles, including special vehicles equipped with wheelchair lifts and mobile bathing vehicles, to welfare facilities. Through this program, we aim to create a world where everyone can move and travel conveniently.



## People

### Creating Hope for the Future

Nothing is more valuable than educating future generations. We know that nurturing talents is key to the sustainable growth of the world and industries. The more opportunities for education, the more ways we can unlock people's potential. At HYUNDAI WIA, we strive to provide as many learning opportunities as possible to children, who are our future.

#### Major Activities

Beneficiaries of self-reliance support **13** people

#### Youth Workplace

The Youth Workplace program is intended to support young people aged 18 who are about to live independently after living at orphanages, shared living homes, or under foster care. As the first of its kind in the country, the Youth Workplace is a place where young people can develop practical skills for self-reliance by learning how to plan a business and gain hands-on experience. This project initiated by HYUNDAI WIA received considerable support from local stakeholders. Through ongoing monitoring and follow-up management, the Youth Workplace is becoming an indispensable space where youth can gain valuable experiences.

Currently, the first Youth Workplace has been established in Changwon, Gyeongsangnam-do Province, and it is helping young people prepare for independent living by gaining work experience and a sense of emotional wellbeing.



## Commitment

### Creating a World of Sharing and Empathy

HYUNDAI WIA envisions a more beautiful world filled with the joy of sharing and togetherness. HYUNDAI WIA is sharing its abilities and resources and providing warmth beyond language and cultural barriers, in addition to allowing people to experience the value of sharing and leading the way to a better future.

#### Major Activities

Beneficiaries **14,762** people

#### 1% Miracle

1% Miracle is HYUNDAI WIA's signature social contribution program where employees voluntarily donate 1% of their salary as a way to give back to the community.

In 2022, 1,139 employees participated in the program and helped "Backpacks for Children from Low-Income Household," "Funding Free Meal Center in Pyeongtaek," "Customized Clothing for Disabled People," "Daily Necessities for Youth Preparing for Independent Living," and "Necessary Summer Goods for Seniors with Low-Income." Through 1% Miracle, we are going beyond contributing to local communities at home and abroad to spread the "Value of Sharing" as a universal value for the entire society. Furthermore, we even received the Minister of Health and Welfare Award at the Korea Sharing People Awards in recognition of our contribution to the community welfare and the spread of a sharing culture through various social contribution activities, including 1% Miracle.



## Global Social Contribution Activities

HYUNDAI WIA conducts global social contribution activities through overseas business sites, including Shandong/Jiangsu in China and Chennai in India to bring value to society, while communicating with stakeholders. In India, we built 40 washrooms for communities to improve sanitation. In Shandong, China, we visited a village school to provide science education and donate electric stands to protect their eyes during their studies. As such, we are seeking to create a sustainable future as a partner in creating a more beautiful world through our social contribution activities not only in Korea but also in the global village.



Donated toilets to communities (India)



Science education at a village school (Shandong)

# Human Rights Protection

## Human Rights Management

HYUNDAI WIA Human Rights Charter was established in July 2020 to actively implement human rights management, prevent human rights violations, and mitigate related risks in business operations. To implement human rights management, we comply with international standards and guidelines related to human rights and labor, including the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the Constitution of the International Labor Organization, and the OECD Due Diligence Guidance. We have established eight basic principles in our Human Rights Charter to ensure that all business sites share the common goal of respecting human rights and to implement specific human rights programs. We are also striving to protect and respect the human rights of our employees as well as all other stakeholders by clarifying the management system for human rights.

### Basic Principles of HYUNDAI WIA Human Rights Charter

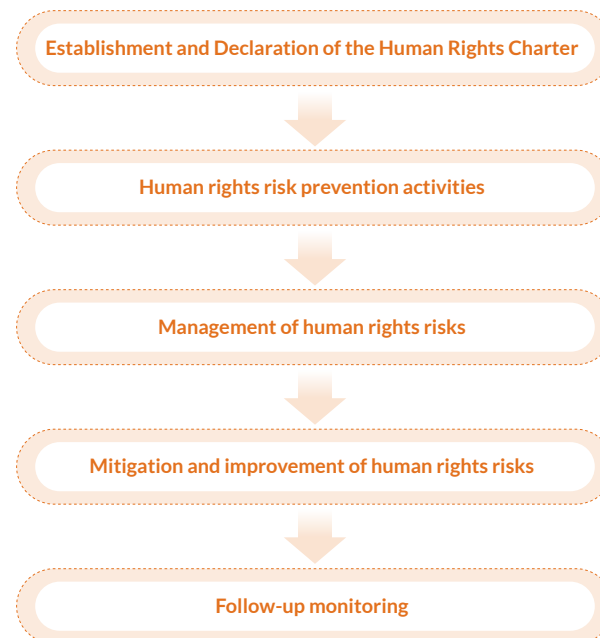
1. Prohibition of discrimination
2. Compliance with working conditions
3. Humane treatment
4. Ensuring freedom of association and collective bargaining
5. Prohibition of forced and child labor
6. Ensuring occupational safety
7. Protection of the human rights of local residents
8. Protection of the human rights of customers

## Human Rights Management System

We respect the human rights of all employees and stakeholders and implements human rights management in accordance with the Human Rights Charter to resolve related risks.

HYUNDAI WIA is working to spread a culture of respect for human rights within our organization through various training courses and systems to address human rights risks. We also regularly report various ESG operations including human rights risk issues, to BOD to manage and improve human rights risks.

### Human Rights Management System



## Implementation of the Human Rights Charter

All employees of HYUNDAI WIA are required to comply with the “Basic Principles of the Human Rights Charter” in performing their duties. The scope of employees includes executives and regular and non-regular employees, as well as employees of domestic and overseas plants and sales companies, subsidiaries, sub-subsidiaries, and joint ventures. Our employees must observe the human rights policy when dealing with suppliers and sales & service organizations. We encourage all stakeholders to respect the human rights policy. If our human rights policy does not align with local laws and regulations, the local laws and regulations prevail. The human rights policy may be revised to reflect the relevant laws and regulations and industry characteristics, or a separate policy may be established, if necessary. Unless otherwise specified by the provisions in the laws and regulations of the country concerned or the organization’s articles of incorporation or internal regulations, all employees of HYUNDAI WIA are required to perform their duties in accordance with the human rights policy.

## Human Rights Risk Prevention Activities

HYUNDAI WIA provides educational training on human rights issues for all employees across the company to foster a corporate culture where human rights are respected. We have been working to raise awareness of the importance of respecting human rights, starting with the “ESG Management Mindset Training in 2021,” followed by “the Online Training on the Environment, Occupational Safety, Ethics, and Human Rights (Sexual Harassment and Workplace Harassment) for All Employees in 2022.” Together with our employees, as well as all stakeholders, we will uphold and protect human rights and make further efforts to prevent any unfair discrimination.



## Human Rights Risk Management

At HYUNDAI WIA, we promote a culture of respecting the human rights of employees and stakeholders by conducting human rights assessment that covers issues such as forced labor, working hours, discrimination, harassment, and sexual harassment. We operate a hotline for employees to report grievances, workplace harassment, and sexual harassment and conduct regular surveys with our suppliers to ensure that we are effectively managing human rights risks. In addition, we operate a cyber audit office to receive reports from external personnels or organizations (whistleblowers) to manage human rights risks for all stakeholders.

Of the seven cases identified as human rights risks in 2022, we investigated two cases of workplace harassment. In the case of grave violations, we took disciplinary measures and obtained assurances to prevent recurrence, as well as proceeding departmental transfers. For the other five cases, which were grievances, we not only took remedial measures and resolved the issues through individual interviews, but also conducted additional checks on potential issues or human rights risks.

### Human Rights Risk Inspection

- Conduct preliminary examination of human rights risks
- Operate a hotline for reporting human rights risks
  - Employees: Report grievances and workplace harassment and sexual harassment incidents
  - Suppliers: Conduct regular surveys
  - Others (local residents, etc.): Cyber Audit Office
- Examine compliance risks

### Investigation

- Investigate potential human rights issues
- Investigate human rights violations under the principle of confidentiality of complainants and victims (in accordance with court precedents, regulations of competent authorities, internal company regulations, etc.)

### Corrective Action & Monitoring

- Analyze investigation results and take action to make improvements
- Take recurrence prevention measure and remediation measures for root causes after additional screening of key issues
- Monitor the occurrence of secondary additional damages following remediation measures
- Continuously monitor the implementation of remediation measures

## Handling of Potential Human Rights Issues

With respect to potential human rights issues, we take our stakeholders into consideration and carry out ongoing remediation activities to prevent human rights issues from actually occurring.

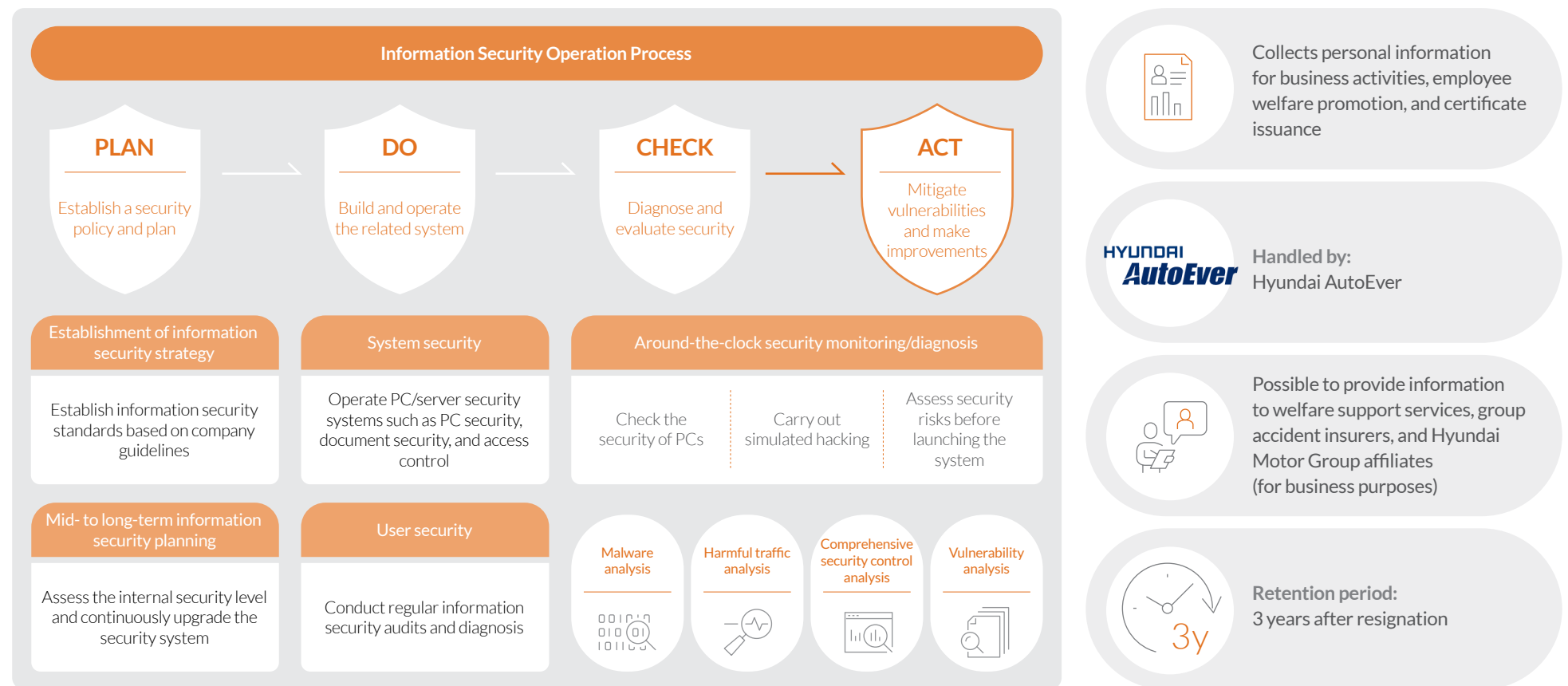
Potential Human Rights Issue	Stakeholder	Response
Human rights management system	Employees & Suppliers, Local residents	<ul style="list-style-type: none"> <li>• Human rights risk management (hotline operation)</li> <li>• Establishment and management of the Human Rights Charter</li> </ul>
Compliance with working conditions	Employees & Suppliers	<ul style="list-style-type: none"> <li>• Signing of labor contracts</li> <li>• Implementation of flexible work system</li> <li>• Management of working hours and implementation of employee welfare programs</li> </ul>
Prohibition of forced labor and child labor	Employees & Suppliers	<ul style="list-style-type: none"> <li>• Prohibition of contracts that violate the Labor Standards Act</li> </ul>
Prohibition of workplace harassment	Employees	<ul style="list-style-type: none"> <li>• Education to prevent workplace harassment</li> <li>• Education to prevent sexual harassment in the workplace</li> <li>• Counseling on workplace harassment, sexual harassment, and grievances reported by employees</li> </ul>
Guarantee of occupational safety & health	Employees & Suppliers	<ul style="list-style-type: none"> <li>• Regular checkups for employees, suppliers, and employees</li> </ul>
Guarantee of freedom of association and collective bargaining	Employees	<ul style="list-style-type: none"> <li>• Compliance with the Labor Relations Act</li> <li>• Operation of a labor union</li> <li>• Conclusion of collective agreements based on collective bargaining</li> </ul>
Environmental protection	Local residents	<ul style="list-style-type: none"> <li>• Greenhouse gas reduction activities</li> <li>• Strict management of wastewater and hazardous substances</li> </ul>



# Information Security

HYUNDAI WIA has established an information security operation process to strengthen information management. By establishing security policies, building and operating related systems, and mitigating vulnerabilities found in security diagnosis and evaluation, the company is continuously striving to strengthen stakeholder trust and protect employees' personal information.

## Information Security Operation Process and Privacy Policy



## Protection of Personal Information

HYUNDAI WIA values the personal information of our customers. To protect customer's personal information and handle complaints related to personal information, we designate a personal information management department and privacy officer. The privacy officer and the department in charge are responsible for monitoring and controlling any misuse or leakage of personal information and protecting personal information. We are committed to continuously improving our privacy policy by establishing procedures necessary to revise the policy.

At the department that process personal information, only designated personnel can utilize personal information for business purposes in accordance with the relevant principles and procedures. All personal information is collected based on a privacy agreement that clearly states the information provider must be informed about the purpose of collection, collected information, retention period and whether the information is provided to a third party. The collected information is managed safely with the application of technical security measures such as encryption and anti-hacking measures, and information providers can request modification and deletion of their personal information at any time via the personal information processing department.

## Privacy Training

The most important factor in information security is employee awareness. We offer privacy education and training to improve employee awareness of the importance of protecting personal information. In addition to conducting security training for employees and heads of organizations once a year, we also produce various types of training materials and content, such as videos and webtoons, and conduct regular training at least once a month. We are also endeavoring to improve the effectiveness of training by conducting differentiated privacy training according to the trainees' position or job.

### Privacy Training

Category	2022 Information Security Training
Target	150 heads of organizations and 1,610 team members for a total of 1,760 trainees
Date	October 2022
Topic	Basic education and training on how to use emails safely, ransomware, and information security (heads of organizations) to raise employee awareness of the importance of information security

## Information Security Activities

We are aware that information leakage in the global machinery industry could significantly impact the company's operations and assets. With this in mind, we remind our employees about the importance of information security through the Information Security Declaration and carry out related activities based on the Information Security Manual.

We designate "Security Day" once a month to internalize security awareness through team or departmental self-checks and training. Aside from the "Security Day" event, we address the vulnerabilities of our information security system through "Random Security Check" by the security department and continuously invest in the field of information security.

We evaluate the information security compliance rate of each department and reward the best team from each of the top three organizations. Through this, we encourage employees to engage in autonomous information security activities and ultimately build security awareness.

HYUNDAI WIA has also been certified for our information security system by domestic and international certification bodies. For instance, we've acquired the certification for information security management systems under "ISO/IEC 27001."

### Information Security Declaration

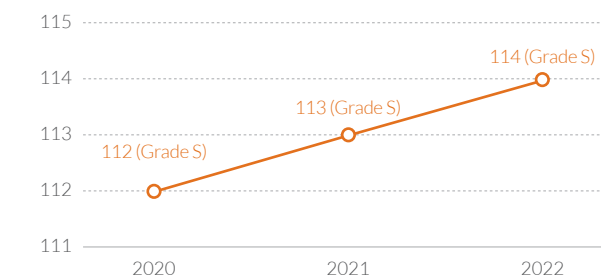
Information subject to protection	HYUNDAI WIA's efforts
1. Information pertaining to the state-of-the-art technology (including core national technologies) produced in-house for business operations	1. Establish an information security management system to protect information, technology, and assets
2. Personal information collected through business operations	2. Establish human resource pools, facilities, and systems to perform information security activities
3. IT infrastructure such as servers and networks for business operations	3. Establish and implement administrative, physical, and technical information security guidelines for information, technology, and assets
4. Important business information and workplace assets necessary for business operations	4. Disseminate information security guidelines within the organization and provide relevant training to implement them
5. Physical locations for business operations	5. Establish and implement basic measures for security incident management, business continuity (disaster prevention) management, and legal compliance

## Investments in Information Security

Category	Amount	Personnel
IT investment & personnel in 2022	KRW 26.26 billion	71 persons
Information security investment & personnel in 2022	KRW 3.06 billion	8 persons
Information security activities	<ul style="list-style-type: none"> <li>• Regular meetings of CISO, a companywide group security policy council</li> <li>• Establishment of Endpoint Detection Response (EDR), an endpoint threat detection and response solution</li> <li>• Privacy liability insurance</li> <li>• Security guidelines for users on group cyber threat response</li> <li>• Phishing email simulation training</li> </ul>	

## Information Security Compliance Rate Rating Criteria and Performance

○ Information Security Compliance Rate (%)



# GOVERNANCE

HYUNDAI WIA considers ethic management as a top priority and is committed to establishing ethic management as part of its corporate culture for employees to incorporate ethics into their business practices. HYUNDAI WIA will do our best to secure transparency and realize sound governance by strictly complying with laws and regulations.

## Key Performance



**Introduced Ethics and Compliance Management**



**Strengthened BOD expertise and operation evaluation**

Ethics and Compliance Management 066

Risk Management 070

Governance 071



**Appointment of female independent directors**

# Ethics and Compliance Management

## Ethics Management Framework

The Transparency Management Committee, organized under the Board of Directors (BOD), manages and supervises ethical issues through the establishment and revision of the Code of Ethics to ensure that employees comply with all laws and regulations on the basis of ethics, thereby contributing to the formation of an ethical corporate culture and realization of transparent management. The "Charter of Ethics" was also established to provide employees with the standards for ethical management practices. The "Code of Ethical Practices for Employees" and "Guidelines for Ethical Conduct for Employees" were established based on the Charter. All executives and employees of HYUNDAI WIA are doing their utmost to raise the level of transparent corporate management and ethical awareness by complying with these guidelines.

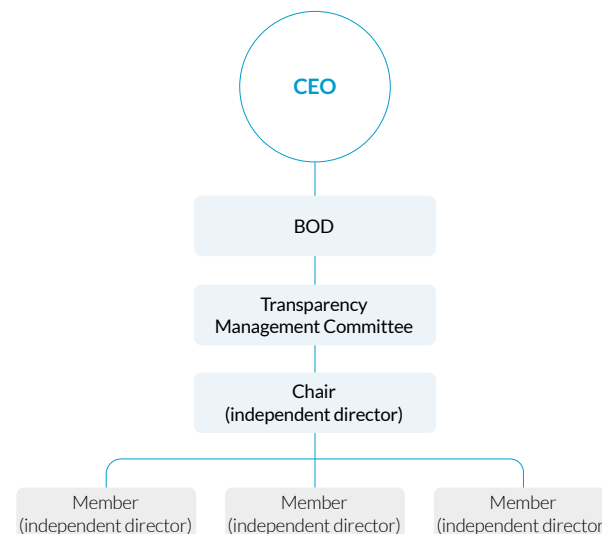
## Ethics Management Framework



## 3 Key Action Principles of Ethics Management



## Ethics Management Organization



## 5 Principles of HYUNDAI WIA Ethics Charter

HYUNDAI WIA enhanced the Ethics Charter in 2020. The Charter designates transparency, fairness, customer satisfaction, employee's human rights, and social responsibility as the 5 key issues. We promise to comply with the ethics principles in our business activities.

### 5 Principles of HYUNDAI WIA Ethics Charter

1. We shall perform our duties based on clear and transparent standards and do our best to fulfill our responsibilities with integrity.
2. We shall compete fairly in the market and conduct business ethically with parties in contractual relationships with us.
3. We shall provide safe products, exceptional services and accurate information and rigorously protect personal information to increase customer value.
4. We shall respect our members as independent individuals, and to this end, we shall ensure fair working conditions and safe working environments.
5. We shall contribute to sustainable development by fulfilling our social and environmental responsibilities as a member of society, so that diverse stakeholders may prosper together in harmony

## Ethical Management Training

Ethical management training is provided at least once a year for employees to reinforce self-awareness of ethics in relation to fairness and transparency at work. Efforts are made to maximize the effectiveness of ethical management education through essential principles such as HYUNDAI WIA Code Of Ethics, corporate philosophy, history of ethical management, and decision-making principles, as well as case studies of transparent corporate management and corporate corruption. We provide training for leaders about the transparent and ethical business management. In addition, we provide ethical awareness seminars for working-level staff, contributing to a culture of ethics and compliance within the company.



## Ethical Management Training

Year	Topic	Target* (persons)	Completed by (persons)	Completion rate (%)
2020	Transparent and ethical management training for leaders and Team Plus Ethical Awareness Seminar	1,921	1,166	60.7
2021	Need for ethical management, major cases of ethical violations, and mindset for ethical conduct	1,894	1,716	90.6
2022	Group audit and internal work inspection details, direction, and implications, proactive management points to prevent recurrence, etc.	1,992	1,890	94.9

\* Including executives, general employees, and part-time employees

## Reported Violations of the Code of Ethics and Disciplinary Actions

Category		2020	2021	2022
Violation (cases)		2	10	13
Violator (persons)		4	16	31
Action (persons)	Suspension	-	1	4
	Salary cut	1	5	3
	Reprimand	3	8	7
	Warning	-	2	14
	Other (advised to resign)	-	-	3

## Operation of Audit and Cyber Audit Office for Ethics Risks, etc.

HYUNDAI WIA conducts regular audits in accordance with the annual business plan for ethics and compliance management and strengthen the ethical awareness of employees, in addition to conducting audits as needed in the event of a social issue and receipt of an anonymous report.

The Cyber Audit Office is in operation to allow employees to anonymously report irregularities, corruption, acts that undermine a sound corporate culture, and violations of the Code of Ethics. Through the Cyber Audit Office, internal and external stakeholders can anonymously report unfair conduct. The identities of whistleblowers and their reports are kept strictly confidential. If the report is confirmed to be true, strict disciplinary actions are taken depending on the severity of the irregularity or violation. As such, we are making every effort to raise the ethical awareness of employees and prevent recurrences of violations.

## Operation of the Cyber Audit Office

### Matters to Be Reported to the Cyber Audit Office

1. Irregularities, corruption, and socially reprehensible behavior of employees (bribery, unfair demands or offers, etc.)
2. Misuse/abuse of employees, solicitation, and acts that undermine a sound corporate culture
3. Suggestions for improving unreasonable practices
4. Other matters that violate the Code of Ethics

### Protection of Whistleblowers

The identity of the whistleblower and the contents of the report are kept strictly confidential within the Cyber Audit Office, and the reporting system is protected by a safe security system. In addition, the reporting center is staffed with a limited number of people who have pledged to strictly keep reported matters confidential.

### Matters Protected in Regard to Whistleblowers



- Identity of the whistleblower



- Evidence provided or information collected in relation to the report



- Identity of anyone who can pinpoint the alleged wrongdoer



- Follow-up measures taken based on the outcome, etc.

## Reports Received by the Cyber Audit Office

Type of Report	Reports (cases)	Actions
Executive/Employee	1	1 personnel action
Supplier	5	2 system improvement
Other	1	1 in-house training
Total	7	3 cases found to have nothing of concern

## Transparent Voluntary Reporting System

HYUNDAI WIA introduced the transparent voluntary reporting system in 2021 to practice ethical and transparent management based on autonomy. All employees are provided with the opportunity to self-report any violations of the Code of Ethics and Guidelines for Ethical Conduct for Employees, and we address the personal negligence in this matter reasonably (exempted from disciplinary action or reduction of severity).

We promote self-discipline through self-assessment of personal work ethics and negligence. In case of violating the policy, we allow employees to self-correct their wrongdoing utilizing the self-reporting system. Furthermore, we improve related business processes, systems, and institutions to prevent the additional occurrence and spread of similar cases.

### Matters Subject to Transparent Voluntary Reporting

Category	Description
Acceptance of bribery	• Direct and indirect solicitation and acceptance of cash, securities, etc. from business associates
Entertainment/gifts/hospitality	• Requesting or receiving direct or indirect entertainment from business associates
Embezzlement	• Embezzlement of company funds (embezzlement of event funds, etc.)
Misappropriation	• Misappropriation of company funds for personal use - Private use of corporate card, writing off expenses for personal travel such as family trips, private use of company vehicle, etc.
Theft	• Taking out company property without authorization to steal it
Loan	• Borrowing money (cash, securities, etc.) from business associates
Forgery of official documents or false reporting	• Intentionally forging company documents, records, etc. • Concealing, deleting, or destroying documents, or attempting to do so • False reporting for the purpose of shifting liability (forging customer orders, reporting false orders, over/underreporting management indicators)
Participation in supplier (stakeholders) business management/dual employment/equity investment	• Engaging in other business against company interests • Causing business disruption by managing another company • Equity investment in an agency (by a sales employee) (holding a stake in an agency, opening an agency in the name of a family member, etc.)
Sexual harassment/abuse of power/workplace harassment (internal/suppliers)	• Causing feelings of sexual humiliation, disgust, etc. in a subordinate or coworker through sexual conduct/speech, abusive language, etc. • Using a superior position to cause physical/mental suffering to a coworker • Giving unfairly work instructions or shifting blame
Violation of regulations	• Violating operating procedures or regulations (regulations: processes, manuals, etc.) - Arbitrarily placing an order with a supplier and then delaying payment, poor contract review, application of unfair procedures, selection of suppliers based on arbitrary evaluation, etc.

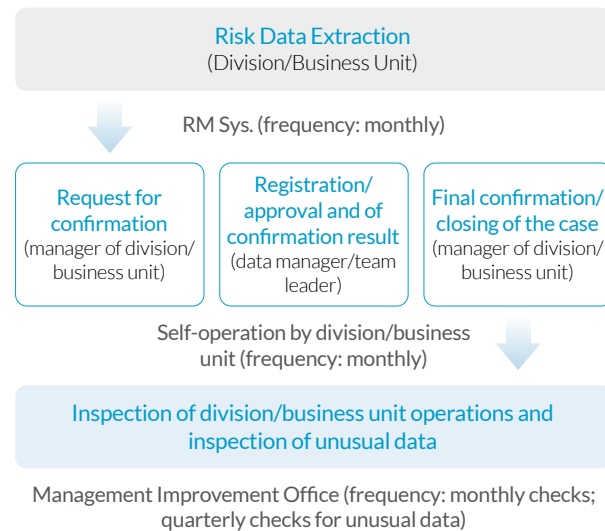
## Risk Management System (RMS)

The risk management system (RMS), which has been in operation since January 2023, involves utilization of large-capacity data processing technology to manage issues, prevent recurrence, and fundamentally improve the identified risks through regular/ongoing audits of the company and affiliates. This system enables us to monitor and analyze the abnormalities outside of the inspection period. We are conducting risk prevention activities under the supervision of each division and business unit for 118 red flags across business areas (production, purchasing, sales, finance, management support, etc.), and the unusual data are managed through separate diagnoses.

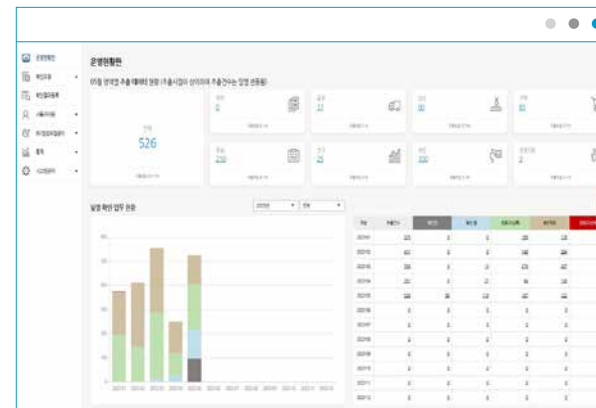
### Examples of Identified Risks



### RMS Operation Process



### RMS Operation Status Board



## Anti-Corruption Activities, Supplier Reporting, and Transparency Investigation

HYUNDAI WIA continuously conducts anti-corruption activities to eradicate unfair business practices, unreasonable demands, bribery, taking advantage of convenience intervention in the business management of suppliers, complaints regarding payment, leakage of private information, and other fraudulent and irregular conduct. Every year, we assess the risk of corruption at our business sites to proactively prevent any issues that may arise. In addition, we endeavor to achieve ethics and compliance management by receiving reports from suppliers and conducting transparency investigations. The details of such compliance support activities, including the performance of anti-corruption activities, are reported to the Audit Committee on a semi-annual basis.

### Internal Audit Activities (Business Operations, Ethics, Anti-Corruption)

Category	Details	Unit	2020	2021	2022
Internal audit (business, ethics, and anti-corruption)	Business sites subject to audit (domestic/overseas subsidiaries)	ea.	17/8	15/9	15/10
	Business sites audited (domestic/overseas subsidiaries)		16/1	15/0	15/0
	Ratio of audited business sites	%	68	63	60
Inspection activities	Number of regular inspections	cases	3	4	5
	Number of on-demand inspections		2	4	5
	Number of follow-up inspections		-	2	-
	Online reports, reports by phone, mail, etc., and transparency investigation		9	13	10

### Supplier Reporting and Transparency Investigation

Category	Unit	2020		2021		2022	
Report by supplier	cases	Received	Processed	Received	Processed	Received	Processed
Performance		7	9	9	9	7	7

## Operation of Autonomous Fair Trade Compliance Program

HYUNDAI WIA has been operating the “Fair Trade Compliance Program (CP)” since 2002 with the approval of the BOD. The CP is aimed at promoting voluntary compliance and ethical awareness of employees by providing them with clear behavior standards to comply with laws related to fair trade. By using this program, we are preventing violations of the law and, at the same time, detecting violations early on and taking countermeasures. As part of this program, we provide fair trade education at least twice a year.

It is worth noting that the CEO of HYUNDAI WIA has expressed his will to contribute to the continuous improvement of fair trade business processes, the creation of a win-win growth culture, and the spread of fair trade practices internally and externally through the autonomous fair trade compliance message.

### Fair Trade Compliance Program Management Organization



### Autonomous Fair Trade Compliance Program Training

Date	Program	Trainees	Instructor
Oct. 2020	Court Decisions Related to the Subcontracting Act and Misappropriation of Technology	1,225	In-house instructor
April 2021	Understanding of and Court Decisions Related to Subcontracting Act	403	In-house instructor
Nov. 2021	Understanding of and Court Decisions Related to Fair Trade Act	225	Attorney Honggi Kim from BAE, KIM & LEE LLC
May 2022	Understanding of and Court Decisions Related the Subcontracting Act for Fair Trade Compliance	252	Attorney Seunggho Sohn from BAE, KIM & LEE LLC
Nov. 2022	Understanding of and Court Decisions Related to Fair Trade Act	253	Attorney Jeongseo Park from Kim & Chang

\* The number of trainees indicated for May 2022 is the number of actual attendees.

### Commitment to Fair Trade Compliance Program

**Key Promises for the 2023 Autonomous Fair Trade Compliance Program**

First, we will continue to improve our fair trade business processes.  
 Second, we will take the lead in creating a win-win growth culture.  
 Third, we will contribute to the spread of CP culture inside and outside our organization.  
 Fourth, we will improve our internal CP through external evaluation.

February 2023  
 CEO, HYUNDAI WIA  
 Jaewook Jung

### HYUNDAI WIA's Pledge for Fair Trade Compliance

I hereby sign this pledge to commit myself to actively participating in the fair trade compliance program introduced by the company for fair competition and transparent management, and also commit to put my utmost effort into establish a fair competition culture by complying with laws and regulations such as the Fair Trade Act and the Subcontracting Act.

First, I will not engage in, instruct, authorize, or abet illegal activities such as unfair support for affiliates or unfair trade with suppliers and agents, and comply with laws and regulations concerning fair trade.

Second, I will not unnecessarily contact or instruct, authorize, or abet meetings or information exchanges with competitors that could be misconstrued as collusion.

Third, I will take the initiative to establish desirable subcontracting practices, including compliance with the technical data request procedure, prohibition of misappropriation, and prohibition of unfair unit price reduction, and actively strive to ensure compliance with laws and regulations by my subordinates.

If I violate this pledge, I will bear all responsibilities as stipulated by relevant laws and company regulations.

## Designated Trader Subject to Voluntary Strategic Goods Compliance

A trader subject to voluntary strategic goods compliance is designated by the Ministry of Trade, Industry, and Energy (MOTIE) after examining whether it has the necessary organization, regulations, and other systems to manage the export of strategic goods and can autonomously implement export controls, such as strategic goods determination, permit, and application. Since 2008, HYUNDAI WIA has introduced and operated the “Voluntarily Complaint Strategic Goods Trader Certification Program,” thereby contributing to peace and prosperity in the international community.

### Voluntary Strategic Goods Compliance Program Management Organization



# Risk Management

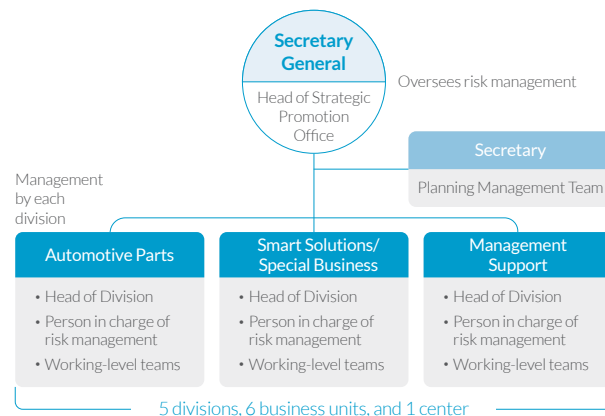
## Financial and Non-Financial Risk Management

HYUNDAI WIA enforces risk management regulations for the purpose of minimizing crises that the company may potentially face and achieving sustainable development by selecting and managing risk items in advance to prepare for uncertainties in the business environment.

## Risk Management Organization

HYUNDAI WIA operates the Risk Management Secretariat centering on the Business Planning & Management Team, with the Head of the Strategy Group in charge of the Risk Management Secretariat. It is subdivided into five divisions, six business units, and one center to establish a prompt and specialized risk response system. The heads of divisions are responsible for risk management at their respective divisions, while the secretary general is in charge of companywide risk management. An efficient and professional risk management system is operated based on a risk reporting system and a meeting body for prompt problem-solving.

## Risk Management Organization



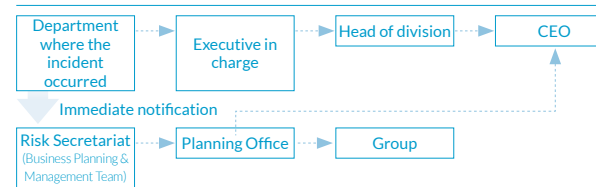
## Risk Response Council

HYUNDAI WIA convenes the Risk Response Council for a meeting when necessary. The council comes together to discuss key issues of risks to manage them and checks the status of risk response. The head of each division attends and discusses the current status of risks, ramifications, and countermeasures. They jointly deal with major risks that are difficult for divisions to handle individually with related departments.

## Risk Reporting Process

In addition to the Risk Response Council, HYUNDAI WIA is establishing a risk reporting process for each type of risk by categorizing potential risks to ensure systematic and prompt response. The aim of such type-specific risk reporting process is to improve the effectiveness of risk response.

## Risk Reporting Process



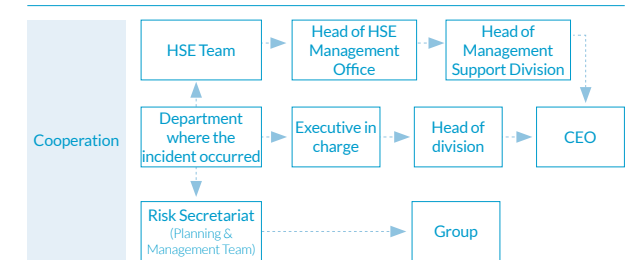
## Timing of Risk Reporting by Type

Category	Reported information		Timing
Production	Fire/safety incident (including serious accidents)	Cause of incident and recovery status	Within 2 hours
	Health incident/riot	Damage status and response measures	
	Worker strike	Production disruption status and countermeasures	
	Suspension of line operation	Disruption of production at client companies	
Policy	Owner issue	Disruption of production at our company	ASAP
	Affiliates/supplier issue	Supply disruption of suppliers	
	Court decision on lawsuit	Impact on our company and client companies	
	Legal/regulatory sanction	Anticipated lawsuit and lawsuit result	
External	Meeting with the press/media	Impact on our company and response measures	ASAP
	Investigation by law enforcement or audit	Interview plans and results	
	Community	Audit plans and results	
	Equity investments	Impact on the local community	
Investment	Investing in affiliates	Impact on the local community	
Other			

## Serious Accident Reporting Process

HYUNDAI WIA has established a separate reporting process to ensure the efficiency, effectiveness, and promptitude of risk response in the event of a major disaster in preparation for the Serious Accident Punishment Act, which came into effect in January 2022.

## Serious Accident Reporting Process



## Tax Risk

### Tax Policy

HYUNDAI WIA has established a tax policy based on the basic principle of complying with tax laws and regulations and faithfully fulfilling its obligations. Accordingly, we not only fulfill our tax obligations under its laws and lead by example but also maintain sound cooperative relationships with the tax authorities. Moreover, we systematically manage tax risks for our business operations in Korea and overseas, and also for significant changes in business, such as new businesses and changes in the transaction structure.

### Tax Risk Management

In order to manage tax risks, HYUNDAI WIA strictly adheres to relevant laws and regulations, and actively cooperate with the requests from the tax authorities, providing relevant facts and evidence as required by law. Furthermore, we recognize the fact that tax laws vary across countries. Therefore, we strive to prevent tax risks in advance. In order to proactively manage the risk of double taxation arising from international transactions with overseas subsidiaries, we apply the principle of arm's length pricing in transactions. In addition, if necessary, we work with external experts to identify and analyze uncertain tax risks early on to prevent tax risks in advance.



# Governance

## Establishment of Corporate Governance Charter

HYUNDAI WIA established the Corporate Governance Charter to demonstrate the sound and transparent governance and declare its governance-related principles. Based on the charter, we will promote the interests of our stakeholders in a balanced manner through transparent business management.

## Composition of the Board of Directors

The Board of Directors (BOD) is an essential standing body of a joint-stock company that is entirely comprised of directors appointed at a general meeting of the board makes decisions regarding the execution of the company's affairs. As of this report's publication date, the BOD consists of seven directors, which are three internal directors and four independent directors. Internal directors are nominated by of the BOD. The independent directors are nominated by the Independent Director Candidate Nomination Committee and appointed by resolution at a general meeting of shareholders. In the process of appointing a director, information on the candidate is provided through a public announcement four weeks before the general meeting of shareholders. This is to ensure a sufficient time for review. The details of the BOD's activities, which is one of the factors considered for reappointing director candidates, are also provided to shareholders and stakeholders through various means, including notice of general meetings for shareholders and business report.

The BOD is chaired by the CEO to enhance the efficiency of BOD operations and strengthen responsible management practices. There are also four committees operating under the BOD: the Audit Committee (comprised of three independent directors), Independent Director Candidate Nomination Committee (including two independent directors out of a total of three members), Transparency Management Committee (comprised of four independent directors), and Compensation Committee (including two independent directors out of a total of three members).

## Sex Ratio of BOD Members / Percentage of Independent Directors

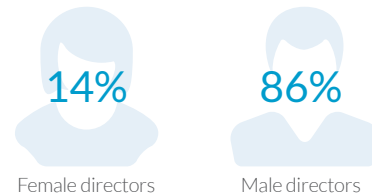
### Independence

(Percentage of Independent Directors)



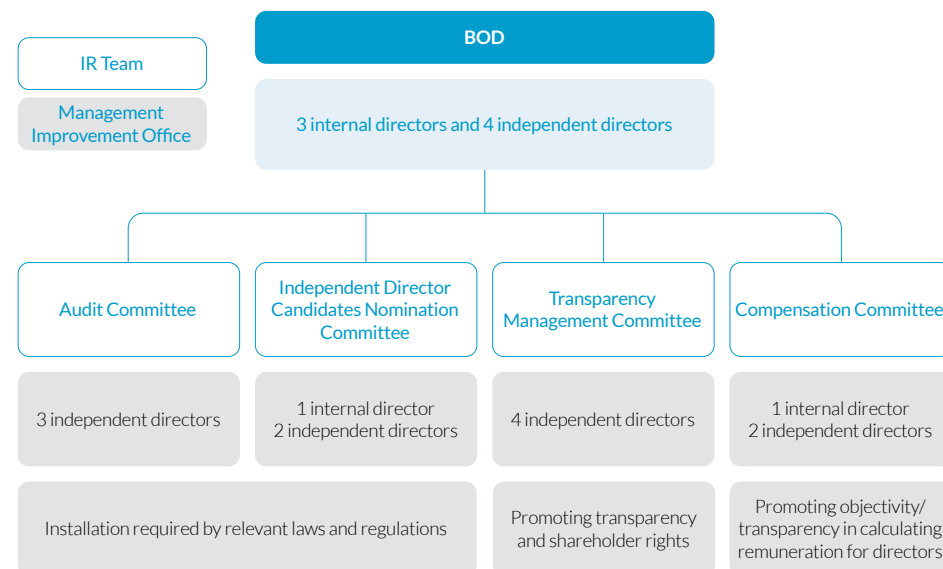
### Diversity

(Percentage of Female Directors)



\* Required percentage of independent directors according to the Commercial Act: 50%

## BOD Organization Chart



● Chair ○ Members

Category		Audit Committee	Independent Director Candidate Nomination Committee	Transparency Management Committee	Compensation Committee
Internal directors	Jaewook Jung		○		
	Bongwoo Lee				
	Sawon Kim				○
Independent directors	Eunho Kim	●		○	○
	Sunghoon Ahn		○	○	●
	Kyujin Lee	○	●	○	
	Dongyeol Lee	○		●	
Ratio of independent directors		All	Majority	All	Majority
Chair		Independent director	Independent director	Independent director	Independent director

## BOD Composition

Classification	Name	Sex	Nominated by	Background of appointment and expected role	Expertise	Job title & career background	Date of appointment	Term	Shares owned
Internal director	Jaewook Jung	M	BOD	As president, he oversees business management, strengthens the competitiveness of existing businesses, and enhances the value of the company by securing future growth engines for new businesses.	General management	(Current) CEO, HYUNDAI WIA (Former) Director of Purchasing, Hyundai Motor Company	2021.03.24	3 years	-
	Bongwoo Lee	M	BOD	As Vice President, he stabilize the production and operations of business divisions.	Production & Operation	(Current) In charge of Production/Operation, HYUNDAI WIA (Former) Director of Automotive Parts, HYUNDAI WIA	2021.03.24	3 years	-
	Sawon Kim	M	BOD	As the Head of Finance Division, he undertakes tasks related to financial management and profitability improvement.	Finance	(Current) Head of Finance, HYUNDAI WIA (Former) Head of Management Office, HYUNDAI WIA	2022.03.23	3 years	-
Independent director	Eunho Kim	M	Independent Director Candidate Nomination Committee	As an expert in accounting and finance, he is expected to enhance the expertise and transparency of the BOD and Audit Committee and faithfully audit the company's accounting and business affairs from an independent position.	Accounting & Finance	(Current) Advisor, Kim & Chang LLC (Former) Chief of Busan Regional Tax Office (Concurrent) Independent director, Essys	2019.03.15 (2022.03.23)	3 years (reappointed)	-
	Dongyeol Lee	M	Independent Director Candidate Nomination Committee	As a legal expert with experience and expertise in corporate law, he is expected to strengthen the compliance management system and help the BOD promote the development of company and the interests of shareholders and stakeholders.	Law	(Current) Representative Attorney, LawVax (Former) Chief Prosecutor, Seoul Western District Prosecutors' Office (Concurrent) Independent director, Taihan Cable & Solution	2023.03.22	3 years	-
	Sunghoon Ahn	M	Independent Director Candidate Nomination Committee	As an expert in mechanical engineering, he is expected to provide opinions on the direction of new businesses and sustainability management issues based on the research in mechanical engineering-related fields and knowledge shared by academic societies.	Mechanical engineering	(Current) Professor of Mechanical Engineering, Seoul National University (Former) Associate Dean, Seoul National University Graduate School of Engineering Practice (Former) Editor-in-Chief, International Journal of Precision Engineering and Manufacturing - Green Technology (IJPEM-GT)	2019.03.15 (2022.03.23)	3 years (reappointed)	-
	Kyujin Lee	F	Independent Director Candidate Nomination Committee	As an expert in mechanical engineering, she is expected to provide opinions for proactively responding to the paradigm shift in the automotive industry, based on her experience of undertaking numerous research projects in the automotive field, including EV batteries and thermal analysis.	Mechanical engineering	(Current) Professor of Mechanical Engineering, Myongji University (Former) Researcher, National Renewable Energy Laboratory (USA)	2022.03.23	3 years	-

## Independence, Diversity, and Expertise of BOD

In accordance with the Commercial Code, HYUNDAI WIA has ensured the independence of the Board and the checks and balances of the company's operation by obtaining majorities of members as independent directors. majority for checks and balances of the company's operations. Also, the chairpersons of all committees operating under the BOD are appointed from among independent directors to enhance their independence and transparency.

At HYUNDAI WIA, we strive for a diverse and balanced BOD with members who do not share a common background or represent a specific interest. Independent directors are nominated and appointed among those with expertise or experience in diverse areas, such as leadership, global experience, industry experience, auditing, finance, accounting, law, new technologies and risk management. The independent directors also should be a person who can objectively oversee the management of the company from an independent perspective and meet the qualifications set forth in relevant laws, including the Commercial Code.

The BOD currently consists of experts in the fields of accounting and finance, law, and mechanical engineering. The independent directors carry out objective and scrupulous evaluation and supervision, while actively expressing their opinions on critical management issues and the execution of management affairs. On the other hand, the company regularly provides training to promote the expertise of its independent directors and authorizes them to obtain assistance from experts at the company's expense when necessary, as stipulated in the board and committee regulations.

## BOD Competencies

Category	Jaewook Jung	Bongwoo Lee	Sawon Kim	Eunho Kim	Dongyeol Lee	Sunghoon Ahn	Kyujin Lee
Leadership	○	○	○	○	○	○	○
Global experience	○	○				○	○
Industry experience	○	○	○				
Audit			○	○	○		○
Finance			○	○			
Law				○	○		
New technology						○	○
Risk management	○	○	○	○	○	○	○

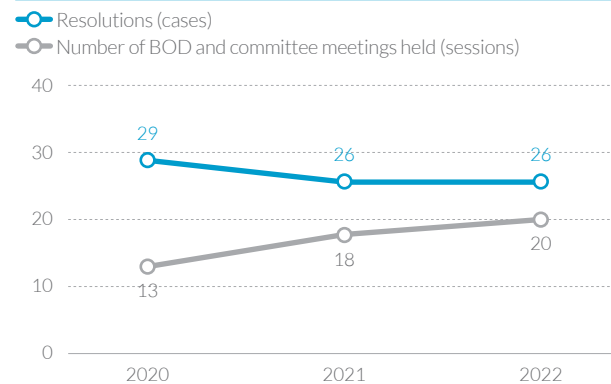
## BOD Training

Date	Training provided by	Attendees	Key contents
April 19, 2022	Audit Committee Forum Lecturers: Prof. Jeongwoo Seo (Kookmin University) and executive director Jeonghwan Hwang (KPMG Samjong Accounting Corp.)	All 5 independent directors	Introduction to KSSB Disclosure Standards Audit Committee's oversight of ESG disclosures
May 26, 2022	HYUNDAI WIA (Smart Solutions Division)	All 5 independent directors	SIMTOS exhibition (demonstrations of HYUNDAI WIA's autonomous logistics robots and machine tool products, and competitors' products)
June 22, 2022	HYUNDAI WIA (IR Team and Automotive Parts R&D Center)	1 independent director (Kyujin Lee)	Introduction of matters pertaining to the Commercial Act (BOD, general meeting of shareholders, etc.) and new businesses and a tour of the R&D center
July 26, 2022	KPMG Samjong Accounting Corp. Lecturer: executive director Sangwon Moon	All 8 directors	ESG trends and the director of corporate response

## BOD Operation and Activities

The board meetings are categorized into regular and ad hoc meetings. Regular meetings are held quarterly, in principle, but the schedule may be changed, if necessary. On the other hand, ad hoc meetings can be held as often as needed. In order to allow for in-depth discussion of the agenda, it is required to give the board members at least seven days' notice of the meeting. The resolution of the BOD require the majority of director's attendance and their consent at the meeting. In the event that none or only some of the directors are able to attend a meeting in person, the directors concerned are permitted to participate in the resolution by using a communication system that simultaneously transmits and receives audio. In 2022, a total of six board meetings (four regular meetings and two ad hoc meetings) and fourteen committee meetings were held, and a total of twenty-six resolutions were passed. Moreover, all directors fulfilled their duties by being present at all the meetings (including committee meetings) that they were required to attend.

## Board and Committee Performance



Given the growing importance of sustainability management in enhancing shareholder value and protecting shareholders' rights and interests, the BOD of HYUNDAI WIA receives reports on plans and performance related to sustainability management. Activities and strategies related to sustainability management are discussed and finally approved by the BOD. By exploring various policies and activities for sustainability management, the Board plays a key role in ushering sustainable future for HYUNDAI WIA.

## Board Member Attendance Rate in 2022

Jaewook Jung, Bongwoo Lee, Munsang Shin,  
Sawon Kim, Eunho Kim, Ikhyun Nam, Sungkuk Jo,  
Sunghoon Ahn, Kyujin Lee

**100%**  
attendance of all  
members

## BOD's ESG Activities

Meeting type	Date	Agenda	Note
Regular	Jan. 28, 2022	<ul style="list-style-type: none"> <li>Appointment of Fair Trade Compliance Manager</li> <li>Approval of the 2022 Safety and Health Activity Plan</li> <li>2022 ESG Operation Plan</li> <li>2022 Compliance Support Activity Plan</li> </ul>	Resolution passed Resolution passed Reported matter Reported matter
Regular	April 22, 2022	<ul style="list-style-type: none"> <li>Results of the safety and health activities in Q1 2022</li> </ul>	Reported matter
Regular	July 26, 2022	<ul style="list-style-type: none"> <li>Appointment of compliance support officer</li> <li>Results of the safety and health activities in Q2 2022</li> </ul>	Resolution passed Reported matter
Regular	Oct. 28, 2022	<ul style="list-style-type: none"> <li>ESG management status in 2022</li> <li>Results of the safety and health activities in Q3 2022</li> </ul>	Reported matter

## Evaluation of BOD Operations

We have been pursuing sustainability management since 2022 with the preparation of BOD evaluation criteria, and endeavoring to ensure appropriate leadership and fair evaluation. Based on the evaluation criteria, we evaluate the appropriateness of BOD operations for individual directors once a year. We carry out these evaluations to enhance the efficiency and transparency of BOD operations. To ensure the transparency and objectivity of the evaluations, the evaluators are chosen from among independent directors. Based on the results of the evaluation, areas of improvement in BOD operations are identified to continuously improve our corporate governance.

## Results of BOD Operations Evaluation in 2022

Category	Role of BOD	BOD structure	BOD operations	BOD committees	Total
Evaluation items	5 questions in 2 domains	11 questions in 3 domains	9 questions in 2 domains	11 questions in 3 domains	36 questions in 10 domains
Score (average)	4.96	4.87	4.64	4.93	4.84

\* The Board Evaluation Guidelines of the Korea Institute of Corporate Governance and Sustainability are applied mutatis mutandis.

\* Evaluation method: Anonymous evaluation using a questionnaire form

\* Itemized evaluation: Evaluation based on a 5-point Likert scale

(1. Strongly disagree, 2. Disagree, 3. Neutral, 4. Agree, 5. Strongly agree)

## Main Evaluation Criteria for BOD

Category	Details
BOD R&R	BOD's roles Execution of duties fairly in the Interest of shareholders Commitment to communication between shareholders and management
	BOD's responsibilities & obligations Responsibility for oversight of top management Checking compliance with financial indicators, accounting matters, laws and regulations, etc. Understanding the company's ethical obligations and social responsibilities
BOD structure	BOD structure Possessing the necessary qualifications to fulfill the duties of a director Preparation of committees and processes for selecting director candidates Orientation (training) for new directors Regular training for existing directors
	BOD's independence Composition of multiple independent independent directors Consideration of independence when nominating and appointing independent directors Respecting the authority and responsibility between the board and management Holding regular meetings for independent directors only
BOD operations	BOD's leadership Independent fulfillment of the responsibilities to shareholders and the company by the chairperson of the board Efforts to achieve balanced communication between internal and external directors by the chairperson of the board
	BOD operation processes Regularly holding board meetings Faithfully attending board meetings Establishment and application of board operating regulations Disclosure of board activities
BOD committees	BOD meeting agenda and information collection Sufficient consultation between the board chair and management regarding the agenda items Providing board members with sufficient time to review agenda items Connecting the board and board members with external experts upon request
	Audit Committee Committee structure Inclusion of a number of independent directors in the composition of the Audit Committee and key committees Collection and application of committee operating regulations Comprised of at least three independent independent directors Composed of independent directors with basic knowledge of auditing Composed of at least one member who is a financial expert Clear understanding of the Audit Committee's authority and responsibilities Establishment and application of the Audit Committee operating regulations Holding regular meetings of the Audit Committee Regular reporting to the BOD by the Audit Committee

## Remuneration for BOD

Remuneration is determined within the limit of remuneration cap approved by the general meeting of shareholders in accordance with the associated articles. It is paid at reasonable level to their duties and is appropriate in light of the financial situation of the company. The execution of directors' remuneration is disclosed through regular reports (annual, semi-annual, and quarterly).

### BOD Remuneration Standards (2022)

Category	Remuneration standards	
Internal director	Wages	Annual salary is paid based on the executive remuneration payment standards (Executive Compensation Table), within the remuneration cap for directors set by resolution at a general meeting of shareholders.
	Bonuses	It is applied differentially according to the evaluation grade in consideration of business performance, performance and contribution as an executive, and business environment, based on the executive remuneration payment standards (performance incentive).
	Retirement benefits	It is determined by multiplying the average monthly remuneration for the three months prior to retirement by the payment rate for the person's respective position per year of service.
	Other earned income	Includes welfare support expenses such as financial aid for vehicle purchase, medical expenses, tuition expenses, etc. and long-term service reward according to separate regulations
Independent director	Wages	A fixed salary determined within the remuneration cap for directors (similar to the average cap in the industry)
	Bonuses and retirement benefits	None (Independent directors are not compensated based on to the company's performance in order to maintain their independence)

### Remuneration for BOD (2022)

Category	Unit	Internal director	Independent director
Applicable persons	persons	3	5
Total remuneration		2,406	354
Average remuneration per person	KRW million	802	70.8

#### Criteria for Determining the Independence of Independent Directors

- Relationship between the candidate and the largest shareholders, and the transactions between the candidate and the company in the last three years
- Restrictions on the activities of independent directors who are engaged in the company's business, who have significant interests in the company and/or the largest shareholder, or who have been employed by the company within the last three years
- Independent directors are prohibited from engaging in the same kind of business as that of the company without the approval of the BOD
- Independent directors cannot serve more than 6 years at HYUNDAI WIA or more than 9 years in total at the Group

## Audit Committee

The Audit Committee deliberates and finalize resolutions on accounting and business audits, matters stipulated in the Articles of Incorporation, and matters delegated by the BOD. The committee oversees the execution of duties by the board members and management so that they make rational business decisions.

The members of the Audit Committee, appointed by resolution at a general meeting of shareholders, is entirely composed of independent director and includes accounting and financial experts to ensure expertise and independence. As a result, the Audit Committee is able to provide independent opinions regarding management decisions made by the board. In 2022, the Audit Committee was convened for a total of six meetings, and its activities are regularly reported to the BOD.

## Independent Director Candidate Nomination Committee

The Independent Director Candidate Nomination Committee is responsible for nominating and verifying candidates to ensure that the nomination of independent director candidates is carried out in a fair and transparent manner. They are required to recommend those can promote the interests of the company and shareholders and verify that they meet the qualifications set forth in relevant laws and regulations and committee regulations.

HYUNDAI WIA manages and updates a Pool of candidates for independent director positions from various fields each year and takes their social reputation, ethics, and independence in addition to their expertise in each field into consideration. When it is necessary to appoint an independent director, in order to avoid appointing someone unqualified, the committee selects three times the number of independent directors required and review them. After a thorough review, the independent director candidate(s) is finally appointed at a general meeting of shareholders.

As of the date of publication of this report, the Independent Director Candidate Nomination Committee consists of three members in total, with two independent directors and one internal director, and it is chaired by an independent director. The committee is dedicated to ensuring fairness and independence in the selection of independent director candidates based on transparency of interests and a rigorous verification procedure.

## Transparency Management Committee

The Transparency Management Committee was established in January 2020 for the purpose of reviewing transparency in internal transactions, promoting ethical management, and protecting shareholders' rights and interests. It deliberates on major management issues such as guarantees, M&A, and acquisition and disposal of major assets related to shareholder rights and interests. The committee is composed of independent directors entirely to enhance independence and transparency, and the company actively provides all information and expenses necessary for its activities. HYUNDAI WIA plans to continue its support for the committee to enhance the transparency of the BOD and ensure a sustainable future for the company. In 2022, the Transparency Management Committee met five times and reached resolutions on a total of seven agenda items. In addition, through the revision of its operating regulations, the role of the committee was expanded to strengthen its function of reviewing issues related to ESG management and to enhance its expertise.

### Amendments to Transparency Management Committee Operating Regulations

#### Review of ESG management plans and performance, etc.

- HSE issues
- Human rights
- Supply chain
- Local communities
- Other ESG management matters

## Compensation Committee

The Compensation Committee was established in October 2020 to ensure objectivity and transparency in the process of determining remuneration for board members and to deliberate on the remuneration system and its cap at a general meeting of shareholders. The committee is composed of one internal director and two independent directors and is chaired by an independent director, thus maintaining its independence from management.



## Promoting Shareholder Value

### Protecting Shareholder Rights and Interests

HYUNDAI WIA strives to protect the rights and interests of shareholders and enable them to exercise their rights with ease. We voluntarily participate in the “Voluntary General Shareholders’ Meeting Dispersion Program” organized by the Korea Listed Companies Association and the Korea Exchange and avoid the dates on which the shareholders’ meetings of other companies are concentrated, to encourage shareholders participation to attend the meetings. In addition, we send a notice of the meeting (public announcement) and a convening notice to all shareholders at least four weeks before the scheduled meeting so that shareholders can fully review the agenda items.

We are promoting shareholder rights and convenience by introducing an electronic voting system and proxy voting system. HYUNDAI WIA protect the rights of shareholders through the shareholder proposal system, which allows shareholders to hold a certain percentage of shares to propose certain matters for a general meeting.

We also hold an investor relations (IR) meeting every quarter to explain our business performance and key management highlights. Through this, we endeavor to provide sufficient information about our company to shareholders in a timely manner.

### Notices and Dates of General Meetings of Shareholders

Year	Convening notice	Date	Notice period
2020	2021-02-19	2021-03-24	33 days in advance
2021	2022-02-18	2022-03-23	33 days in advance
2022	2023-02-21	2023-03-22	29 days in advance

### Agendas for Shareholders' Meetings in 2022

	Agenda	Approval	Votes in favor
Resolution	Agenda Item 1: Approval of partial amendments to the Articles of Incorporation	Approved as originally proposed	99.9%
	Agenda Item 2: Approval of the 47th Financial Statements	Approved as originally proposed	97.5%
	Agenda Item 3: Appointment of a board member		
	- Agenda Item 3-1: Appointment of independent director (Dongyeol Lee)	Approved as originally proposed	99.9%
	Agenda Item 4: Appointment of Audit Committee members		
	- Agenda Item. 4-1: Appointment of an Audit Committee member (Kyujin Lee)	Approved as originally proposed	97.9%
	- Agenda Item. 4-2: Appointment of an Audit Committee member (Dongyeol Lee)	Approved as originally proposed	99.6%
	Agenda Item 5: Approval of the remuneration cap for directors, etc.		
	- Agenda Item. 5-1: Approval of the remuneration cap for directors	Approved as originally proposed	83.6%
	- Agenda Item. 5-2: Approval of the Executive Severance Pay Payment Regulations	Approved as originally proposed	76.1%
Report	Business Report Audit Report Report on the operational status of the Internal Control over Financial Reporting		

### Shareholder Return Policy

For the purpose of enhancing shareholder value, we have been paying cash dividends since 2012, taking into account our cash flow and the business environment.

Our mid- to long-term shareholder return policy is based on the basic premise of gradually increasing dividends to promote shareholder value, with it, we consider factors, such as scale of past shareholder returns, dividend growth, and mid- to long-term financial policies for decision-making.

From 2023 onward, in particular, we plan to continue our dividend policy by setting a mid- to long-term policy to provide cash dividends flexibly within the range of 20 to 30% of our dividend payout ratio, based on consolidated financial statements, thereby enhancing the predictability of shareholder return for investors.

Our mid- to long-term cash dividend payout ratio has been determined based on the average dividend payout ratio of companies listed on the stock market and that of the automotive industry, as well as our own operating performance and cash flow situation. In addition to cash dividends, we plan to implement more active measures to enhance shareholder value such as repurchasing treasury stocks and retiring them.

### Dividend Performance in 2022

Dividend per share (KRW)	Net income (KRW million)	Earnings per share (KRW)	Total cash dividends (KRW million)	Cash dividend payout ratio (%)
700	65,416	2,463	18,652	28.5

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# Ethics Guidelines for Suppliers

The suppliers of HYUNDAI WIA shall prioritize “ethics management” in their business activities, maintain fairness and transparency, and uphold principles of trust.

## 1. Legal Compliance

Suppliers shall comply with the laws on subcontracting and fair trade in their business activities.

## 2. Transparent Management

Suppliers shall ensure transparent accounting and financial management and record-keeping based on facts.

Suppliers shall not offer or accept money or valuables under any circumstances in their relationships with stakeholders such as customers and business partners.

## 3. Win-Win Cooperation

Suppliers shall maintain mutual beneficial relationships with stakeholders such as customers and suppliers, strive for win-win growth, and provide support for improving competitiveness.

## 4. Environmental and Safety Management

Suppliers shall practice green procurement and avoid using harmful substances in product development and production processes.

Suppliers shall guarantee the safety of their workers’ lives and bodies and create a culture in which human rights are assured.

## 5. Information Security

Suppliers shall value the information of stakeholders such as customers and business partners and protect technical data.

## 6. Social Contribution

Suppliers shall respect human dignity and the right to happiness, observe the principle of gender equality, and prohibit child labor and forced labor.

Suppliers shall care for the socially disadvantaged, contribute to the local community, and maintain courtesy and dignity as global citizens.

# HYUNDAI WIA Declaration of Human Rights

We truly appreciate your interest in and support for HYUNDAI WIA.

Although the development of the real economy and the prosperity of capital markets have brought material affluence and improve the quality of life around the world, fierce competition within industries, complexity of business structures, and diversification of production and sales markets have created unintended social issues. As a result, there has been a paradigm shift in business management from the blind pursuit of growth and profitability to sustainability management involving fulfillment of social responsibilities, and the introduction of sustainability management methods has become a challenge, as well as an opportunity to strengthen competitiveness, for companies.

As a part of the efforts to actively respond to the changing management paradigm, HYUNDAI WIA aims to promote human rights management that can guarantee a certain standard of living and provide stable working conditions for all stakeholders, including employees. Accordingly, HYUNDAI WIA has established the Human Rights Charter in reflection of the principles set forth in global initiatives, such as the “Universal Declaration of Human Rights” and the “UN Guiding Principles on Business and Human Rights,” as well as the interests of employees and stakeholders. Based on the Human Rights Charter, each affiliate will streamline its organizational structure and operating system to promote human rights management and operate processes to check for and mitigate human rights violations and related risks.

Based on the management philosophy of realizing the dreams of humanity by creating a new future based on creative thinking and endless endeavors as a global manufacturer, HYUNDAI WIA will do its best to fundamentally improve human rights issues faced by employees and stakeholders by promoting human rights management with sincerity and trust. HYUNDAI WIA vows to be a partner in the future society by exercising its sense of responsibility to bring happiness to all.

CEO, HYUNDAI WIA

Jaewook Jung



# Sustainability Management Performance

## Environmental Performance

### GHG Emissions of Domestic Business Sites

Category	Unit	2020	2021	2022
Total emissions (Scope 1, Scope 2)	tCO <sub>2</sub> eq	170,173	181,938	155,623
Scope 1 emissions		14,093	15,629	9,760
Scope 2 emissions		156,086	166,317	145,870
GHG emissions intensity (Total emissions ÷ Sales based on separate financial statements)	tCO <sub>2</sub> eq/KRW million	305	282	233
Other GHG emissions (Scope 3)	tCO <sub>2</sub> eq	137,764	365,689	439,799

\* The total GHG emissions may not match with sum of Scope 1 and Scope 2 emissions due to the rounding of the emissions of each business site.

\* Includes all of CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs or SF<sub>6</sub> as defined in Article 2 subparagraph 9 of the Framework Act on Low Carbon, Green Growth

\* Calculated according to the guidelines on emission reporting and certification of the GHG Emissions Trading Scheme

\* Scope 3 covers the upstream sector only. Purchased products & services are limited to special round steel bars, castings, and non-ferrous metals.

### GHG/Energy Targets and Emissions (Domestic Business Sites)

Category	GHG emissions (tCO <sub>2</sub> eq)			Energy consumption (TJ)		
	2022 target	GHG emissions in 2022 (based on statement)	Reduction	2022 target	Energy consumption in 2022 (based on statement)	Reduction
Domestic business sites	174,903	155,623	11.0%	3,600	3,209	10.9%

\* GHG emission allowance allocated to HYUNDAI WIA for 2022 under the GHG Emissions Trading Scheme was 222,978 KAU.

### Total GHG Emissions of Overseas Business Sites

Category	Jiangsu HYUNDAI WIA			Shandong HYUNDAI WIA		
	2020	2021	2022	2020	2021	2022
Scope 1 (Unit: tCO <sub>2</sub> eq)	3,983	2,939	2,339	3,089	2,201	1,615
Scope 2 (Unit: tCO <sub>2</sub> eq)	65,528	38,301	32,215	153,646	65,452	48,779
Total	69,511	41,241	34,554	156,735	67,653	50,394

Category	Beijing HYUNDAI WIA			HYUNDAI WIA Mexico		
	2020	2021	2022	2020	2021	2022
Scope 1 (Unit: tCO <sub>2</sub> eq)	-	-	-	3,728	4,101	4,176
Scope 2 (Unit: tCO <sub>2</sub> eq)	-	29	26	43,920	44,659	43,397
Total	-	29	26	47,648	48,760	47,573

Category	HYUNDAI WIA India			China Sales Company		
	2020	2021	2022	2020	2021	2022
Scope 1 (Unit: tCO <sub>2</sub> eq)	596	658	680	-	-	50
Scope 2 (Unit: tCO <sub>2</sub> eq)	10,472	13,136	11,703	-	-	31
Total	11,067	13,793	12,383	-	-	81

Category	India Office			U.S. Office		
	2020	2021	2022	2020	2021	2022
Scope 1 (Unit: tCO <sub>2</sub> eq)	-	-	12	-	-	20
Scope 2 (Unit: tCO <sub>2</sub> eq)	-	-	18	-	-	16
Total	-	-	30	-	-	36

Category	HYUNDAI WIA Europe			HYUNDAI WIA Russia		
	2020	2021	2022	2020	2021	2022
Scope 1 (Unit: tCO <sub>2</sub> eq)	-	-	71	-	-	48
Scope 2 (Unit: tCO <sub>2</sub> eq)	-	-	119	-	-	6,111
Total	-	-	190	-	-	6,159

Category	HYUNDAI WIA Alabama			HYUNDAI WIA America		
	2020	2021	2022	2020	2021	2022
Scope 1 (Unit: tCO <sub>2</sub> eq)	-	-	17	-	-	104
Scope 2 (Unit: tCO <sub>2</sub> eq)	-	-	6	-	-	176
Total	-	-	23	-	-	280

Category	Total GHG emissions of all overseas business sits		
	2020	2021	2022
Scope 1 (Unit: tCO <sub>2</sub> eq)	11,396	9,900	9,132
Scope 2 (Unit: tCO <sub>2</sub> eq)	273,565	161,576	142,597
Total	284,961	171,476	151,729

\* The total GHG emissions may not match with sum of Scope 1 and Scope 2 emissions due to the rounding of the emissions of each business site.

\* The GHG emissions of China Sales Company, India Office, U.S. Office, HYUNDAI WIA Europe, HYUNDAI WIA Russia, HYUNDAI WIA Alabama, and HYUNDAI WIA America began to be calculated in 2022.



## GHG Inventory

Category	Unit	2020	2021	2022
Carbon dioxide, CO <sub>2</sub>	tCO <sub>2</sub> eq	454,686	352,380	306,442
Methane, CH <sub>4</sub>		54	41	37
Nitrous oxide, N <sub>2</sub> O		399	1,002	879

\* Disclosure of three of the six major greenhouse gases [carbon dioxide (CO<sub>2</sub>), hydrofluorocarbons (HFCs), sulfur hexafluoride (SF<sub>6</sub>), nitrous oxide (N<sub>2</sub>O), perfluorocarbons (PFCs), and methane (CH<sub>4</sub>)] stipulated by the Kyoto Protocol

\* Total domestic and overseas emissions

## Total Energy Consumption

Category			Unit	2020	2021	2022
Non-renewable energy	Domestic	Electricity (indirect energy)	TJ	3,214	3,475	3,048
		Fuel (direct energy)		182	197	168
		Other (steam, etc.)		-	-	-
		Total energy consumption		3,387	3,665	3,209
	Non-renewable energy consumption intensity		TJ/KRW billion	60.6	57.3	48.0
Renewable energy	Domestic	TJ	0.014	0.014	0.014	
	Overseas		-	-	15.944	
Total domestic energy consumption				3,387	3,665	3,209

\* Due to the rules of the Emissions Trading Scheme, the sum of direct and indirect energy consumption is different from the total energy consumption (energy consumption is rounded for each business site and then added together).

\* Non-renewable energy consumption intensity is calculated based on sales revenue (separate financial statements). To improve comparability within the same industry, the basis for per unit calculation was changed from production output to sales revenue.

\* Solar energy was introduced in 2022 based on a solar PPA for the India business site.

\* Total domestic energy consumption is the sum of domestic non-renewable and renewable energy consumption. There is no significant difference between total domestic energy consumption and domestic non-renewable energy consumption as domestic renewable energy consumption is only marginal.

## Waste Treatment Details and Recycling Ratio by Waste Type (Domestic Business Sites)

Category	Unit	2020	2021	2022
General waste	Recycled	18,855	18,281	7,409
	Incinerated	789	792	285
	Landfilled	37	144	26
	Subtotal	19,681	19,217	7,720
	tons	5,509	7,810	5,734
Designated waste	Recycled	1,458	978	505
	Incinerated	-	-	-
	Landfilled	-	-	-
	Subtotal	6,967	8,788	6,239
Total		26,648	28,004	13,959
Recycling ratio	%	91.4	93.2	94.2

## Water Consumption (Domestic Business Sites)

Category		Unit	2020	2021	2022
Water consumption	Total water consumption	thousand tons	618	620	550
	Water consumption intensity	tons/KRW million	1,106	971	823
	Total wastewater		6,494	8,240	9,597
Wastewater treatment	Wastewater treatment method		Physicochemical treatment	Outsourcing	Outsourcing
	Final discharge site	tons	Deokdong Waste Treatment Plant	Wastewater treatment service provider	Wastewater treatment service provider
	Amount of wastewater treated		968	-	-
	Amount of wastewater treated by service provider		5,526	8,240	9,597
	Wastewater treatment intensity		tons/KRW million	10	13

\* Wastewater emission intensity and Wastewater treatment intensity were calculated based on sales revenue (separate financial statements). To improve comparability within the same industry, the basis for per unit calculation was changed from production output to sales revenue.

## Total Water Withdrawal/Consumption by Source (Domestic Business Sites)

Category		Unit	2020	2021	2022
Water withdrawal	Total	thousand tons	618	620	550
	Waterworks		571	585	534
	Underground water		47	35	16
Water consumption	Total		618	620	550
	Waterworks		571	585	534
	Underground water		47	35	16
Water consumption intensity		tons/KRW million	1,106	971	823

\* Water consumption intensity were calculated based on sales revenue (separate financial statements). To improve comparability within the same industry, the basis for per unit calculation was changed from production output to sales revenue.

## Water Consumption and Intake by Domestic Business Site in 2022

Category	Unit	Waterworks	Underground water	Total
Changwon 1	thousand tons	52	-	52
Changwon 2		82	-	82
Changwon 3		156	-	156
Changwon 4		33	-	33
Changwon 5		44	-	44
Gwangju		18	-	18
Ansan 1		10	-	10
Ansan 2		1	-	1
Ulsan 1		6	16	22
Ulsan 3		1	-	1
Uiwang		13	-	13
Pyeongtaek		29	-	29
Seosan		89	-	89
Total		534	16	550

### Wastewater Treatment (Domestic Business Sites)

Category	Unit	2020	2021	2022
TOC	ppm	5.2	2.8	3.4
BOD		0.3	1.6	4.3
SS		4	1.5	1.7
TOC	Kg	181.4	23.1	32.6
BOD		19.1	13.2	41.3
SS		81.3	12.4	16.3

\* As of December 31, 2020, some of the wastewater treatment plants are not operated (pollutants in the effluent cannot be analyzed) → Based on the concentrations in the effluent from the wastewater treatment service provider

### Air Pollutant Emissions (Domestic Business Sites)

Category	Unit	2020	2021	2022
Air pollutant emissions	tons	10.3	15.7	5.4
NOx (nitrogen oxide)	Kg	497.3	773.08	530.85
Sox (sulfur oxide)		-	115.9	430.06
Dust		9,766.6	14,767.11	4,446.97

### Air Emission Facilities (Domestic Business Sites)

Category	Unit	2020	2021	2022
Air emission facilities	ea.	506	522	401
Air emission control facilities		91	102	90
Exempted facilities		221	256	192

### Chemical Emissions (Domestic Business Sites)

Category	Unit	2020	2021	2022
TCE	tons	7.1	3.907	2.2
Chromium		0.009	0.005	-
Manganese		-	-	-
Tin		-	-	-
Copper		0.005	0.003	0.0006
Total		7.11	3.915	2.20006

### Domestic Eco-friendly Automotive Parts Sales

Category	Unit	2020	2021	2022
Eco-friendly sales	KRW billion	42.2	60.4	127.1

\* Automotive parts and infrastructure for electric and hydrogen vehicles (excluding sales of parts for hybrid and internal combustion engine vehicles)

### Green Procurement

Category	Unit	2020	2021	2022
Green procurement	KRW million	211	677	852.6

### Materials Management (Domestic Business Sites)

Category	Unit	2020	2021	2022
Raw materials (metals)	tons	102,806	103,420	103,679
Raw materials (other materials)		164	107	119
Raw materials (oils)	kl	2,138	2,500	2,800
		2,300	3,300	3,700

\* Raw materials (metals): special steel bars for automotive parts, special steel for the defense business, etc.

\* Auxiliary materials (other materials): forging molds, etc.

\* Auxiliary materials (oil): grease for automotive parts, gear oil, etc.

### Use of Recycled Raw Materials (Domestic Business Sites)

Category	2020		2021		2022	
	Weight (tons)	Purchase (KRW billion)	Weight (tons)	Purchase (KRW billion)	Weight (tons)	Purchase (KRW billion)
Scrap metal	46,387	16.16	55,250	31.25	31,911	23.00
Copper	217	1.54	236	2.39	102	1.19

### Investment in Environmental Facilities (Domestic Business Sites)

Category	Unit	2020	2021	2022
Cases (planned/actual)	Cases	14/14	9/9	14/22
Investment (planned/actual)	KRW million	1,111/1,376	2,685/287	3,264/3,255

### Violations of Environmental Laws & Regulations

Category	Unit	2020	2021	2022
Violation	Cases	-	-	2
Penalty	KRW million	-	-	10

\* Based on cases where the penalty amounted to KRW 5 million or more

\* Two cases of violation of environmental laws and regulations: a fine of KRW 5 million each for a violation of the Waste Control Act and the Water Environment Conservation Act due to an external spill caused by an overflow of a waste cutting oil tank at the Seosan Plant (October 2022)

### Disclosure of Environmental Information

Business Site	Changwon Plant 1	Changwon Plant 2	Changwon Plant 3	Changwon Plant 4	Changwon Plant 5	Pyeongtaek Plant	Gwangju Plant
Disclosure	○	○	○	○	○	○	○

Business Site	Seosan Plant	Ansan Plant 1	Ansan Plant 2	Ulsan Plant 1	Ulsan Plant 3	Uiwang R&D Center
Disclosure	○	○	○	○	○	○

### Environmental Risk Assessment

Category	Unit	2020	2021	2022
Operating sites	%	-	-	100

\* HYUNDAI WIA conducts its own "environmental impact assessment" every three years (last assessment conducted in 2022)

## Social Performance

### Employee Status

Category	Unit	2020	2021	2022
Total employees		3,041	6,077	5,914
Korea		2,957	2,905	2,920
China		36	1,424	1,193
Mexico		16	905	897
India	persons	8	385	485
Germany		6	23	20
United States		7	27	25
Russia		10	407	374
Vietnam		1	1	-

\* Local hires have been included in the data since 2021 to reflect the global human resources in the employee status disclosed in the Sustainability Report.

### Details of Employees

Category	Unit	2020	2021	2022
Total executives & employees		3,041	6,077	5,914
Sex	Male	2,956	5,687	5,519
	Female	85	390	395
Employment status	Regular employee	2,946	5,392	5,134
	Male			
	Female	78	381	384
	Non-regular employee	10	295	385
Age group	Male	7	9	11
	Female			
	Under the age of 30	216	1,401	1,284
	30 to under 50	1,884	3,674	3,642
50 and older		941	1,002	988
Socially disadvantaged**	Person with disability	53	50	56
Non-affiliated workers**	Male	2,331	1,925	2,503
	Female	174	208	289

\* Local hires have been included in the data since 2021 to reflect the global human resources in the details of employees disclosed in the Sustainability Report.

\*\* Based on Korea

### Base Salary for Women Compared to Men

Category	Unit	2020	2021	2022
Average salary per person (all)	KRW million	88	94	102
Ratio of base salary for women to that of men (starting salary by position)	%	100	100	100

### Female Employees

Category	Unit	2020	2021	2022
Employees	Total employees	3,041	6,077	5,914
	Female employees	85	390	395
	Ratio	2.80	6.42	6.68
Managers (manager or higher)	Total managers	1,098	1,365	1,411
	Female managers	4	35	47
	Ratio	0.36	2.56	3.33

\* Local hires have been included in the data since 2021 to reflect the global human resources in the status of female executives and employees disclosed in the Sustainability Report.

### Hiring and Turnover

Category	Unit	2020	2021	2022
New hires	Total hires	41	44	101
	Sex			
	Male	32	43	85
	Female	9	1	16
Turnover ratio	Total turnover ratio	2.0	1.1	1.5
	Sex			
	Male	1.8	1.0	1.4
	Female	7.2	4.7	5.3

\* Basis for calculating the turnover rate: voluntary turnover rate of employees leaving due to personal reasons such as starting a business, etc. (excl. retirement, dismissal, etc.)

### Locally Hired Managers

Category	Unit	2020	2021	2022
Number of leaders* at overseas business sites	persons	85	79	82
Number of locally hired leaders		29	29	33
Ratio of locally hired leaders	%	34.1	36.7	40.2

\* Leader: an employee who plays the role of a leader with an official job title such as "head of group," "team leader," etc.

### HR Development

Category	Unit	2020	2021	2022
Total trainees	persons	11,580	14,625	17,473
Total duration of training	hours	68,653	73,670	101,356
Average training hours per year per person	hours/person	23	25	35
Participation in training program	Ethics	1,166	1,716	1,890
	Fair trade	1,277	748	721
	HSE	3,041	2,905	2,920

### Training of Quality Workforce

Category	Unit	2020	2021	2022
Quality management training	hours	1,446	1,671	1,687
Number of quality management workforce	persons	371	345	327
Ratio of qualified quality management workforce	%	4	5	5.5

### Ethical Management Training

Category	Topic	Trainees (persons)
2020	Transparent ethical management training for leaders and Team Plus Ethical Awareness Seminar	1,166
2021	Need for ethics management, major cases of ethical violations, and mindset for ethical conduct	1,716
2022	Group audit and internal work inspection details, direction, and implications, proactive management points to prevent recurrence, etc.	1,890

### Information Security Training

Category	2022 Information Security Training
Target	150 heads of organizations and 1,610 team members for a total of 1,760 trainees
Date	October 2022
Topic	Basic education and training on how to use emails safely, ransomware, and information security (heads of organizations) to raise employee awareness of the importance of information security

### Culture Survey Results

Category	2020	2021	2022
Score	79.4	76.4	74.2

### Voice of Customers (VOC) System

Category	Unit	2020	2021	2022
Received	cases	104	105	106
Processed		104	105	106
Processing Rate	%	100	100	100

\* Including VOC related to suppliers, client companies, etc.

### Employee Welfare Expenses

Category	Unit	2020	2021	2022
Sales	KRW million	5,585,482	6,385,921	6,681,103
Employee welfare expenses		72,058	71,065	69,406
Ratio	%	1.29	1.11	1.04

\* Sales revenue and employee welfare expenses: based on Korea

### Handling of Employee Grievances

Category	Unit	2020	2021	2022
Grievance handling rate	%	100	100	100
Grievances reported to the Human Rights Violation Center	cases	2	1	7

### Parental and Maternity/Paternity Leave

Category	Unit	2020	2021	2022
Target*	Male	828	946	756
	Female	5	6	14
Use of parental or maternity/paternity leave	Male	7	16	16
	Female	4	4	2
Returnees	Male	8	14	16
	Female	6	4	2
Ratio of employees returning after a parental or maternity/paternity leave	%	93	100	90
Ratio of employees working for at least 12 months after returning from leave		100	91	87

\* The returning ratio is the ratio of employees returning to work in the relevant year after taking a parental leave, etc. in the previous year.

### Performance Evaluation

Category	Unit	2020	2021	2022
Employees subject to performance evaluation (Domestic)	persons	1,833	1,826	1,800
Evaluation ratio	Male	100	100	100
	Female	100	100	100

\* Excluding employees who could not undergo performance evaluation as they are field workers, were newly hired in the relevant year, took a long-term leave, etc.

### Labor Union Membership

Category	Unit	2020	2021	2022
Labor union members	persons	1,166	1,076	1,071
Unionization rate	%	38.3	37.04	36.7

\* 100% of unionized employees are eligible for collective bargaining.

\* The number of labor union members and unionization rate are based on Korean employees.



## Social Contribution

Category		Unit	2020	2021	2022
Total donations			1,122	886	948
By donor	Donations from employees	KRW million	690	320	581
	Donations from the company		433	567	367
By recipient	Donations to charities		116	82	73
	Donations to local communities		1,006	805	875
Social contribution activities	Participants in "1% Miracle"	persons	1,335	1,245	1,139

\* The donation amounts in 2020 and 2021 have been revised from the figures in prior reports due to the reclassification of categories and changes in the scope of aggregation of donations.

## Social Contribution Performance

Category	Unit	2020	2021	2022
Beneficiaries of Green School	persons	816	634	95
Beneficiaries of "1% Miracle"		9,769	14,275	14,762
Facilities provided with Dream Car	locations	20	10	20

## HSE Inspections

Category	Unit	2020	2021	2022
HSE inspection activity	times	12	12	12
HSE audit	Domestic	1	1	1
	Overseas	-	-	-

## Accidents & Emergencies

Category		Unit	2020	2021	2022
Executives & Employees	Accident	cases	7	9	5
	Accident ratio	%	0.22	0.3	0.17
Internal suppliers	Accident	cases	23	35	20
	Accident ratio	%	0.92	1.22	0.71

\* The main types of injuries are being pinched/crushed by equipment and structures, falls during work/movement, and strain during the movement of heavy objects, and all major injuries were considered when counting the number of accidents.

\* The accident and emergency rate for 2021 from the previous report was revised due to an error.

## Cost of Claim Per Vehicle

Category	Unit	2020	2021	2022
Cost of claim per vehicle	KRW/vehicle	153	142	122

\* Engine and Automotive Parts Quality Division

## HSE & Information Security Management Certifications

Category	ISO 14001	ISO 45001	ISO/IEC 27001
Headquarters (Changwon Plant 1)	○	○	○
Changwon Plant 2	○	○	○
Changwon Plant 3	○	○	○
Changwon Plant 4	○	○	-
Changwon Plant 5	○	○	-
Ansan Plant	○	○	-
Ulsan Plant 1	○	○	-
Ulsan Plant 3	○	○	-
Pyeongtaek Plant	○	○	-
Gwangju Plant	○	○	-
Seosan Plant	○	○	-
Uiwang R&D Center	○	○	○

Category	ISO 14001	OHSAS 18001 (ISO 45001)	ISO/IEC 27001
China	Shandong	○	○
	Jiangsu	○	-
Mexico	○	○	-
India	○	○	-

## Supplier Management

Category	Unit	2020	2021	2022
Number of suppliers	Domestic	1,324	1,313	1,325
	Overseas	248	220	226
	Total	1,572	1,533	1,551
Purchase scale	Domestic	4,442.6	5,140.9	5,576.1
	Overseas	487.2	431.4	143.1
	Total	4,929.8	5,572.3	5,719.2

\* Number of suppliers: Changed from the number of companies based on the annual business plan to the number of companies based on ERP procurement.

## Cash Payment Ratio for Fair Trade Partners

Category	Unit	2020	2021	2022
Cash payment rate for fair trade partners	%	95.40	95.20	95.84

### Supplier Training and On-Site Inspections

Category		Unit	2020	2021	2022
Raising Quality Awareness and Capacity Building	Program	ea.	76	27	33
	Frequency	sessions	118	77	73
	Trainees	persons	1,161	1,426	987
Technical Capacity Building	Program	ea.	10	9	9
	Frequency	sessions	6	12	17
	Trainees	persons	55	92	142
Enhancement of Practical Skills	Program	ea.	11	18	29
	Frequency	sessions	22	49	91
	Trainees	persons	55	1,026	1,219
Safety Training		sessions	12	12	12
Safety Training target			850	808	687
On-site HSE inspection		companies	-	-	15

### Win-Win Growth

Category		Unit	2020	2021	2022
Contracting party to fair trade agreement		companies	172	174	175
Win-Win Growth Fund	Amount	KRW billion	68	68	68
	Provision of loan	companies	51	54	68
Win-Win Growth Insurance	Amount contributed	KRW billion	1	1	-
	Provision of guarantee and loan	companies	7	7	-
Technical support and protection	Patent licensing	cases	8	7	4
	Testing support	companies	522	452	289
	Technical escrow program	cases	29	29	40
Supplier inspection and nurturing	Quality		199	244	171
	Safety/Environment/Ethics		142	133	150
	Job training support performance (technology, quality, and QC experts)	companies	23	46	45
Supplier training	Program	programs	97	80	71
	Frequency	sessions	146	158	181

### Fair Trade Agreement Implementation Evaluation & Win-Win Growth Index Evaluation Results

Category	2020	2021	2022
KFTC	Top Excellence	Top Excellence	Top Excellence
KCCP	Excellence	Top Excellence	Top Excellence

### ESG Evaluation of Supply Chain

Category	Unit	2022
Written assessment of sustainability risks (Domestic tier-1 suppliers)	companies	123
On-site assessment of sustainability risks (High-risk Domestic Tier-1 suppliers)		20
Acquisition of safety and health management system certification (ISO 45001) by domestic tier-1 suppliers		4
Acquisition of environmental management system certification (ISO 14001) by domestic tier-1 suppliers	%	6.4
Domestic tier-1 suppliers		1.5

### Quality Training for Relevant Departments

Unit	2020	2021	2022
Sessions	64	92	76

### On-Site HSE Audits

Category	Unit	2020	2021	2022
On-site environmental audit (MOE)		20	17	16
Safety-related audit (once a year) by MOEL and in-house musculoskeletal risk inspection (once every three years)	cases	15	18	14

### Customer Satisfaction Survey

Category	Cycle	Unit	2020	2021	2022
Customer Satisfaction	Annually		81.9	80.2	83.3
Internal Customer Satisfaction	Odd-numbered years	points	Biennially	71.4	Biennially
Family Satisfaction	Even-numbered years		81.2	Biennially	81.4

## Economic Performance

### Key Financial Performance

Category	Unit	2020	2021	2022
Total Assets	KRW million	7,719,906	7,749,507	7,546,451
Equity		3,525,860	3,695,264	3,733,651
Liabilities		4,194,046	4,054,243	3,812,800
Sales		6,592,242	7,527,739	8,207,614
Gross Profit		350,917	496,995	587,025
Operating Profit		71,957	102,725	212,115
Net Income Before Tax		84,460	100,720	86,063
Income Tax Expense		30,788	44,649	42,581
Net Income		53,672	56,071	43,482

### Sales by Region

Category	Unit	2020	2021	2022
Korea	KRW million	5,181,479	5,797,667	6,073,665
North America		714,081	719,710	1,129,727
Europe		44,174	126,410	167,942
China		568,316	775,123	715,669
India		84,192	108,829	120,611
Total		6,592,242	7,527,739	8,207,614

### Distribution of Economic Performance

Category	Unit	2020	2021	2022	
Suppliers	Purchase amount (domestic)	KRW	4,442.6	5,140.9	5,576.1
	Purchase amount (overseas)	billion	487.2	431.4	143.1
Employees	Wages		263,740	275,130	300,866
	Severance pay		25,370	19,393	19,786
	Employee welfare expense	KRW	72,058	71,065	69,406
Government	Income tax expense	million	30,788	44,649	42,581
Communities	Social contribution expenses		1,122	886	948
Creditors	Interest expenses		58,145	56,502	63,686

\* The purchase amount was revised due to the change in the number of companies from being based on the annual business plan to being based on ERP procurement.

\* Wages and severance pay were changed based on the disclosed data: wages (business report) and severance pay (audit report).

### R&D Investment

Category		Unit	2020	2021	2022
R&D investment		KRW billion	56.1	54.2	62.5
Project		ea.	110	112	94
R&D personnel (Korea)		persons	528	509	525
Ratio of R&D personnel to domestic employees		%	17.9	17.5	18.0
Ratio of R&D investment to sales revenue			0.85	0.72	0.76
R&D	Program	ea.	213	312	352
training	Cost	KRW million	89.8	55.0	113.2

### Total Patent Registrations

Category	Unit	2020	2021	2022
Automotive parts business	Domestic	474	517	531
	Overseas	83	86	88
Machine tools & RnA business	Domestic	253	256	268
	Overseas	5	8	19
Defense business	Domestic	64	71	79
	Overseas	-	-	-

\* The number of patents has been changed from the previous year's report due to the exclusion of the IPs whose rights have expired.

### Retirement Pension

	Category	Unit	2020	2021	2022
Retirement pension	Subscribed members	persons	2,896	2,773	2,724
	Subscription rate		98	96	92
	External pension contribution ratio	%	96	104	109

## Governance Performance

### Operation of Board of Directors

Category	Unit	2020	2021	2022
Ordinary board meeting	sessions	4	4	4
Extraordinary board meeting		3	4	2
Total # of board meetings		7	8	6
Discussed agenda item (resolution)	cases	29	26	26
Independent director attendance rate	%	100	100	100

### Ratio of Independent Directors by Year

Category	2020	2021	2022
Legal requirement according to Commercial Act	50%	50%	50%
Independent director ratio	57.1% (4/7 directors)	57.1% (4/7 directors)	62.5% (5/8 directors)

### Remuneration for Board of Directors

Category	Unit	2020	2021	2022
Internal director	persons	3	3	3
Total remuneration for internal directors	KRW million	3,022	2,117	2,406
Independent director	persons	4	4	5
Total remuneration for independent directors	KRW million	278	268	354

### Board of Directors and Committee Activities

Category	2020	2021	2022
Resolutions	29	26	26
Board and committee meetings	13	18	20

### Shareholders

Category	Number of Shares (shares)	Shareholding Ratio(%)
Largest shareholder	6,893,596	25.35
Affiliates	3,654,004	13.44
Treasury stocks	549,320	2.02
Executives of affiliates	531,095	1.95
Other shareholders	15,567,068	57.24
Total	27,195,083	100.00

### Agenda Items at Board Meetings

Category	Date	Agenda details	Attendance of internal directors (in attendance / total)	Attendance of internal directors (in attendance / total)
Regular	2022.01.28	1) Approval of the 46th Financial Statements and Operating Report	3/3	4/4
		2) Approval of the 2022 Business Plan and Investment Plan	3/3	4/4
		3) Appointment of Fair Trade Compliance Manager	3/3	4/4
		4) Approval of amendments to the Internal Accounting Management Regulations	3/3	4/4
		5) Approval of the 2022 Safety and Health Activity Plan	3/3	4/4
		1) Operating status of the internal accounting management system	3/3	4/4
		2) 2022 ESG Operation Plan	3/3	4/4
		3) 2022 Compliance Support Activity Plan	3/3	4/4
		1) Approval of the convening and agendas of the 46th General Meeting of Shareholders	3/3	4/4
		2) Results of the evaluation of the internal accounting management system in 2021	3/3	4/4
Ad hoc	2022.02.18	Report		
Ad hoc	2022.03.23	Resolution		
Regular	2022.04.22	Report		
Regular	2022.07.26	Resolution		
Regular	2022.10.28	Resolution		
Regular	2022.10.28	Report		



### Provision of Information on Board Member Candidates

Date of provision	Date of shareholders' meeting	Candidate		Information provided
		Category	Name	
2023.02.21 (29 days before the general meeting of shareholders)	2023.03.22	Independent director	Dongyeol Lee	1. Date of birth, main occupation, and detailed work experience. 2. Relationship with the largest shareholder 3. Last three years of transactions with the corporation 4. Nominator and reason for nomination
2022.02.23 (28 days before the general meeting of shareholders)	2022.03.23	Internal director	Sawon Kim	1. Date of birth, main occupation, and detailed work experience.
		Independent director	Eunho Kim	2. Relationship with the largest shareholder
		Independent director	Seongheun An	3. Last three years of transactions with the corporation
		Independent director	Gyujin Lee	4. Nominator and reason for nomination 5. Job performance plan (independent directors only)
2021.02.24 (28 days before the general meeting of shareholders)	2021.03.24	Internal director	Jaewook Jung Bongwoo Lee	1. Date of birth, main occupation, and detailed work experience. 2. Relationship with the largest shareholder 3. Last three years of transactions with the corporation 4. Nominator and reason for nomination

### Compensation Committee Approvals

Meeting	Date	Attendees/ Total members	Agenda		Approval
			Category	Details	
1 <sup>st</sup> meeting in 2021	2021.01.29	3/3	Resolution	1) Appointment of the chair of the Compensation Committee 2) Approval of the compensation system	Approved
2 <sup>nd</sup> meeting in 2021	2021.02.19	3/3	Resolution	1) Approval of the limit on compensation for board members	Approved
1 <sup>st</sup> meeting in 2022	2022.02.18	3/3	Resolution	1) Approval of changes to the compensation system for internal directors 2) Approval of the limit on compensation for board members	Approved
2 <sup>nd</sup> meeting in 2022	2022.03.23	3/3	Resolution	1) Appointment of the chair of the Compensation Committee	Approved
1 <sup>st</sup> meeting in 2023	2023.02.21	3/3	Resolution	1) Approval of the limit on compensation for board members 2) Approval of the severance pay regulations for executives	Approved

### KCGS ESG Evaluation Results

Category	2020	2021	2022
ESG Grade	A	A	A
Environmental	A	A	A
Social	A+	A+	A
Governance	A	A	B+

### Subsidiary Status

Subsidiary	Main business activities	Location	Ownership of controlling interest (%)		Ownership of noncontrolling interest (%)	
			End of current FY	End of previous FY	End of current FY	End of previous FY
Jiangsu HYUNDAI WIA Co., Ltd	Automotive parts manufacturing	China	100	100	-	-
HYUNDAI WIA Machine Tools Co., Ltd.	Machine tools sale	China	100	100	-	-
Beijing HYUNDAI WIA Turbocharger Co., Ltd.	Automotive parts manufacturing	China	100	100	-	-
HYUNDAI WIA Machine America Coro.	Machine tools sale	USA	100	100	-	-
HYUNDAI WIA India PVT LTD.	Automotive parts manufacturing	India	100	100	-	-
HYUNDAI WIA Europe GmbH	Machine tools sale	Germany	100	100	-	-
HYUNDAI WIA Mexico, S.DE R.L. DE C.V.	Automotive parts manufacturing	Mexico	100	100	-	-
HYUNDAI WIA RUS. LLC	Automotive parts manufacturing	Russia	100	100	-	-
HYUNDAI WIA Automotive Engine (Shandong) Co., Ltd.	Automotive parts manufacturing	China	43	43	57	57
HYUNDAI WIA Turbo, Inc.	Automotive parts manufacturing	Korea	100	100	-	-
HYUNDAI WIA Alabama, INC	Automotive parts manufacturing	USA	100	100	-	-

### Changes in Companies Subject to Consolidation

Category	Subsidiary	Reason
Newly consolidated	-	-
Excluded	-	-

### Autonomous Fair Trade Compliance Program Training

Date	Program	Trainees	Instructor
Oct. 2020	Court Decisions Related to the Subcontracting Act and Misappropriation of Technology	1,225	In-company instructor
April 2021	Understanding of and Court Decisions Related to Subcontracting Act	403	In-company instructor
Nov. 2021	Understanding of and Court Decisions Related to Fair Trade Act	225	Attorney Honggi Kim from BAE, KIM & LEE LLC
May 2022	Understanding of and Court Decisions Related the Subcontracting Act for Fair Trade Compliance	252	Attorney Seungho Sohn from BAE, KIM & LEE LLC
Nov. 2022	Understanding of and Court Decisions Related to Fair Trade Act	253	Attorney Jeongseo Park from Kim & Chang

\* The number of trainees in May 2022 was changed to the actual number of attendees.

### Anti-Corruption Activities

Category	Details	Unit	2020	2021	2022
Internal audit (business, ethics, and anti-corruption)	Business sites subject to audit (domestic/overseas subsidiaries)	ea.	17/8	15/9	15/10
	Business sites audited (domestic/overseas subsidiaries)		16/1	15/0	15/0
	Ratio of audited business sites	%	68	63	60
Inspection activities	Number of regular inspections	cases	3	4	5
	Number of on-demand inspections		2	4	5
	Number of follow-up inspections		-	2	-
	Transparency investigation (investigation based on an online report, etc.)		9	13	10
Employees Compliance and ethical training	Trained employee	persons	1,166	1,716	1,890
	Training completion rate	%	60.7	90.6	94.9

\* The training completion rate is the ratio of those who completed the training to the total number of general employees.

### Supplier Reporting and Transparency Investigation

Category	Unit	2020		2021		2022	
		Received	Processed	Received	Processed	Received	Processed
Report by supplier	cases	7	9	9	9	7	7

### Reported Violations of the Code of Ethics and Disciplinary Actions

Category	Unit	2020	2021	2022
Violation (cases)	cases	2	10	13
Violator (persons)	persons	4	16	31
Suspension		-	1	4
Salary cut		1	5	3
Reprimand		3	8	7
Warning		-	2	14
Other (advised to resign)		-	-	3

# GRI Standards Index

HYUNDAI WIA published its Sustainability Report for the period from January 1, 2022 to December 31, 2022 in accordance with the GRI Standards 2021. It has also complied with the nine requirements of the GRI 1 (2021). Since the Automotive Standard has not been published, no Sector Standards were applied. Please refer to the “Materiality Assessment” section of this report for information on HYUNDAI WIA’s material issues for the 2022 reporting period.

## General Disclosures

Disclosure			Page	Note	Disclosure			Page	Note
The organization and its reporting practices	2-1	Organizational details	7, 14, 71		Governance	2-18	Evaluation of the performance of the highest governance body	73	
	2-2	Entities included in the organization’s sustainability reporting	5, 14			2-19	Remuneration policies	74	
	2-3	Reporting period, frequency and contact point	5			2-20	Process to determine remuneration	74	
	2-4	Restatements of information	79, 83, 85			2-21	Annual total compensation ratio	-	The annual total compensation for executives is disclosed in the business report, but no information on the annual total compensation ratio is disclosed. HYUNDAI WIA/Business Report/ Mar. 14, 2023 (fss.or.kr)
	2-5	External assurance	98			2-22	Statement on sustainable development strategy	6	
Activities and workers	2-6	Activities, value chain and other business relationships	10~14	HYUNDAI WIA/Business Report/ Mar. 14, 2023 (fss.or.kr) Business Report Main products and services	Strategy, policies and practices	2-23	Policy commitments	21, 38, 42, 47, 49, 61, 66	HYUNDAI WIA website: Reports & Policies Sustainability Management   HYUNDAI WIA (hyundai-wia.com)
	2-7	Employees	81			2-24	Embedding policy commitments	21, 38, 42, 47, 49, 61, 66	
	2-8	Workers who are not employees	81			2-25	Processes to remediate negative impacts	48, 62	
Governance	2-9	Governance structure and composition	71			2-26	Mechanisms for seeking advice and raising concerns	48, 62	
	2-10	Nomination and selection of the highest governance body	71			2-27	Compliance with laws and regulations	80, 88	
	2-11	Chair of the highest governance body	71			2-28	Membership associations	101	
	2-12	Role of the highest governance body in overseeing the management of impacts	71~74		Stakeholder engagement	2-29	Approach to stakeholder engagement	17	
	2-13	Delegation of responsibility for managing impacts	71~74			2-30	Collective bargaining agreements	57	
	2-14	Role of the highest governance body in sustainability reporting	71~74		Material topics	3-1	Process to determine material topics	18	
	2-15	Conflicts of interest	71			3-2	List of material topics	18	
	2-16	Communication of critical concerns	70			3-3	Management of material topics	18~19	
	2-17	Collective knowledge of the highest governance body	72						

**GRI 200, 300, 400 : Topic standard**

Disclosure			Page	Note
GRI 201: Economic Performance				
Economic Performance 2016	201-1	Direct economic value generated and distributed (EVG&D)	32~37, 85	
	201-2	Financial implications and other risks and opportunities due to climate change	24~26	
	201-3	Defined benefit plan obligations and other retirement plans	85	
	201-4	Financial assistance received from government	26	
GRI 202: Market Presence				
Market Presence 2016	202-2	Proportion of senior management hired from the local community	81	
GRI 203: Indirect Economic Impacts				
Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	42~47, 58~60	
	203-2	Significant indirect economic impacts	42~47, 58~60	
GRI 204: : Procurement Practices				
Procurement Practices 2016	204-1	Proportion of spending on local suppliers	46	
GRI 205: Anti-corruption				
Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	68	
	205-2	Communication and training about anti-corruption policies and procedures	66,67	
	205-3	Confirmed incidents of corruption and actions taken	67	
GRI 301: Materials				
Materials 2016	301-1	Materials used by weight or volume	80	
GRI 302: Energy				
Energy 2016	302-1	Energy consumption within the organization	79	
	302-3	Energy intensity	79	

Disclosure			Page	Note
GRI 303: Water and Effluents				
Water and effluents	303-1	Interactions with water as a shared resource	29	
	303-2	Management of water discharge-related impacts	29	
	303-3	Water withdrawal	79	
	303-4	Water discharge	79	
	303-5	Water consumption	79	
GRI 305: Emissions				
Emissions 2016	305-1	Direct (Scope 1) GHG emissions	78	
	305-2	Energy indirect (Scope 2) GHG emissions	78	
	305-3	Other indirect (Scope 3) GHG emissions	78	
	305-4	GHG emissions intensity	78	
	305-5	Reduction of GHG emissions	78	
	305-6	Emissions of ozone-depleting substances (ODS)	N/A	No emissions of ozone-depleting substances
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	80	
GRI 306: Waste				
Waste 2020	306-1	Waste generation and significant waste-related impacts	79	
	306-2	Management of significant waste-related impacts	28	
	306-3	Waste generated	79	
	306-4	Waste diverted from disposal	79	
	306-5	Waste directed to disposal	79	
GRI 307: Environmental Compliance				
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	80	
GRI 308: Supplier Environmental Assessment				
Supplier Environmental Assessment 2016	205-1	Operations assessed for risks related to corruption	43~46	
	205-3	Confirmed incidents of corruption and actions taken	43~44	

**GRI 200, 300, 400 : Topic standard**

Disclosure			Page	Note
GRI 401: Employment				
Employment 2016	401-1	New employee hires and employee turnover	81	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time	56	
	401-3	Parental leave	82	
GRI 403: Occupational Health and Safety				
Occupational Health and Safety 2018	403-1	Occupational health and safety management system	38	
	403-2	Hazard identification, risk assessment, and incident investigation	39~41	
	403-3	Occupational health services	56	
	403-4	Worker participation, consultation, and communication on occupational health and safety	39	
	403-5	Worker training on occupational health and safety	41	
	403-6	Promotion of worker health	56	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	39~41	
	403-8	Workers covered by an occupational health and safety management system	38	
	403-9	Work-related injuries	83	
	403-10	Work-related ill health	83	
GRI 404: Training and Education				
Training and Education 2016	404-1	Average hours of training per year per employee	81	
	404-2	Programs for upgrading employee skills and transition assistance programs	52, 81	
	404-3	Percentage of employees receiving regular performance and career development reviews	53	
GRI 405: Diversity and Equal Opportunity				
Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	71, 81	
	405-2	Ratio of basic salary and remuneration of women to men	81	

Disclosure			Page	Note
GRI 406: Non-discrimination				
Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	62	
GRI 414: Supplier Social Assessment				
Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	43~44	
	414-2	Negative social impacts in the supply chain and actions taken	43~44	
GRI 416: Customer Health and Safety				
Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	49~50	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	N/A	No violations
GRI 418: Customer Privacy				
Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	N/A	No complaints



# SASB/TCFD

## SASB Index(Auto Parts)

Topic	Accounting Disclosure	Page	Code
Energy Management	(1) Total energy consumed	79	TR-AP-130a.1
	(2) Percentage grid electricity		
	(3) Percentage renewable energy		
Waste Management	(1) Total amount of waste from manufacturing	79	TR-AP-150a.1
	(2) Percentage hazardous		
	(3) Percentage recycled		
Product Safety	Number of recalls, Total number of products recalled	-	TR-AP-250a.1
Design for Fuel Efficiency	Revenue from products designed to increase fuel efficiency and/or reduce emissions	80	TR-AP-410a.1
Materials Sourcing	Description of the management of risks associated with the use of critical materials	44	TR-AP-440a.1
Materials Efficiency	Percentage of products sold that are recyclable	-	TR-AP-440b.1
	Percentage of input materials from recycled or remanufactured content	-	TR-AP-440b.2
Competitive Behavior	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	N/A	TR-AP-520a.1
Activity Metric	Number of parts produced	-	TR-AP-000.A
	Weights of parts produced	-	TR-AP-000.B
	Area of manufacturing plants	-	TR-AP-000.C

## TCFD Index

	TCFD Recommendations	Page
Governance	a) Describe the board's oversight of climate-related risks and opportunities.	22
	b) Describe management's role in assessing and managing risks and opportunities.	
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	24
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks.	24
	b) Describe the organization's processes for managing climate-related risks.	
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	25
	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	

# WEF Content Index

## 1. Principle of Governance

Theme	Metrics	Disclosures	2022	Relative Height
Governing Purpose	Setting purpose	The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders.	6, 9, 16	The British Academy and Colin Mayer, GRI 2-22, Embankment Project for Inclusive Capitalism (EPIC) and others
Quality of Governing Body	Governance body composition	Composition of the highest governance body and its committees by	71~73	GRI 2-15 ~ 2-18, IR 4B
		competencies relating to economic, environmental and social topics	71~73	
		executive or non-executive	71~72	
		independence	71~72	
		tenure on the governance body	71~72	
		number of each individual's other significant positions and commitments, and the nature of the commitments	71~72	
		gender	71~72	
		membership of under-represented social groups	-	
		stakeholder representation	-	
Stakeholder engagement	Material issues impacting stakeholders	A list of the topics that are material to key stakeholders and the company,	18	GRI 2-29
		how the topics were identified and how the stakeholders were engaged	17	
Ethical behaviour	Anti-corruption	1. Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region	-	GRI 2-17
		a) Total number and nature of incidents of corruption confirmed during the current year, but related to previous years	-	
		b) Total number and nature of incidents of corruption confirmed during the current year, related to this year	-	
		2. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption	-	

Theme	Metrics	Disclosures	2022	Relative Height
Ethical behaviour	Protected ethics advice and reporting mechanisms	A description of internal and external mechanisms for	-	GRI 2-12
		1. Seeking advice about ethical and lawful behaviour and organizational integrity;	74	
		2. Reporting concerns about unethical or unlawful behaviour and lack of organizational integrity.	66~69	
Risk and Opportunity Oversight	Integrating risk and opportunity into business process	Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks). These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship	70	EPIC, GRI 2-2, World Economic Forum Integrated Corporate Governance, IR 4D
		- the company appetite in respect of these risks		
		- how these risks and opportunities have moved over time and the response to those changes		

## 2. Planet

Theme	Metrics	Disclosures	2022	Relative Height
Climate change	Greenhouse gas (GHG) emissions	For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO2e) GHG Protocol Scope 1 and Scope 2 emissions	78	GRI 305-1~3, TCFD, GHG Protocol
		Estimate and report material upstream and downstream (GHG Protocol Scope3) emissions where appropriate		
	TCFD implementation	Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)	92	Recommendations of the TCFD, CDSB ROI, R02, R03, R04 and R06; SASB 110, Science Based Targets Initiative
		If necessary, disclose a timeline of at most three years for full implementation	-	
		Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement - to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C - and to achieve net-zero emissions before 2050	23	
Nature loss	Land use and ecological sensitivity	Report the number of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA) * KBA: Locations of key biodiversity areas can be checked at <a href="http://www.keybiodiversityareas.org/site/mapsearch">http://www.keybiodiversityareas.org/site/mapsearch</a> ** Protected areas: Refers to areas designated as protected according to national laws and regulations	No applicable	GRI 306
Freshwater availability	Water consumption and withdrawal in water-stressed areas	Report for operations where material: with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool * WRI: Locations of water stress areas can be checked at <a href="https://www.wri.org/aqueduct">https://www.wri.org/aqueduct</a>	No applicable	SASB CG-HP-140a.1, WRI Aqueduct water risk atlas tool
		- megalitres of water withdrawn		
		- megalitres of water consumed		
		- and the percentage of each in regions		

### 3. People

Theme	Metrics	Disclosures	2022	Relative Height
Dignity and equality	Diversity and Inclusion (%)	Percentage of employees per employee category,		
		- by age group	81	GRI 405
		- by gender		
		- by other indicators of diversity (e.g ethnicity)		
	Pay equality (%)	Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality:	81	Adapted from GRI 405-2
		- women to men	-	
		- minor to major ethnic groups	-	
		- and other relevant equality areas	-	
	Wage level (%)	Ratios of standard entry level wage by gender compared to local minimum wage	-	GRI 405, Adapted from Dodd Frank Act, US SEC Regulation
		Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO		
	Risk for incidents of child, forced or compulsory labour	An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to:	No applicable	GRI 408-lb, GRI 409-1
		a) Type of operation (such as manufacturing plant) and type of supplier; and		
		b) Countries or geographic areas with operations and suppliers considered at risk		
Health and well-being	Health and safety (%)	The number and rate of fatalities as a result of work-related injury	-	GRI 403-9a&b, GRI 403-6a
		The number and rate of high-consequence work-related injuries (excluding fatalities)	-	
		The number and rate of recordable work-related injuries	-	
		The number and rate of main types of work-related injury	83	
		the number of hours worked	-	
		An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services,	56	
		and the scope of access provided for employees and workers	-	
Skills for the future	Training Provided (#, \$)	Average hours of training per person that the organization's employees have undertaken during the reporting period, (total number of hours of training provided to employees divided by the number of employees)	81	GRI 404-1, SASB HC 101-15
		- by gender	-	
		- by employee category	-	
		Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees)	-	

#### 4. Prosperity

Theme	Metrics	Disclosures	2022	Relative Height
Employment and wealth generation	Absolute number and rate of employment	1. Total number and rate of new employee hires during the reporting period,	81	Adapted from GRI 401-la&b to include other indicators of diversity
		- by age group	-	
		- by gender	81	
		- by other indicators of diversity	-	
		- by region	-	
		2. Total number and rate of employee turnover during the reporting period,	81	
		- by age group	-	
		- by gender	81	
		- by other indicators of diversity	-	
		- by region	-	
	Economic contribution	1. Direct economic value generated and distributed (EVG&D), on an accruals basis, covering the basic components for the organization's global operations, ideally split out by * Accrual-based accounting: a method of corporate accounting in which gains and losses are calculated according to the period in which they occur	In HYUNDAI WIA's business reports, accrual-based accounting is applied.	GRI 201-1
		- Revenues	85	
		- Operating Cost	Business report 84~121	
		- Employee wages and benefits	85	
		- Payments to providers of capital		
		- Payments to government		
		- Community investment		
		2. Financial assistance received from the government: total monetary value of financial assistance received by the organization from any government during the reporting period	-	
	Financial investment contribution	1. Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company's investment strategy	-	As referenced in IAS 7 and US GAAP ASC 230
		2. Share buybacks plus dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders	-	
Innovation of better products and services	Total R&D expenses (\$)	Total costs related to research and development.	32,85	US GAAP ASC 730
Community and social vitality	Total tax paid	The total global tax borne by the company	-	Adapted from GRI 201-1
		- corporate income taxes	85	
		- property tax	-	
		- non-creditable VAT and other sales taxes		
		- employer-paid payroll taxes		
		- and other taxes that constitute costs to the company, by category of taxes		



# UN SDGs

As an endorser of the United Nations Sustainable Development Goals (UN SDGs), HYUNDAI WIA is committed to contributing to the sustainable development of humanity and the international community.

UN SDGs	Our Commitment	UN SDGs	Our Commitment
	<b>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</b>  We actively support capacity building of its employees. To nurture employees into experts in their fields, we offer various programs to strengthen their job competencies, such as the "Big Data School" and the "Technology Insight Lectures." In addition to job-related training, we offer leadership skills programs such as the "Early Bird Seminar" and "Leader Coaching Training."		<b>Innovation &amp; Infrastructure</b>  We are in the process of developing cutting-edge automotive parts and smart manufacturing and logistics technologies related to electrification. We are also working to bring value in the future by establishing a more flexible R&D culture through communication with researchers and systematization the research process. Moreover, we are undertaking a wide range of social contribution activities at home and abroad to bring value to society, such as building 40 washrooms and donating them to create a sanitary environment for residents of underdeveloped villages in India.
	<b>Achieve gender equality and empower all women and girls</b>  We operate a number of channels for female employees at home and abroad to grow together. We organize "Women's Networking Day" and other activities for communication among female employees, and we are striving to expand the role of women in the workforce by operating the "Women's Junior Board," and the "Female Senior Mentoring Program."		<b>Reduce inequality within and among countries</b>  We are cultivating an organizational culture where diverse talents can come together with a creative and enterprising mindset. We do not discriminate against employees on the basis of gender, race, ethnicity, nationality, cultural background, disability, age, sexual identity, or religious beliefs, and we provide working conditions that enable employees from diverse backgrounds to realize the value of diversity and inclusion.
	<b>Ensure access to affordable, reliable, sustainable and modern energy for all</b>  We have set a mid- to long-term goal of increasing our use of renewable energy to 60% of our total energy consumption by 2030, 90% by 2040, and 100% by 2045. We are committed to making the transition to renewable energy more effectively by implementing a number of strategic initiatives, including self-generation of renewable energy (solar power), conclusion of power purchase agreements (PPAs), and purchase of renewable energy certificates (RECs).		<b>Take urgent action to combat climate change and its impacts</b>  We are actively participating in global initiatives such as the Carbon Disclosure Project (CDP) to combat climate change and manage related risks. Also, we aim to grow into the world's top-tier carbon-neutral automotive parts manufacture and build a sustainable future by faithfully implementing key initiatives aimed at achieving net-zero emissions for our business sites and supply chain by 2045.
	<b>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</b>  We are endeavoring to create sustainable future by developing eco-friendly automotive parts, smart manufacturing and logistics robots, and our special business. We are well-aware of the fact that we will not be able to create future value alone and that it is possible only through win-win growth with our suppliers. We will continue to pursue win-win growth with our suppliers through various win-win cooperation programs, such as R&D support and operating fund support programs, and will not stop our efforts to create a sustainable future.		<b>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</b>  We are dedicated to eradicating all forms of corruption. Not only do we conduct regular and on-demand audits every year, we also have a variety of reporting channels in place, including a self-reporting system, cyber audit office, and supplier reporting, to take action against irregularities, corruption, and violations of the Code of Ethics.
			<b>Partnership</b>  We are carrying out a number of activities to achieve win-win growth with our suppliers. We executed the "Smart Factory Construction Project" to lay the groundwork for our suppliers to advance further, and by providing ongoing educational support, operating the Win-Win Fund, etc., we are building strong relations with our suppliers, not just as business partners but as companions who share each other's culture and vision and grow together. We have also contributed to strengthening healthcare capabilities of a medical school in India by donating eye examination equipment, and we will continue our efforts to help developing countries build and strengthen various capabilities.

# Independent Assurance Statement

## To readers of HYUNDAI WIA Sustainability Report 2023

### Introduction

Korea Management Registrar (KMR) was commissioned by HYUNDAI WIA to conduct an independent assurance of its Sustainability Report 2023 (the “Report”). The data and its presentation in the Report is the sole responsibility of the management of HYUNDAI WIA. KMR’s responsibility is to perform an assurance engagement as agreed upon in our agreement with HYUNDAI WIA and issue an assurance statement.

### Scope and Standards

HYUNDAI WIA described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3 and KMR’s assurance standard SRV1000. We are providing a Type 1, moderate level assurance. We evaluated the adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact. The opinion expressed in the Assurance Statement has been formed at the materiality of the professional judgment of our Assurance Team.

Confirmation that the Report was prepared in accordance with GRI standards 2021 was included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process.

- GRI Sustainability Reporting Standards 2021
- Universal Standards
- Topic specific standards
  - GRI 205 : Anti-corruption
  - GRI 305 : Emissions
  - GRI 308 : Supplier Environmental Assessment
  - GRI 403 : Occupational Health and Safety
  - GRI 414 : Supplier Social Assessment
  - GRI 416 : Customer Health and Safety

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

### KMR’s Approach

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

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

### Limitations and Recommendations

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

## Conclusion and Opinion

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

### Inclusivity

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

### Materiality

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

### Responsiveness

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

### Impact

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

## Reliability of Specific Sustainability Performance Information

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

## Competence and Independence

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

June 2023 Seoul, Korea

E. J. Hwang



SRV1000  
Sustainability Committee Assurance



AA1000  
Licensed Report  
000-129/V3-WGEL2

# Greenhouse Gas Assurance Statement

DNV

GREENHOUSE GAS EMISSIONS ASSURANCE STATEMENT

HYUNDAI WIA

Introduction

DNV Business Assurance Korea Ltd. ("DNV") was commissioned by HYUNDAI WIA ("Company") to verify the Company's Greenhouse Gas Inventory Report for the calendar year 2022 ("the report") based upon a reasonable level of assurance. The Company is responsible for the preparation of the GHG emissions and Energy consumption data on the basis set out within the guidelines on the operation of GHG emission trading scheme ("ETS" (Notification No. 2022-279 of Ministry of Environment)). Our responsibility in performing this work is to the management of the Company only and in accordance with terms of reference agreed with them. DNV expressly disclaims any liability or responsibility for any decisions, whether investment or otherwise, based upon this assurance statement.

Scope of Assurance

The GHG emissions data covered by our examination comprise Direct emissions (Scope 1 emissions) and Energy indirect emissions (Scope 2 emissions) from the Company's boundary of the report ;

- Organizational boundary for reporting : Domestic business sites of the Company

Verification Approach

The verification has been conducted by DNV on February to March 2023 and performed in accordance with the verification principles and tasks outlined in the guidelines on the operation of GHG ETS (Notification No. 2022-279, Korean Ministry of Environment) and the verification guideline for GHG ETS (Notification No. 2021-112, Korean Ministry of Environment). We planned and performed our work to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a reasonable verification opinion concerning the completeness of the emission inventory as well as the reported emission figures in ton CO<sub>2</sub> equivalent. As part of the verification process;

- We have reviewed and verified the GHG emissions and energy consumption report for the calendar year 2022
- We have reviewed and verified the process to generate, aggregate and report the emissions and energy data

Conclusions

As a result of the work described above, in our opinion nothing has come to our attention that would cause us to believe that the GHG emissions and energy consumption set out in the Company's report are not fairly stated. The GHG emissions and energy consumption of the Company's for the year 2022 were confirmed as below;

Greenhouse Gas Emissions of HYUNDAI WIA's Domestic business site for Yr 2022

(Unit: ton CO<sub>2</sub> equivalent)

HYUNDAI WIA	Direct emissions (Scope 1)	Indirect emissions (Scope 2)	Total emissions
Domestic (in KOREA)	9,759,691	145,869,788	155,623

※ Total emissions might be different from the sum of direct and indirect emissions by applying the rule that emissions should be summed after truncating decimal places at the business site level.

May 2023

Seoul, Korea

Jang-Sub Lee  
Country Manager  
DNV Business Assurance Korea Ltd

This Assurance Statement is valid as of the date of the issuance 11 May 2023. Please note that this Assurance statement would be revised if any material discrepancy which may impact on the Greenhouse Gas Emissions of HO HYUNDAI ELECTRIC is subsequently brought to our attention. In the event of ambiguity or contradiction in this statement between English version and Korean version, Korean shall be given precedent.

No.: PRJN-432032-2023-AST-ENG

DNV

DNV BUSINESS ASSURANCE

GREENHOUSE GAS ASSURANCE STATEMENT

No.: AS\_PRJN-432032-2022-02-AST-KOR

HYUNDAI WIA CORORATION

Introduction

DNV Business Assurance Korea Ltd. ("DNV") was commissioned by HYUNDAI WIA CORPORATION ("HYUNDIA WIA") to verify the HYUNDIA WIA's Greenhouse Gas Inventory for the calendar year 2022 ("the report") based upon a limited level of assurance. HYUNDIA WIA is responsible for the preparation of the GHG emissions data on the basis set out within the WRI/WBCSD's "The Corporate Value Chain (Scope 3) Accounting and Reporting Standard" and the principles set out in ISO 14064-1:2018. Our responsibility in performing this work is to the management of HYUNDIA WIA only and in accordance with terms of reference agreed with them. DNV expressly disclaims any liability or responsibility for any decisions, whether investment or otherwise, based upon this assurance statement.

Scope of Assurance

The emissions data covered by our examination are for the Other indirect emissions (Scope 3) from HYUNDIA WIA boundary of the report;

- Reporting boundary: HYUNDIA WIA's Other indirect emissions (Scope 3) which are not included in the Direct emissions (Scope 1) and Indirect emissions (Scope2)
- Reporting categories:
  - Upstream scope: 6 Categories (Purchased goods and services, Capital goods, Fuel- and energy-related activities (not included in scope1 or scope 2), Waste generated in operations, Business travel, Employee commuting)
  - Downstream scope: 6 Categories (Downstream transportation and distribution, Processing / Use / End-of-life treatment of sold products, Downstream leased assets, Investments)

Verification Approach

The verification has been conducted by DNV in May 2023 and performed in accordance with the verification principles and tasks outlined in ISO 14064-3:2019. We planned and performed our work to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a verification opinion with 5% materiality level, concerning the completeness of the emission inventory as well as the reported emission figures in ton CO<sub>2</sub> equivalent. As part of the verification process;

- We have reviewed and verified the Greenhouse Gas Inventory Tool (Excel based)
- We have reviewed and verified the process to generate, aggregate and report the emissions data

Conclusions

Based on the above verification of core elements, it is the DNV's opinion that nothing comes to our attention to suggest that GHG emissions are not properly calculated, and a significant uncertainty and error are included in the Other indirect Emissions of HYUNDIA WIA for the year 2022 below.

Other indirect emissions (Scope 3) of HYUNDAI WIA for Yr. 2022

(Unit: ton CO<sub>2</sub> equivalent)

Other Indirect Emissions (Scope 3)	Emissions from Upstream	Emissions from Downstream	Total emissions
2022	439,799	1,387,667	1,827,465

※ In order to report the GHG emissions as an integer, the rounded number on the statement might be different from the number on the calculation tool with ± 1 tCO<sub>2</sub>.

5<sup>th</sup> June 2023

Lee, Jang Sup  
Country Manager  
DNV Business Assurance Korea Ltd

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

DNV

DNV BUSINESS ASSURANCE

GREENHOUSE GAS ASSURANCE STATEMENT

No.: AS\_PRJN-432032-2022-01-AST-KOR

HYUNDAI WIA CORPORATION

Introduction

DNV Business Assurance Korea Ltd. ("DNV") was commissioned by HYUNDAI WIA CORPORATION ("HYUNDIA WIA") to verify the HYUNDIA WIA's Greenhouse Gas Inventory for the calendar year 2022 ("the report") based upon a limited level of assurance. HYUNDIA WIA is responsible for the preparation of the GHG emissions data on the basis set out within the ISO 14064-1:2018 (Greenhouse gases - Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals). Our responsibility in performing this work is to the management of HYUNDIA WIA only and in accordance with terms of reference agreed with them. DNV expressly disclaims any liability or responsibility for any decisions, whether investment or otherwise, based upon this assurance statement.

Scope of Assurance

The emissions data covered by our examination comprise Direct emissions (Scope 1) and Energy indirect emissions (Scope 2) from HYUNDIA WIA boundary of the report;

- Organizational boundary for reporting: 12 global networks

Verification Approach

The verification has been conducted by DNV in May 2023 and performed in accordance with the verification principles and tasks outlined in the ISO 14064-3:2019 (Greenhouse gases - Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions). We planned and performed our work to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a verification opinion with 5% materiality level, concerning the completeness of the emission inventory as well as the reported emission figures in ton CO<sub>2</sub> equivalent. As part of the verification process;

- We have reviewed and verified the HYUNDIA WIA's GHG inventory report (Excel based)
- We have reviewed and verified the process to generate, aggregate and report the emissions data

Conclusions

Based on the above verification of core elements, it is the DNV's opinion that nothing comes to our attention to suggest that GHG emissions are not properly calculated, and a significant uncertainty and error are included in the GHG Emissions from global networks of HYUNDIA WIA for the year 2022 below;

Greenhouse Gas Emissions of HYUNDAI WIA global networks for Yr. 2022

(Unit: ton CO<sub>2</sub> equivalent)

HYUNDAI WIA	Direct emissions (Scope 1)	Energy indirect emissions (Scope 2)	Total emissions
Global networks	9,132	142,596	151,729

※ In order to report the GHG emissions as an integer, the rounded number on the statement might be different with ± 1 tCO<sub>2</sub>.  
※ Total emissions = Direct emissions(Scope 1) + Energy indirect emissions(Scope 2)

5<sup>th</sup> June 2023

Seoul, Korea

Jang-Sub Lee  
Country Manager  
DNV Business Assurance Korea Ltd

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

# Awards and Memberships

## Awards

Award	Description	Year	Organization
3 Billion Dollar Export Tower Award	USD 3.1 billion in annual exports	2013	Ministry of Trade, Industry and Energy
2013 Management Grand Awards	Top Prize in Product Innovation	2013	Korea Management Association
2014 Management Grand Awards	Top Prize in Management Innovation	2014	Korea Management Association
2014 Hyundai Motor Group Excellent Safety Control Award	Selected as a business site with excellent safety control	2014	Hyundai Motor Group
2015 GM Supplier Quality Excellence Award	Global Supplier of Excellence in Quality	2015	General Motors
2015 Management Grand Awards	Won the grand prize for three consecutive years	2015	Korea Management Association
4 Billion Dollar Export Tower Award	USD 4.3 billion in annual exports	2015	Ministry of Trade, Industry and Energy
2015 Korea's Most Admired Companies	Selected in the automotive parts category in consideration of customers, employees, society, image value, and capacity for innovation	2015	Korea Management Association Consulting
Gold Prize at the 6th Korea Manufacturing Technology Awards 2015	Gold Prize (Team Category) in Plastic Processing	2015	Ministry of Trade, Industry and Energy
2016 FCA Outstanding Supplier Quality Award	Global Outstanding Supplier Quality Award	2016	FCA Group
Commendation for Contribution to Improving Military Strength and Defense Capacity	Contributed to the advancement of defense technology with the remote controlled weapon station project	2016	Director of the Defense Acquisition Program Administration
100 Billion Won National Tax Tower	Awarded on the 50th Taxpayer's Day (voluntary tax payment and contribution to national budget)	2016	Ministry of Economy and Finance
Commendation for Contribution to Strengthening Fair Trade Practices	Contributed to fostering a mutual cooperation culture and strengthening competitiveness through fair trade agreements	2016	Fair Trade Commission
Commendation for Contribution to Promoting Sharing Culture	Contributed to promoting a sharing culture and creating a happy society	2016	Ministry of Health and Welfare
Commendation for Contribution to The Growth of Local Communities and Promotion of Healthy Family Culture	Contributed to the growth of local communities and spreading a healthy family culture	2017	Deputy Governor of Administrative Affairs, Gyeongsangnam-do Province
Supplier of Excellent Quality of GM International Organization	SQ Excellence Award	2017	General Motors
The 5th Software Industry Protection Awards	Contributed to software copyright protection and industry promotion	2017	Ministry of the Interior and Safety
The 22nd Environment Day Awards	Contributed to environmental conservation	2017	Gyeongsangnam-do Provincial Office
2018 Hyundai Motor Group Excellent Safety Control Award	Selected as a business site with excellent safety control	2018	Hyundai Motor Group
Commendation for Contribution to Reducing Fine Dust	Contributed to environmental conservation	2018	Gyeongsangnam-do Provincial Office
Commendation for Contribution to Spreading Social Contribution Culture and Improving Child Welfare	Contributed to spreading a social contribution culture and improving child welfare	2019	Mayor of Changwon
2018 Hyundai Motor Group Change and Innovation Award	Development of integrated drive axle	2019	Hyundai Motor Group
2014 Hyundai Motor Group Excellent Safety Control Award	Selected as a business site with excellent safety control	2019	Hyundai Motor Group
2019 World Water Day	Contribution to water management	2019	Gyeongsangnam-do Provincial Office
2020 Nakdonggang River Basin Environmental Office Commendation	Contribution to improving water quality	2020	Nakdonggang River Basin Environmental Office

Award	Description	Year	Organization
Silver Tower Medal for Win-Win Growth	Contribution to the win-win growth of large corporations and SMEs	2021	Ministry of SMEs and Startups
Commendation from the Mayor of Changwon in 2021	Contribution to environmental conservation	2021	Changwon City
Commendation from the Mayor of Changwon in 2021	Contribution to environmental management	2021	Changwon City
Climate Change Response And Greenhouse Gas Reduction Award in 2021	Contribution to climate change response and reduction of greenhouse gas emissions	2021	Ministry of Trade, Industry and Energy
Commendation from the Mayor of Changwon in 2022	Contribution to environmental conservation	2022	Changwon City
The 2nd Seoul Universal Design Awards (Top Excellence Award)	Selected as excellent universal design (HYUNDAI WIA Green School)	2022	Seoul Metropolitan Government
The 11th Korea Sharing People Awards	Contribution to the promotion of social contribution activities	2022	Ministry of Health and Welfare

## Memberships

Organization	Main activities
Korea Chamber of Commerce and Industry	Respond to industrial policies and various industrial statistics
Chamber of Commerce and Industry Changwon Office	Identify regional trends and jointly respond to the challenges faced by companies
Korea Automobile Manufacturers Association	Respond to issues in the automotive parts industry
Korea Auto Industries Coop. Association	Hold exhibitions and respond to data concerning the current status of the industry
Korean Society of Automotive Engineers	Analyze trends in automotive engineering technologies as well as trends in the automotive industry and hold academic events (such as conferences)
Korea Industrial Technology Association	Report the establishment of or changes to company-affiliated research centers, apply for the Jang Young-shil Award, and support various corporate activities
Korea Machine Tool Manufacturers' Association	Create demand for products from member companies, promote sales (SIMTOS, etc.), conduct international exchange projects, and explore policies to exchange information about machine tools
Korea Society for Precision Engineering	Conduct research on new machine tool technologies and PR activities and build an industry-university-research network
Korea Information and Communication Contractors Association	Apply for information and communications construction business in Korea and cooperating with relevant research
Korea Defense Industry Association	Deal with information relating to company profiles, business performance, investment in facilities, R&D performance, and capacity utilization rate
Korea Aerospace Association	Support policy making for the aerospace industry, international cooperation, exports, etc.
Korea Listed Companies Association	Respond to regulations concerning the Commercial Act (general meeting of shareholders, board of directors, audit committee, etc.)
Korea Fair Competition Federation	Provide fair trade training programs and relevant materials
Korea Industrial Safety Association	Deal with legal safety inspections and share information with member companies
Mindsphere World Korea	Identify and grasp new technology trends for the development of a smart factory system
Korea Association of Robot Industry (KAR)	Analyze robotics industry trends, exchange information with member companies, and participate in system/policy improvement projects





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**This Sustainability Report was prepared by**

**General – the Business Planning & Management Team**

Hyeeun Kwon      Kunyoung Lee      Youngmin Ko

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