

## SUSTAINABILITY REPORT 2021

# HYUNDAI WIA

## 2021 Sustainability Report

HYUNDAI WIA, ACHIEVING SUSTAINABLE GROWTH WHILE FULFILLING ITS ECONOMIC AND SOCIAL RESPONSIBILITY AS A CORPORATE CITIZEN OF THE WORLD. REALIZE THE DREAM OF MANKIND BY CREATING A NEW FUTURE THROUGH INGENIOUS THINKING AND CONTINUOUSLY CHALLENGING NEW FRONTIERS.

# About this Report

**Overview**

HYUNDAI WIA is pleased to present the second Sustainability Report in 2021, following the first report issued in the previous year. Expect regular Inquiries on the Report in the following years, as the company adapts to the new sustainable management of the business. For the preparation of this report, we conducted a materiality assessment with our stakeholders in order to gather their opinions and key issues to be selected in this report. This report is focused on the efforts and achievements of HYUNDAI WIA for sustainability in our business.

**Reporting Period**

This report covers the sustainable business activities of the company over the period from January 1, 2020, to December 31, 2020. As for the quantitative data, we presented those from the past three years, along with four years of quantitative environmental achievements from 2017 to 2020. As for the key qualitative achievements in the reporting term, we included those as recent as from the first half of 2021.

**Scope of Report**

The report covers the sustainable business activities and related accomplishments, encompassing the business facilities in South Korea, such as the main office, factories, laboratories, and sales offices. We also included some information regarding overseas business facilities (such as the current status of employees and sales by region). The scope of data included in this report covers 100% of domestic business sites.

**Reporting Criteria**

The report has been prepared in accordance with the Core Standard of the GRI (Global Reporting Initiative), which is a global guideline for publishing a sustainability report. The financial information is based on the consolidation statements in accordance with the Korean International Financial Reporting Standards (K-IFRS). The energy consumption data and greenhouse gas emission volumes have been presented based on the emission verification result. Any major changes are also indicated in the corresponding sections.

**Credibility**

HYUNDAI WIA commissioned Korean Foundation for Quality, a specialized verification agency in South Korea, to undertake independent assurance of this report. We also verified the amount of carbon emission and energy consumption through DNV GL, an independent organization, to ensure the accuracy and credibility of our data. The detailed verification statement is included in the Appendix.

**Inquiries on the report**

Planning and Business Management Team, HYUNDAI WIA  
(031.596.8106)/CSR@hyundai-wia.com

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**The happiness of humankind is a priority for HYUNDAI WIA.**

**We will work towards building a sustainable company**

# CEO Message



**To our valued stakeholders,**

It is always our deepest honor to be at the receiving end of your continued support. We, HYUNDAI WIA, are pleased to inform you that we continue to build a foundation for future growth thanks to the efforts of all our employees during the COVID-19 pandemic in 2020. One of our achievements includes earning an 'A' rating in the ESG evaluation, which is one of the highest ratings among all South Korean automobile industry. We believe that such achievements are a result of the continued support from all our stakeholders, including the government, local authorities, shareholders, and the local community. HYUNDAI WIA has been publishing sustainability reports to share all our achievements with stakeholders in a transparent manner and seek new strategies for further growth. The reports contain the present and future of HYUNDAI WIA, as well as our will to prosper together with our stakeholders. The world is grappling with a world changed by the COVID-19 pandemic and the environment for the global mobility and manufacturing market is rapidly changing. However, we will stay on the course that will lead us to sustainable growth as we strive to become a company that shares happiness with our stakeholders.


**First, we will bolster our ESG management efforts.**

At HYUNDAI WIA, we have been operating our business in accordance with the principles of ESG and establishing a corporate culture that can grow together with all our stakeholders. In all aspects of the Environment, Society, and Governance, we are putting our best efforts as a corporation to become a top-tier company in South Korea. These efforts include our environmental protection activities such as 'HYUNDAI WIA Green School,' and 'Bio-Diversity Preservation Convention.' In addition, we will increase our efforts to minimize carbon emission and other pollutants. New subcommittees of our Board of Directors, such as the 'Business Management Transparency Committee,' and 'Compensation Committee,' will be established to enhance our governance. Our 'Co-Prosperity Team,' which was established last year, will also help instill a culture of co-prosperity with our partners.

**Second, HYUNDAI WIA will innovate to lead a new era of mobility.**

HYUNDAI WIA will expand our business into new business areas, such as Environmentally friendly auto-parts, smart manufacturing, and logistics solution. Some of the modules that are included in our 'integrated heat management solution' for Environmentally friendly vehicles will be applied to the E-GMP, which is the exclusive e-car platform of Hyundai Motors. Our smart manufacturing and logistics solution will be launched through the HMGICs (the Singapore Innovation Center of Hyundai Group). Through these achievements, HYUNDAI WIA put our best efforts to become a leading company of the future mobility market. With the publication of this year's Sustainability Report, HYUNDAI WIA hopes to establish the foundation for shared growth as we strengthen our efforts to communicate with all stakeholders. The support by our stakeholders will be serve as a catalyst for growth and a brighter future.

Thank you.

Jaewook Jung, CEO, HYUNDAI WIA 



A background image showing a business meeting. Two people are seated at a wooden table. A laptop in the center displays a bar chart with several blue bars of increasing height. One person's hand is holding a pen, and another is holding a pencil. There are papers, a notebook, and a coffee cup on the table. The scene is dimly lit, with a warm, professional atmosphere.

# COMPANY OVERVIEW

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# About HYUNDAI WIA

## Overview

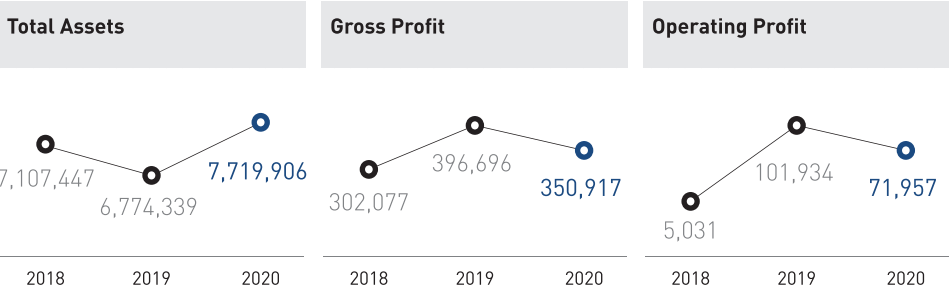
HYUNDIA WIA, holding place as Korea’s top machine tool manufacturer and as a world-renown automobile part manufacturer, supplies innovative products of the most superior quality and performance to car manufacturers worldwide.

We actively keep up with new trends in the automobile development sector by handling the material processing for basic car components and batch producing powertrain products such as automobile engines, modules, turbochargers, and constant velocity joints. We supply ultra-precision machine tools and factory automation lines to enhance the production and quality capabilities of manufacturers worldwide. Having laid the groundwork for the global manufacturing industry, HYUNDAI WIA now seeks to create a better future by making extensive investments in R&D and aggressively expanding its global production network.

Company Name	HYUNDAI WIA Co., Ltd.
Headquarters	153 Jeongdong-ro, Seongsan-gu, Changwon, Gyeongsangnam-do
President & CEO	Jaewook Jung
Foundation Date	March 29th, 1976
Major Business	Automobile parts, Machine tools, Defense business

## Key Financial Performances

(Unit: 1 million won)



Items	2018	2019	2020
Total assets	7,107,447	6,774,339	7,719,906
Capital	3,036,931	3,091,809	3,525,860
Sales	7,880,481	7,314,626	6,592,242
Gross profit	302,077	396,696	350,917
Operating profit	5,031	101,934	71,957
Net profit	(55,561)	55,207	53,672

## COMPANY OVERVIEW

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- #2. Management Principles
- #3. GLOBAL NETWORK
- #4. BUSINESS BROCHURE

## History

- Genesis of HYUNDAI WIA and Establishment of Business Management System	- Expansion and New Markets	- Overcoming Crisis and Pioneering	- New Challenges
<div>1976</div> <div>- Founded the company.</div> <div>1977</div> <div>- Began manufacturing machine tools.</div> <div>1979</div> <div>- Started manufacturing automobile transmissions.</div> <div>1983</div> <div>- Developed the first-ever machining center in South Korea.</div> <div>1989</div> <div>- Founded a local subsidiary in the United States.</div>	<div>1994</div> <div>- Conducted the localized development of landing gears for aircraft.</div> <div>1999</div> <div>- Merged as an affiliated company of Hyundai Motor Group</div>	<div>2004</div> <div>- Established a subsidiary company in Jiangsu, China</div> <div>2005</div> <div>- Acquired Hyundai Motor Company's machine tool business division</div> <div>2007</div> <div>- Established a subsidiary engine plant in Shandong, China</div> <div>2010</div> <div>- Won the Innovative Technology Prize for Korean products</div> <div>- Established a subsidiary company in India</div> <div>2011</div> <div>- Listed on the Stock Exchange</div> <div>2012</div> <div>- Selected as a top-ranking company for job creation</div> <div>- Selected as a top-ranking company at Korea Win-Win Conference</div> <div>2013</div> <div>- Completed the construction of Engine Plant 3 in Shandong, China</div> <div>- Constructed a CVJ Plant in India</div>	<div>2014</div> <div>- Established the integrated steelmaking system for automobile parts (merged HYUNDAI WIA, HYUNDAI METIA and HYUNDAI WISCO)</div> <div>- Founded technical support centers (Changwon, Uiwang)</div> <div>2015</div> <div>- Exceeded production of five million PTUs</div> <div>- Started mass producing turbochargers and launched the turbocharger production business</div> <div>- Won a prize at the Management Grand Awards for three consecutive years</div> <div>- Awarded USD 4 billion Export Tower Award</div> <div>2016</div> <div>- Completed the construction of a plant in Mexico and began mass production</div> <div>- Newly constructed a multipurpose engine plant in Seosan and began mass production</div> <div>- For the first time in Korea exceeded production of 100 million units of constant velocity joints</div> <div>2017</div> <div>- Mass-produced the rear-wheel based AWD system for the first time in Korea</div> <div>2018</div> <div>- Introduced the smart factory solution iRIS at Changwon Plant 1 and Seosan Plants</div> <div>- Announced a plan for new businesses and a new vision called 'WIA, The Next Solution'</div> <div>- Completed the construction of Tech Cube, a technical support center in Europe</div> <div>2019</div> <div>- Developed the world's first IDA (Integrated Drive Axle)</div> <div>- Mass-produced the rear-wheel based electronic Limited Slip Differentials (e-LSD) for the first time in Korea</div> <div>2020</div> <div>- Established an engine factory in Russia.</div> <div>- Won a large-scale contract to supply constant velocity joints to Europe and the United States automobile companies.</div> <div>- Developed the integrated smart manufacturing and logistics solution based on robotics and autonomous driving technology.</div>

MANAGEMENT PRINCIPLE

HYUNDAI WIA, achieving sustainable growth while fulfilling its economic and social responsibility as a corporate citizen of the world.

Slogan


## Experience The New Technology

HYUNDAI WIA offers new technologies through its best products.

With HYUNDAI WIA's superior technology, our slogan expresses the direction and confidence we have in leading the global market in the automobile part, machine tool, and defense industry. Our mission is to consistently impress our clients with the latest cutting-edge technology.


Management Philosophy

Realize the dream of mankind by creating a new future through ingenious thinking and continuously challenging new frontiers




### Unlimited Sense of Responsibility

Our vision of unlimited responsibility for the safety and happiness of the customer is realized in our quality management, which leads to the creation of unlimited value for our society.



### Realization of Possibilities

We always move forward to the next goal after each success, 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.

Vision

## WIA, THE NEXT SOLUTION

Together for a better future

HYUNDAI WIA prepares for a tomorrow based on the state-of-the-art technology. We turn imagination into reality and implement new mobility. We will lead innovation in the manufacturing industry with smart networks that connect the world as one.




### Next Mobility

Realizing future-oriented mobility

Produce components for ecofriendly vehicles

- Develop future-oriented AWD
- Provide integrated heat control solutions for eco-friendly vehicles




### Next Technology

Leading advanced future technologies

Develop smart mechanical technologies

- Realize a smart factory
- Secure cobot (collaborative robot) technologies
- Automate ICT and other systems



### Next Possibility


Promoting Win-Win growth and innovation

Build a new culture for mutual growth

- Fulfill social responsibilities
- Establish exemplary future-oriented labor-management relations
- Define a creative corporate culture


Core Values

By putting our core values into action, Hyundai Motor Group will lead the way to a better future.




### Customer

Our decisions are based on customer satisfaction.




### Challenge

Our new future begins with today's challenge.




### Collaboration

We collaborate with an open mind to create a bigger possibility.



### People

We respect each other and grow together.



### Globality

We lead the global market based on diversity.



# Global Network

HYUNDAI WIA has established 16 business sites in seven countries, including the United States, Mexico, India, and Russia. This global network strengthens our competitiveness.

## Overseas Business Sites



## Domestic Business Sites



Production Bases		
China		
-Shandong HYUNDAI WIA		
-Jiangsu HYUNDAI WIA		
-Beijing HYUNDAI WIA		
HYUNDAI WIA Mexico		
HYUNDAI WIA India		
HYUNDAI WIA Russia		

Sales Offices		
China Sales Company		
- Shanghai Office		
- Beijing Office		
- Chengdu Office		
- Qingdao Office		
- Wuhan Office		
HYUNDAI WIA America (New Jersey, USA)		
Automobile Part Office America (Detroit, USA)		
HYUNDAI WIA Europe (Frankfurt, Germany)		
India Office		
Vietnam Office		

Headquarters	R&D Centers	Production Bases	Sales Bases
Changwon	Changwon R&D Center Uiwang R&D Center	Changwon Plant Ansan Plant Pyeongtaek Plant Gwangju Plant Seosan Plant Ulsan Plant	Changwon Technical Center

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# OUR BUSINESS PORTFOLIO

## AUTOMOBILE PARTS

HYUNDAI WIA is a specialized manufacturer of power trains and other related components. With our world-class technology and production processes, we are manufacturing innovative, high-quality auto-parts. We are supplying the global automobile industry with core auto-parts while taking a leadership role in the development of new technologies and environmentally friendly components, paving the future of the automobile industry.

### Business Performance (Sales)

(Unit: KRW 100 million)



### Major Products

Environmentally friendly parts	- Heat management module/EV axle/motor/inverters
Engine	- Gasoline/Diesel/Turbocharger
Modules	- Chassis module/platform module
AWD	- AWD/PTU/ATC/e-LSD/coupling
Constant-Velocity Joints	- OUTBOARD JOINT / INBOARD JOINT / SHAFT
Materials	- Forging/casting/processing/assembly

### Internal Combustion Engine Core Components Business

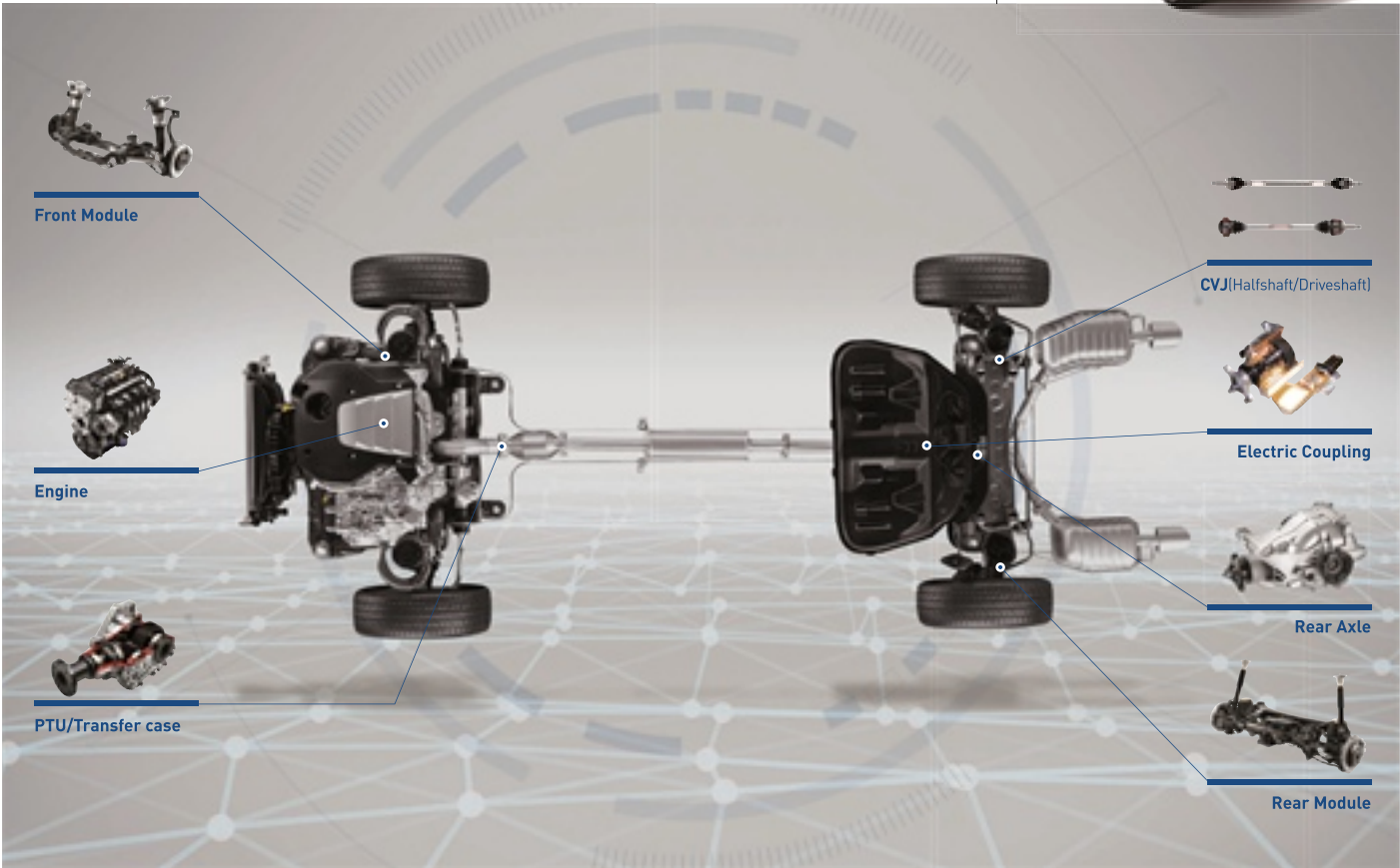
HYUNDAI WIA has established itself as the powerhouse of high-quality automobile manufacturing with its advanced technologies. We are the only Korean auto parts maker in Korea to manufacture automobile engines. Our unparalleled technical capability is recognized by the global market through the production of high-quality parts such as automobile modules, AWD systems, constant velocity joints, and integrated drive axle (IDA). HYUNDAI WIA will continue to work on R&D projects and introduce more advanced techniques and processes as we further build our capacity as a specialized, high-quality, high-efficiency auto-parts company.

### Environmentally friendly Auto-Parts Business

HYUNDAI WIA is leading the Environmentally friendly auto-parts market with continued innovation and R&D efforts as the global Environmentally friendly automobile market grows. Based on our production know-how for internal combustion engine vehicles, HYUNDAI WIA is taking a leading role in developing components that are used in Environmentally friendly vehicles. In accordance with the vision that we announced in 2018, we plant to further expand our eco-friendly auto parts business to respond to the era of sustainable mobility.

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# OUR BUSINESS PORTFOLIO

## MACHINE TOOLS

HYUNDAI WIA is the only specialized processing equipment affiliate of Hyundai Motor Group, and we continue to launch new models to enhance our competitiveness.

### Machine Tool Business

The machine tool division of HYUNDAI WIA merged with the machining tool division of Hyundai Motor Company in 2005, which expanded the size of the integrated business unit and implemented qualitative growth. With our enhanced technology, production capacity, and brand power, we are committed to expanding our business presence to the world market. In addition, we are equipped with a full line-up of processing equipment based on years of experience and technology in our machine tool business that enable us to respond the varying demands from our customers.

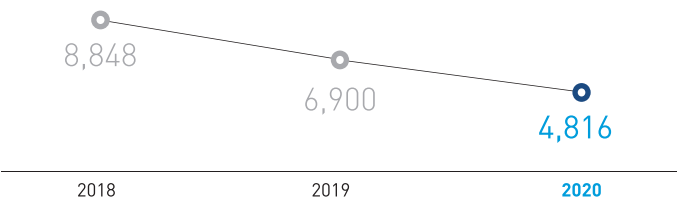
### Automation Systems & Smart Factory Business

The FA business of HYUNDAI WIA is based on the world's top-class know-how in manufacturing automobile production equipment, which allows us to provide our customers with high-performance equipment and a state-of-the-art automobile production line. Our assembly lines can be configured to the specification desired by the customer, and the production process can be automated to prevent human errors. With higher quality and reduced assembly time, customers are able to enhance productivity. Lastly, our robots and jig systems will provide our customers with a total solution for chassis automation.



### Business Performance (sales)

[Unit: 100 million won]



### Main Products

Machine tools	- Lathe, machining center
Factory automation system	- Processing automation/assembly automation/robots & jig system
Smart factory solution	- Smart manufacturing/logistics solution/smart software

## DEFENSE BUSINESS

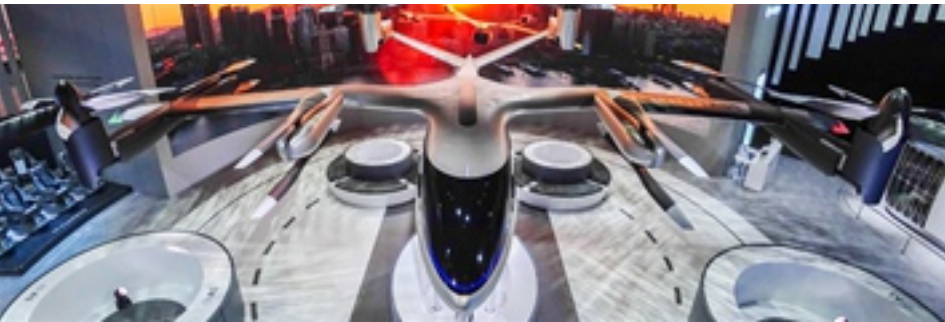
HYUNDAI WIA's defense industry, consisting of land weapons, maritime weapons, aviation products, and future weapon industries, is the only artillery manufacturing company in Korea and is recognized for its excellent quality and reliability.

### Defense Business

HYUNDAI WIA has established itself as a leader in the defense industry by securing advanced technology ranging from the development and production of defense industry products in the land, maritime, and aviation sectors. With our own engineering, R&D capabilities and flawless quality assurance system, we secured top-notch defense products in our effort to contribute to the preservation of the values of humankind and the security of South Korea. We will continue our efforts to improve and develop defense industry products of the highest quality and performance in order to realize a robust and advanced defense industry.

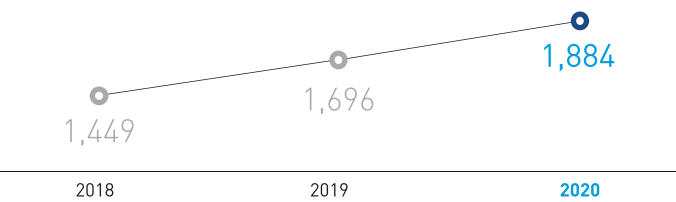
### Our Innovation

HYUNDAI WIA has been investing a considerable amount of resources and efforts into the R&D projects for future product development to develop solutions optimized for the 4th Industrial Revolution and the rapidly evolving, dynamic global markets. With our defense R&D experience and the convergence of core technologies in defense industries, we secured the core technological prowess to develop advanced, unmanned weapons systems. In addition, we are constantly seeking to discover new business areas that create high added value. In addition, based on the technology acquired in the defense industry and expertise in the vehicle industry, we are expanding our business area to the urban air mobility (UAM) business.



### Business Performance (sales)

[Unit: 100 million won]



### Main Products

Land weapons	- Howitzers/tank guns/mortars
Naval weapons	- 5"/76mm cannons
Aerial products	- T50/KUH/landing assistant devices for civilian aircrafts
Future weapons	- RCWS

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# MATERIAL ISSUE

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Creation of Future Values	022
Environmentally Friendly Products and Services	028
Win-Win Growth with Suppliers	032
Reinforcement of CSR	038



MATERIALITY  
ASSESSMENT  
PROCESS AND  
RESULTS

We conducted our materiality assessment in consideration of the ‘comprehensiveness of stakeholders,’ ‘sustainability context,’ and ‘materiality.’ For the assessment, we established an Issue Pool that consists of 42 issues reflecting the global initiatives of sustainability business management, standards, and industrial initiatives, and media research. With this, we conducted the evaluation of relevance and impact of the issues in consideration of the nature of auto-parts industries and the current situation of HYUNDAI WIA. Through the priority assessment and internal review, we identified five key topics to cover in each individual section in this report.



# Material Issue- #01. Creation of Future Value

## Why is it important ?

In a time when the paradigms of various industries are changing rapidly, securing innovative technologies to create future values is a priority to remain. Also, demand for environmental-friendly products in society is increasing. Therefore, it is necessary to have the capability to produce differentiated products that can secure the future market.

## Our approach

HYUNDAI WIA is proactively responding to these trends for creating future values, with a goal of innovating our products and achieving sustainable development. With the growth of the environmentally friendly automobile market, we are leading the market by commercializing electric and fuel cell cars. Also, we seek to become a company that stays ahead of our competitors in terms of developing technologies that can maximize future values, such as smart factories, RnA solutions, and future weapons.

### 2020 KEY PERFORMANCE

- e-LSD
- Jang Young-Sil Award



### OUR COMMITMENT

- Commercialization of thermal management cooling module (by 2023)
- Commercialization of the Environmentally friendly 4WD (by 2023)
- Extended commercialization of the technologies that are related to smart factories.
- Successful implementation of Robotics and Autonomous (RnA) solution

## #01. Creation of Future Values

### System for Generating Future Values

HYUNDAI WIA aims to develop the sustainable products of the future by strengthening the competitiveness of our products, securing the technology for new businesses, and adopting a flexible R&D culture. To strengthen the competitiveness of our products, we plan to continue our development for regular products and customized products for our customers. Also, we will secure the technologies for new businesses by developing our integrated heat management module, motorized components, and products for fuel cell cars. We will continue to work on creating future values by establishing a responsive R&D culture through expanding communication with our R&D talents and better organizing our processes.

Development of the sustainable products of the future by strengthening core R&D capabilities



### Strengthening the competitiveness of the products

1. Securing competitiveness in product development quality
2. Next-generation product development
3. Development of new products tailored for customers

### Securing the technologies for new businesses

1. EV components (integrated heat management and motorized components)
2. Securing capabilities for developing products for fuel cell vehicles
3. Securing core technologies for RnA solutions

### Flexible R&D Culture

1. Qualitative strengthening of communication and establishing work-smart practices
2. Strengthening R&D efforts for core technologies
3. Organizing work processes

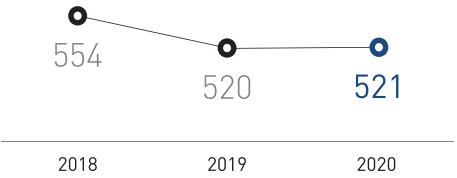
### R&D Center

The Uiwang R&D Center of HYUNDAI WIA, located in Uiwang, Gyeonggi-do, is developing components for future vehicles, including green technology for e-vehicles and collaborative robot technologies. The Changwon R&D Center is conducting R&D projects for establishing future combat environments by applying high-precision machine tools and core technologies of novel concepts.

Items	Name of the R&D Center	Key activities
Domestic	Uiwang R&D Center	Automobile engine / 4WD / heat management system and robot technology development
	Changwon R&D Center	Development of machine tools, test research, defense products development

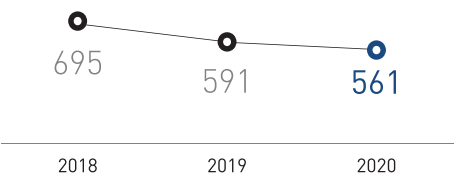
### R&D Personnel

(Unit: persons)



### R&D Investment

(Unit: 100 million won)



## Material Issue-

Materiality Assessment

### #1. Creation of Future Values

- #2. Environmentally friendly Products and Services
- #3. Win-Win Growth with Suppliers
- #4. Reinforcement of CSR



Components R&D

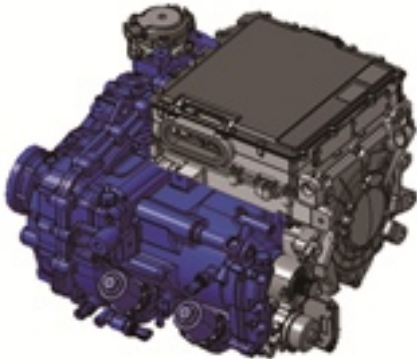
Integrated Heat Management System

Currently, the driving efficiency of electric vehicles (EVs) sharply declines when the air conditioning system is in operation. Furthermore, compared to an internal combustion engine, the number of parts requiring thermal management is increasing, resulting in control complexity. To address these challenges, HYUNDAI WIA has been working to develop and commercialize an integrated thermal management module that improves efficiency through functional modularization of thermal management components. We are also developing an integrated heat management system for more efficient control of the three domains of heat management (driving components, batteries, and cabin heating/air-conditioning) so that we can secure competitiveness in the integrated heat management market.



ev-TVTC

HYUNDAI WIA is a specialized manufacturer of 4WD systems for internal combustion vehicles, and we are developing the EV parts of these 4WD components. Our efforts to develop these parts for EVs resulted in the completion of the preliminary development project for an integrated e-axle system, which is an Environmentally friendly 4WD system completed in 2019. We also plan to strengthen our competitiveness in our EV-axle products by utilizing our existing 4WD technologies.

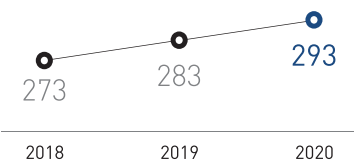


Hydrogen Fuel Cell Components (Air compressor)

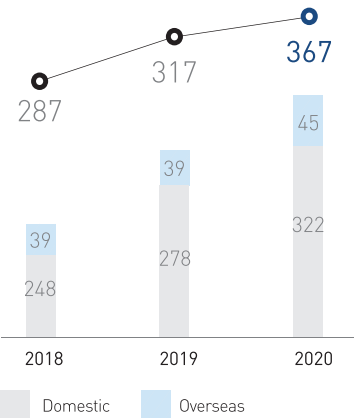
Hydrogen powered EV-car generates its electricity through the chemical reaction of hydrogen from the fuel cell tank. The air compressor is one of the most important components in the process of creating an optimal driving condition. Through the air compressor business, HYUNDAI WIA will utilize its high-efficiency motor, system integration design technology, and turbocharger system capabilities to serve as a specialist in eco-friendly auto parts within the Hyundai Motor Group.



The R&D personnel of the auto-parts business division (Unit: persons)



Number of patent applications for vehicle parts business (accumulative) (Unit: patent application)



RnA Solution (Smart Manufacturing/Logistics)

Establishment of the Smart Factory Based on Cell Production Method

HYUNDAI WIA aims to automate its finished vehicle assembly process and logistics processes based on the cell method in order to secure the price competitiveness of EV products and realize the production of diversified items in small volumes. In the short-term, the company aims to internalize the technologies through the development of production equipment and logistics supply equipment by 2022, to be followed by the expansion of the internalization of the technologies and commercialization by 2025. By 2026, we plan to establish dedicated factories and expand sales to other companies.



Logistics Robots (AMR/AGV)

As a part of the automation solution for the automobile industry, we are developing logistics robots optimized for the characteristics of the processes they are intended for. We are also developing the ACS (autonomous control system) and autonomous driving algorithm to maximize the flexibility and profitability of our customers' production system. Furthermore, we plan to expand the scope of our products to include a parking control system and visual inspection system.



Collaborative Robot

Robots are one of the core components of the factories of the future. HYUNDAI WIA is developing collaborative robots, or human-friendly robots that can work with 100% efficiency rather than 100% automation. We are planning to expand the line-up of our products to provide our customers with more affordable solutions. For this purpose, we are developing our own hardware and software so that we can provide each of each customer from all fields with customized solutions.



Electrification Equipment (hairpin motor)

The production facility for hairpin motor stators, a core components of electric vehicles, need to be enhanced in terms of production capability, quality, and differentiation of processes. HYUNDAI WIA aims to enhance the competitiveness of its production facilities by developing core technologies utilizing its know-how in forming jigs for different processes, etc., followed by the development and commercialization of key equipment. In the future, we expect to expand these systems to our production facilities for the front and rear wheels of EVs.



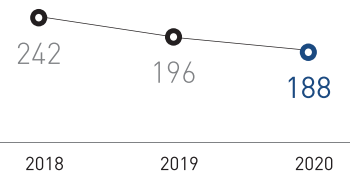
Material Issue-

Materiality Assessment

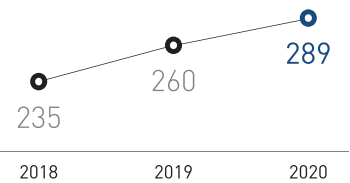
#1. Creation of Future Values

- #2. Environmentally friendly Products and Services
- #3. Win-Win Growth with Suppliers
- #4. Reinforcement of CSR

The number of R&D personnel in our machine tool business division (Unit: persons)



The number of machine-tool-related patent applications (accumulative) (Unit: patent applications)



Defense Business

Recent defense policy is focused on cultivating artificial intelligence (AI), unmanned robots, as well as miniaturization and ultra-precision technologies to ensure national security in the era of 4th Industry Revolution. HYUNDAI WIA is committed to the development of a future weapons system optimized for such an environment. In addition, we plan to enter the core component fields such as UAM and various unmanned aerial vehicles.

Remote Control Weapon System (RCWS)

The Korean Army has been introducing the 4th Industrial Revolution technology to build an advanced weapon system and establish an AI-based hyper-connected ground combat system (Army TIGER 4.0). HYUNDAI WIA has developed and testing its own RCWS that can maximize the chance of survival and operation efficiency in order to respond to the changing defense policy. We are also working to secure new markets and contribute to the national security of the country by developing the latest, state-of-the-art weapons system by means of continuously securing core technologies.

Participation in the Urban Air Mobility (UAM/UAS) Project

UAM, or urban air mobility, is gaining more attention as the new game-changer in the mobility market with global companies competing to secure technology and market dominance. In response to the change in the aviation market, we are preparing for the development of safe and comfortable eco-friendly UAM components, including landing devices, electric taxing equipment, electric driving mechanism, controllers, and cargo loading mechanism for UAS, which are optimized for the UAM operating environment. By leveraging our expertise in developing electric motors for automobiles and mass-producing aviation components for three decades, we are poised to become an industry leader, contributing to the growth of the future mobility and technology breakthroughs.



Material Issue-

Materiality Assessment

#1. Creation of Future Values

#2. Environmentally friendly Products and Services

#3. Win-Win Growth with Suppliers

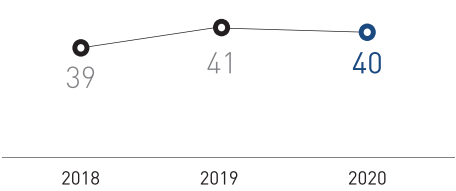
#4. Reinforcement of CSR

Development of Close-in Weapon System II (CIWS-II)

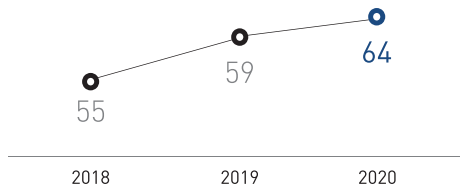
South Korean military recently decided to develop a 30mm class close-range defense weapon system to ensure the survivability of naval ships from attacks by enemy aircraft, anti-ship missiles, and small high-speed watercraft. In response, HYUNDAI WIA formed a consortium between an overseas partner with experience in developing a 30mm close-quarters defense system and a domestic system development company. By deploying the most up-to-date technology, we are pioneering a new market. Based on the manufacturing know-how and technology of the 76mm NS 5-inch cannons, which are part of the South Korean Navy, we aim to ensure the survivability of naval vessels and contribute to country's defense goals.



Defense Business R&D Personnel  
(Unit: persons)



Number of Defense Patent Applications  
(accumulative)  
(Unit: patent applications)





# Material Issue- #02. Environmentally friendly Products and Services



## Why is it important ?

The demand for Environmentally friendly products in our society is on the rise. In the automobile industry, in particular, demand for electric vehicles (EVs) and hydrogen cars is increasing. As a result, demand for related parts is surging.

## Our approach

HYUNDAI WIA is building up its efforts to develop components related to the expansion of the markets for Environmentally friendly vehicles. Hydrogen storage modules will help save energy by increasing the mileage of fuel cell electric vehicles powered by hydrogen. HYUNDAI WIA is committed to responding to climate change through continued development of Environmentally friendly products and services.

**2020 KEY PERFORMANCE**

- Green technology certification: High-precision supercharge technology for mild-hybrid vehicle
- Development of the components for fuel cell-electric vehicles powered by hydrogen

**OUR COMMITMENT**

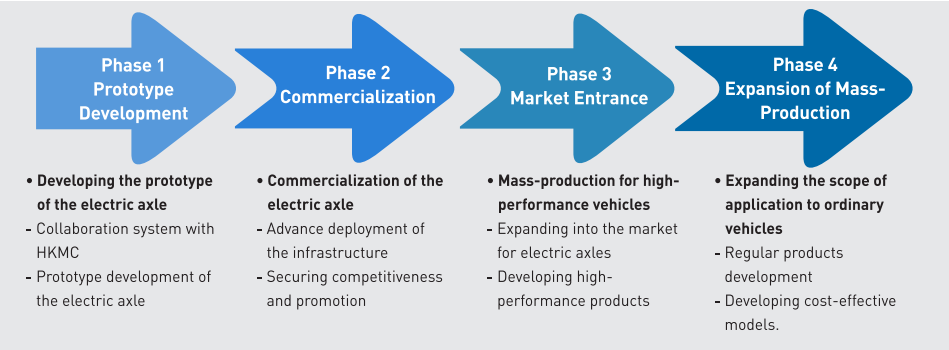
- Develop energy efficient technologies.
- Expand R&D efforts for Environmentally friendly products in a step-wise manner.

## #02. Environmentally friendly Products and Services

### EV (Electric Vehicle) Components

As global warming worsens, regulations on greenhouse gas emissions are becoming stricter. To comply with such regulations, the market for Environmentally friendly vehicles with less carbon footprint is growing faster than ever. In accordance with the new trend in the market, HYUNDAI WIA has been focusing on our R&D efforts to become the leader in the electric vehicle component industry. HYUNDAI WIA has already achieved green technology certification with our mild-hybrid engine supercharger technology using electric superchargers. We are also working on reducing the size and weight of heat management components to enhance the energy efficiency of EV cars and developing integrated control systems for balanced heat management. In addition, we have been enhancing the handling and stability with the independent control of the left and right-side driving forces using twin clutches through the electric driving system while further enhancing the energy efficiency of EV cars with the disconnect-mode driving.

#### Development Process of Environmentally friendly Electric Axle



#### Phases for Development of Integrated Heat Management Module



### Material Issue-

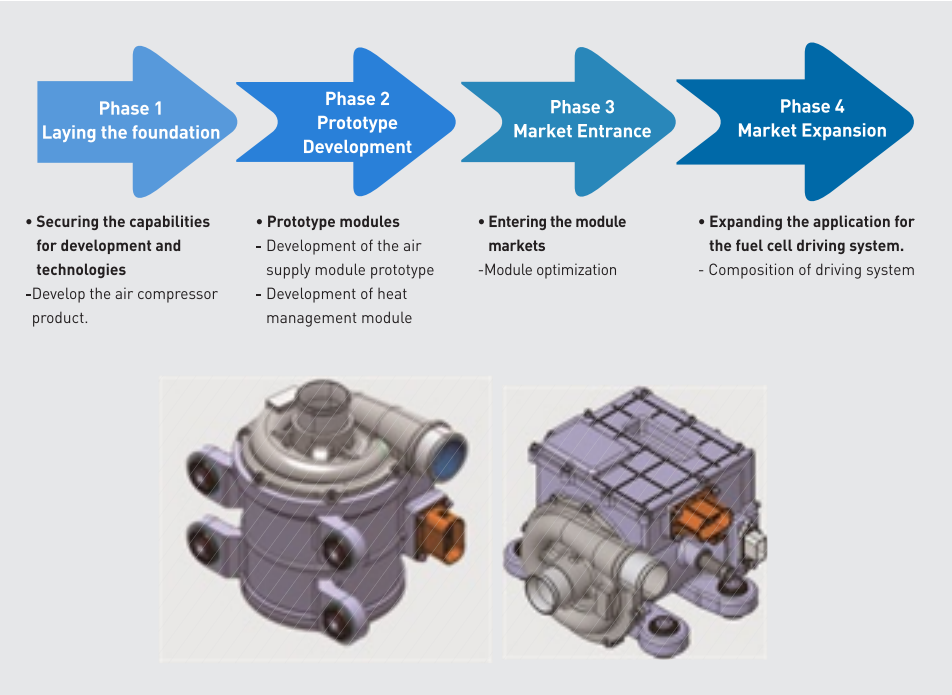
- Materiality Assessment
- #1. Creation of Future Values
  - #2. Environmentally friendly Products and Services
  - #3. Win-Win Growth with Suppliers
  - #4. Reinforcement of CSR



### The Components for Fuel Cell Electric Vehicles (FCEV)

With the government’s drive to invigorate the hydrogen economy and the rising demands in the market for Environmentally friendly products, the FCEVs are gaining more and more attention. In response to such a trend of the policy, we have committed ourselves to the development and production of the components for FCEV. The enhancement of the systems used in an FCEV has a direct impact on the values of FCEVs as a product, and it is possible to enhance the efficiency of such a system by means of improving the efficiency of peripherals and optimizing the control, etc.

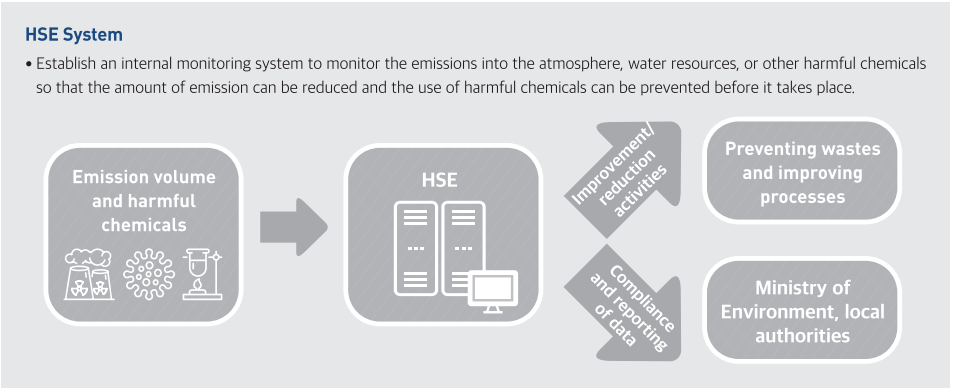
#### The Phases of Developing the Components for FCEVs



### Management of Harmful Materials

The regulations of harmful materials are tightening and expanding at the same time, especially in Europe. Consumers now see such materials differently than they did before, and manufacturers are now laden with more responsibilities. In response to the regulatory changes, HYUNDAI WIA has been inspecting the safety of all chemical materials that are used in our facilities in advance through our HSE (Health, Safety and Environment) system to prevent the use of hazardous chemicals and systematically manage chemical substances.

### Waste Emission and Hazardous Chemical Monitoring System



#### Operating an Integrated System for the Harmful Materials in Auto-parts

In 2018, HYUNDAI WIA established an integrated managed system (WMDS) for hazardous substances in vehicle parts, as a measure to respond to global regulations on hazardous substances and prevent business risks. By linking internal and external systems, we can realize integrated substance information management and respond to the changing regulations. With the operation of the hazardous substance management system, we improved the verification of chemical substance standards and the data.

#### Benefits

1. Enhance work efficiency and methodic verification of product safety.
2. Standardize of work process for managing hazardous substances in each phase of automobile development projects
3. Secure a well-organized monitoring system and enhance integrity of IMDA data
4. Increase efficiency in analyzing targets for enactment/re-enactment of regulations and development of alternative substances

#### Harmful Materials Control Items

Four heavy metals, bromine-based flame retardants, PFOA, PFAS, LCPFA, DMF, PAHS, asbestos, Act on Biocide Management, REACH, CADSL, and other materials that are regulated by South Korean or foreign governments.

#### Recycling

We have established a set of criteria to make it easier to identify recyclable and non-recyclable materials, preventing two different markings on a single item in the car scrapping process. These criteria are applied to plastic or rubber components beyond a certain threshold weight. Such measures are intended to ensure environmentally friendly business conducted through recycling our products.

#### WMDS (WIA Material Data System)

An integrated system that can efficiently manage substance information and analyze regulatory response status by linking internal system and the IMDS information\*.

\*IMDS: International Material Data System.

### Material Issue-

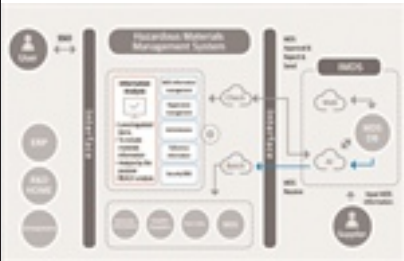
Materiality Assessment

#1. Creation of Future Values

**#2. Environmentally friendly Products and Services**

#3. Win-Win Growth with Suppliers

#4. Reinforcement of CSR





# Material Issue- #03. Co-Prosperity with Suppliers

## Why is it important ?

Effective communication and cooperation with suppliers directly contribute to the sustainable growth of the company and the quality of our products. All our products from auto-parts, machine tools to defense business division, are made in cooperation with a range of suppliers. Under this business environment, the importance of co-prosperity is becoming more and more significant.

## Our approach

At HYUNDAI WIA, co-prosperity is one of the core values to realize sustainable business management. We organize various programs for Win-Win growth with suppliers, including training, financial support, and R&D cooperation, thereby improving internal policies and systems, internalizing fair trade practices, and strengthening competitiveness of suppliers.

### 2020 KEY PERFORMANCE

- Raised 68 billion won for the Co-Prosperity Fund.
- Executed the financial support program for our suppliers.



### OUR COMMITMENT

- Expanding support through revision of payment conditions for suppliers
- Achieve the 'Best' grade in the Mutual Growth Index

## #03. Win-Win Growth with Suppliers

### Systems for Mutual Growth with Partners

HYUNDAI WIA aims to strengthen mutual competitiveness and seek sustainable business management through fair-trade practices and shared growth. The suppliers of HYUNDAI WIA are more than business partners. They share our culture and vision as partners. We recognize that we can create greater value if we communicate and work as a team to achieve shared growth. HYUNDAI WIA and our suppliers abide by the “Act on Fair Sub-Contracting” and other related laws and regulations to ensure fair sub-contracting practices and cooperation between the parties. Also, we comply with the four practical requirements to ensure fair sub-contracting practices between large corporations and small/medium-sized suppliers that were introduced by the Fair-Trade Commission.



We designated co-prosperity as a priority for our business and seek to achieve the highest rating in the Co-prosperity Index. To achieve this, we are complying with fair-trade-related laws and regulations while helping our suppliers achieve a sound financial status. We also facilitate R&D projects and help suppliers build expertise in their fields to become more competitive with a range of support programs.

Goals	Realize sustainable business management by working with our suppliers to achieve shared growth		
Core strategies	1. Continued improvement of the system	2. Establish fair trade practices	3. Help the suppliers to become more competitive
Tasks	<ul style="list-style-type: none"><li>• Profit sharing program, with expanded eligibility</li><li>• Expand Co-prosperity Payment Program in two phases.</li><li>• Increase the proportion of the payments made out in cash.</li></ul>	<ul style="list-style-type: none"><li>• Adopt and comply with the four major requirements by the Fair-Trade Commission.</li><li>• Introduce the Standard Contract recommended by the Fair Trade Commission in three phases.</li></ul>	<ul style="list-style-type: none"><li>• Increase the amount of available financial support, including the Co-prosperity Fund.</li><li>• Proactively adjust the unit price paid out to the suppliers.</li><li>• Expand training programs related to capacity building of suppliers.</li></ul>
Supporting Organization	The Secretariat of Co-prosperity		
Roles	<div><div><ul style="list-style-type: none"><li>-Purchasing</li><li>• Establish and operate the co-prosperity policies and programs.</li><li>• Adopt the four major requirements for fair trade and introduce the Standard Terms and Conditions of Subcontracting.</li><li>• Check the sub-contracting status and VOC activities for the suppliers.</li></ul></div><div><ul style="list-style-type: none"><li>-Finance and others</li><li>• Provide financial support and improve the payment method for the suppliers.</li><li>• Operate a joint program to protect the intellectual properties of suppliers and develop new technologies together.</li><li>• Support marketing efforts of suppliers to develop new markets and customers.</li></ul></div></div>		
Core values	Fairtrade/transparency in business conduct/co-prosperity		

## Material Issue-

### Materiality Assessment

- #1. Creation of Future Values
- #2. Environmentally friendly Products and Services
- #3. Win-Win Growth with Suppliers
- #4. Reinforcement of CSR

The Establishment of a New Internal Organization in Charge of Supplier Cooperation Team

HYUNDAI WIA has formed an internal organization called the “Co-prosperity” since 2019. The purpose of this organization is to serve as the unified window for co-prosperity-related practices and processes to ensure the consistency in the implementation of the company’s policy and enhance the control over the risks of violating the Sub-contracting Act. The team is responsible for the overall management of any issues related to co-prosperity, with a view to strengthen the bond of co-prosperity with our suppliers. The scope of services of this team includes preparing for a fair-trade agreement, auditing the sub-contracting practices of the company, and organizing meetings such as cooperation gatherings or VOC excursions.

The Scope of Responsibilities for the Dedicated Internal Organization for Co-prosperity

Items	Description
Signing a fair-trade agreement	<ul style="list-style-type: none"><li>Entering into a fair-trade agreement between HYUNDAI WIA and the Fair-Trade Commission.</li><li>Evaluate and select the companies to sign a fair-trade agreement with.</li><li>Manage the performance of the fair-trade agreement.</li><li>Manage the revision of the four major requirements on sub-contracting as well as the base purchase agreement.</li></ul>
Satisfaction review	<ul style="list-style-type: none"><li>Consider and select the suppliers that are to be surveyed for satisfaction level.</li><li>VOC Excursion activities; promoting our co-prosperity programs.</li><li>Implement the profit sharing program and manage the performance.</li><li>Participate in the buyer meetings organized by the government.</li></ul>
Documentary review of sub-contracts	<ul style="list-style-type: none"><li>Consider and select the parties to receive a documentary audit for sub-contracting.</li><li>Check and improve the compliance risks within the company with regard to sub-contracting.</li></ul>
Cooperation Meetings	<ul style="list-style-type: none"><li>Forming the Cooperation Body and organizing the regular meetings and contingency discussion gatherings.</li></ul>
Compliance	<ul style="list-style-type: none"><li>Participate in and respond to the new policy briefings given by the Fair-Trade Commission/Co-Prosperity Commission.</li><li>Participate in the group-wide work group meeting for co-prosperity.</li></ul>

Management and Current Status of Suppliers

HYUNDAI WIA is in a business relationship with 1,314 suppliers in South Korea and other countries as of 2020. Also, in July 2020, the company introduced the Code of Conduct for Suppliers to ensure that our suppliers comply with the codes and honor their social liability as the co-prosperity partners of HYUNDAI WIA. HYUNDAI WIA has set customer satisfaction as its primary goal and manages its suppliers with an objective to form ‘a Sustainable Value Chain.’ We evaluate the credit ratings of our suppliers on a regular basis, in addition to our evaluation of non-financial aspects such as the quality, technology, safety, ethics, and co-prosperity policies, with a view to honor our social responsibility together with our suppliers.



Suppliers’ Code of Conduct

Our suppliers

[Unit: 100 million won]

Items	South Korea	International	Total
2018 No. of suppliers	1,330	267	1,597
Purchase Amount	58,489	5,643	64,132
2019 No. of suppliers	1,344	253	1,597
Purchase Amount	51,634	4,908	56,542
2020 No. of suppliers	1,106	208	1,314
Purchase Amount	39,605	3,732	43,337

Evaluating and Selecting Our Suppliers

All over the world, the social values of businesses are becoming more and more important. In accordance with such a trend in our society, HYUNDAI WIA is committed to practice green purchasing and increase the share of Environmentally friendly products among our purchases. Also, when we select our new suppliers, we evaluate the non-financial performances of our candidates, like their commitment to the environment, ethics, human rights, and safety, in addition to their quantitative performances regarding quality management systems, quality performance, and credit ratings.

Supplier Evaluation and Selection Process

1.The preliminary evaluation of suppliers

- Conduct the evaluation of our suppliers in terms of the financial performances, quality management, safety, environment, human rights, and ethics in a comprehensive manner to decide whether to continue doing business with them.



2. The establishment of the scheme for the operation of the suppliers

- Register the suppliers that satisfy the evaluation criteria. Organize a pool and pre-define the tendering process.
- Enhance the competitiveness of the supply chain through the formation of a competitive system among suppliers.



3. Quotation, bidding, and signing of the contract

- Conduct fair and transparent business transactions.
- Online bidding through the AONE Purchasing System.
- The suppliers are selected in consideration of their price, lead time, quality, ethics, environment, and safety of the suppliers.



4. Evaluation of the suppliers

- Manage the suppliers and check the evaluation items.
- Cultivate the suppliers to strengthen the SCM.
- Apply benefits and disciplinary actions when the supplier is bidding for a new project or signing a contract depending on the result of the evaluation.

Material Issue-

Supplier Evaluation Criteria

Item	Detailed evaluation criteria	Score
Management system 1	<ul style="list-style-type: none"><li>Availability of the compliance program for the workers’ safety and environment.</li><li>Strategies for designating safety and environmental hazards and their management.</li><li>The response process in the face of a danger.</li></ul>	4
Management system 2	<ul style="list-style-type: none"><li>The supplier’s internal assessment criteria for safety and environment and the processes for improve them.</li><li>The strategies to respond to the safety and disaster risks of sub-contractors.</li></ul>	8
Organization and field management	<ul style="list-style-type: none"><li>The company’s safety and environment management organizations; the R&amp;R rules within and between organizations</li><li>The internal and external safety and environment education in place.</li><li>Posting safety rules and signs in a clearly visible manner within the work sites.</li><li>Installation of the accident prevention equipment/facilities to control the hazards (risk factors) within the work sites.</li></ul>	12
Practice/audit	<ul style="list-style-type: none"><li>Reflect the results of the evaluation of safety management and performances to the internal KPI.</li><li>Regularly evaluate the safety and environment; execute and manage the improvement measures.</li><li>Environmental Management System (ISO14001) certificate.</li></ul>	16
Advancement	<ul style="list-style-type: none"><li>Appoint the designated persons for safety and environment management.</li><li>Conduct annual drills and prepare backup business facilities for the restoration after a disaster.</li><li>Continuity Certificate (ISO22301) in preparation for a possible disaster or accident.</li></ul>	20

\*The suppliers are subject to annual, regular evaluation (Q5 STAR), of which the results will be considered when evaluating their bids.

Signing of the Fair-Trade Agreements

HYUNDAI WIA has been signing the annual fair-trade agreements with our suppliers every year, in order to strengthen our teamwork with the suppliers and ensure co-prosperity. For this purpose, we have introduced the ‘Four Major Requirements’ to be followed in sub-contracting and have been visiting our suppliers or made other communication efforts to listen to what they have to say and communicate our ideas, with a view to identify issues and prevent unfair business conducts before they take place.

Evaluation of the Performance of fair-trade by the Fair-Trade Commission



Improving the proportion of the cash payment extended to the suppliers that signed a fair-trade agreement with HYUNDAI WIA

2018	2019	2020
36.2%	55.2%	95.4%

\*As of 2020, HYUNDAI WIA is paying cash to any suppliers of which the total sales is less than 100 billion won. Currently, more than 90% of all purchases of the company are paid for in cash.



GPC Training Performances

Conglomerates	
Supplier	Trainees
2	126
Large corporations	
Supplier	Trainees
9	595
Small and medium businesses	
Supplier	Trainees
16	158
Total	
Supplier	Trainees
27	879

Supplier Co-prosperity Activities

HYUNDAI WIA is honoring its co-prosperity agreements in good faith, while we also provide our suppliers with co-prosperity programs of different kinds. We will continue our efforts to a model company in terms of fair-trade and co-prosperity and remain dedicated to our efforts to grow and succeed together with our suppliers.



Suppliers Training

With protectionism creeping over the global market and the growth momentum stalling, HYUNDAI WIA has been supporting our suppliers through training, so that we can strengthen our value chains. We have prepared and been operating various training programs for quality, safety, security, and more, while the suppliers are determined to become our partners for the future. In 2020 alone, we provided 146 sessions of 97 training courses, in which 1,271 employees from our suppliers participated.

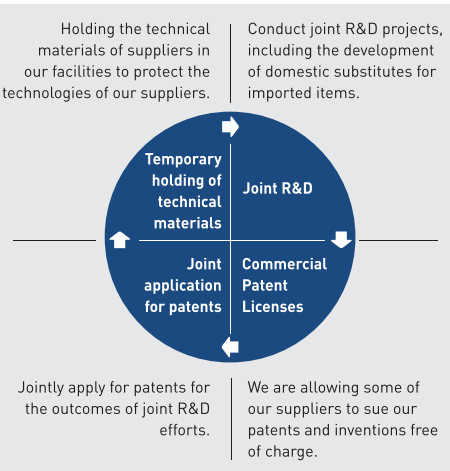
Training provided to our suppliers in 2020

(Unit: persons)

Item	Course	No. of cycles	No. of persons
Boosting quality awareness and building up capabilities.	76	118	1,161
Building up technical capabilities.	10	6	55
Building up job capabilities.	11	22	55
Total	97	146	1,271

R&D Cooperation

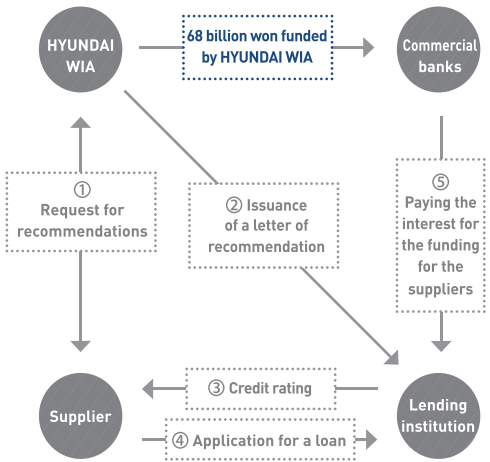
To help our suppliers build up their R&D capabilities, HYUNDAI WIA has been engaged in many joint R&D projects and joint patent application programs. Some of our suppliers have even been allowed to use our patents free of charge, as a part of our joint R&D program. Especially in 2020, we conducted our GPC training to help our suppliers with their R&D activities even further.



Financial Support

HYUNDAI WIA has been operating various financial support programs for our suppliers to ease their financial strains and help them secure more liquidity. This include one of our key programs, the 68 billion-won-worth co-prosperity fund and the revision of the payment term staring from 2020, which led us to pay any SMB suppliers of us of whom the sales is less than 100 billion won the full amount of the purchase in cash, within 10 days.

Co-prosperity Fund



Payment Terms of HYUNDAI WIA

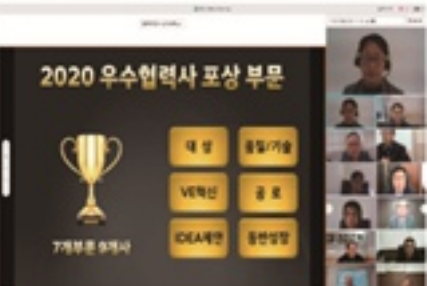
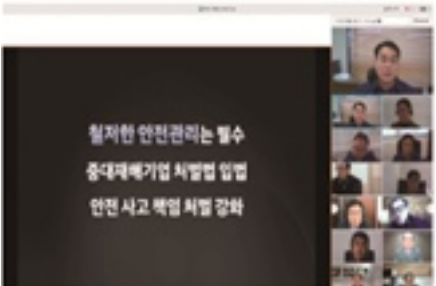
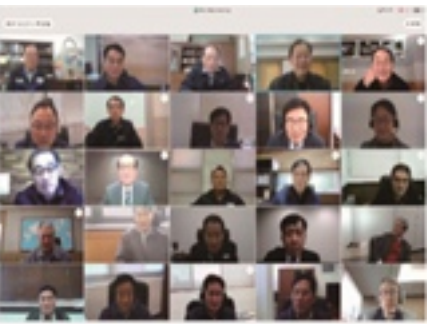
Conglomerates	Payment Term
• SMBs of which the total sales is less than 100 billion won	Cash
• Corporate suppliers of which the total sales is less than 300 billion won	60 days loans backed by foreign exchanges
• Other companies	120 days loans backed by foreign exchanges
• Common	Cash
- Any purchase less than 100 billion won as of the weekly or monthly closing.	

HSE Support for Suppliers

HYUNDAI WIA is providing financial aids to twelve of our suppliers to help them get the ISO 14001 certificate and (environment), ISO 45001 (safety) (by paying the certification fee for them). We aim to help these suppliers to achieve the certificates by October 2021, with more suppliers subsequently becoming eligible for the next round of support for their safety and environment management.

Co-prosperity Events

We held our Partnership Day event for 2021 in the month of January online due to the COVID-19 pandemic. The Partnership Day event is held one a year to help the Cooperation Group that has been establish jointly with our suppliers to strengthen our partnership. Our executives and the CEOs of the suppliers met to share the vision of HYUNDAI WIA and strength communication and cooperation during this event, in which 120 CEOs (100%) of the member companies of the Cooperation Group joined 27 executives of HYUNDAI WIA.



Material Issue-

Materiality Assessment

- #1. Creation of Future Values
- #2. Environmentally friendly Products and Services
- #3. Win-Win Growth with Suppliers
- #4. Reinforcement of CSR

# Material Issue- #04. Strengthening the CSR

## Why is it important ?

Today, the demands and interest in the social responsibilities of businesses is growing. That is why HYUNDAI WIA has been providing not only financial contributions to the society but also engage in volunteer activities based on the nature and expertise of our business. With these supports and activities, HYUNDAI WIA is building up our CSR footprints.

## Our approach

HYUNDAI WIA has established a roadmap and implementation strategy for better-organized CSR activities. With these, we aim to encourage our employees to voluntarily participate in these activities and take advantage of our expertise/experience as a business, as we fulfill our responsibility as a member of our society. And also, we actively identify the needs through the community communication channel that is operated regularly once a year.

### 2020 KEY PERFORMANCE

- Provided more than 120 vehicles to the mobility improvement program.
- More than 2,818 accumulated beneficiaries of our Green School Program.



### OUR COMMITMENT

- Shifting our focus from donations to volunteer activities.
- Reaching out further in our global CSR efforts.

## #04. Building Up Our CSR

### CSR Implementation Strategies

HYUNDAI WIA has been engaged in our social contribution programs to pave the way to social innovation, by means of providing our resources, talents, technologies, and capabilities. Our CSR strategy is based on the unique nature of our business, and we exert our efforts in a methodical manner to respond to the climate change, support the local communities growth, enhance mobility, and encourage our employees to volunteer.

### CSR Implementation Strategies

#### Communicating with the stakeholders

Improve the reputation and the level of our contribution to community.

#### Developing comprehensive synergy

Help our stakeholders growth and proper with us as we create shared values.

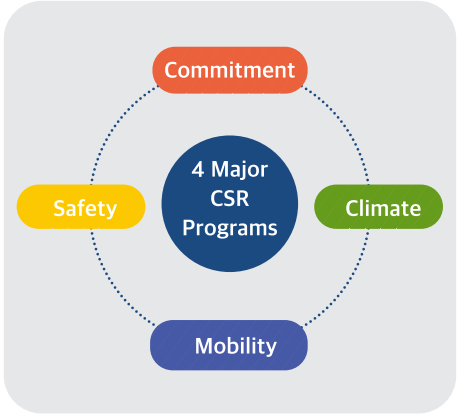
#### Managing risks

Build a management system for safety, environment, labor, and culture.

#### Leading the way to social innovations

Secure the energy and resources we would need to keep growing in the future, while considering their social impacts.

### Direction of CSR implementation



### 4 CSR Programs

#### Climate

Protect the environment and fight climate change

#### Mobility

Help those in need help with their mobility issues

#### Safety

Improve road safety and social security.

#### Commitment

Engage in volunteer activities, both with our employees and our customers



### Material Issue-

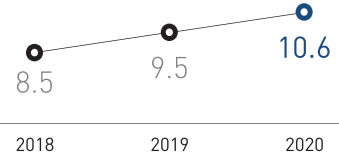
#### Materiality Assessment

- #1. Creation of Future Values
- #2. Environmentally friendly Products and Services
- #3. Win-Win Growth with Suppliers

#### #4. Reinforcement of CSR

### Annual CSR activities cost

(Unit: 100 million won)





Climate

Make our green planet sustainable.

Clean air and mighty forests protect our health and lives. Those small things all of us do everyday will pay off by cleaning the air of the mirky fine dust in the air and restoring life in the polluted lands, from which new hopes will sprout. Our precious planet will regain its glory and health once again if we all work together as a team.

Key Activities



HYUNDAI WIA's green school

HYUNDAI WIA's Green School is a social contribution program that improves the environment of elementary schools to leave children free from fine dust caused by exhaust fumes. To help children be able to breathe clean air indoors, we plant trees around the school, provide air purifiers and air-purifying plants to schools and local children centers. HYUNDAI WIA as a powertrain manufacturer conducts various activities to alleviate social issues regarding exhaust fumes and fine dust.



Mobility

Everyone deserves the thrill of travel

We support the freedom of movement for everyone. Everyone must be allowed to move as they wish and travel whenever and wherever they want. We present a life with freedom of travel to those who are marginalized from transportation and suffer limitation in their traveling, so that they can enjoy a life full of freedom to go anywhere, whenever they like.

Key Activities

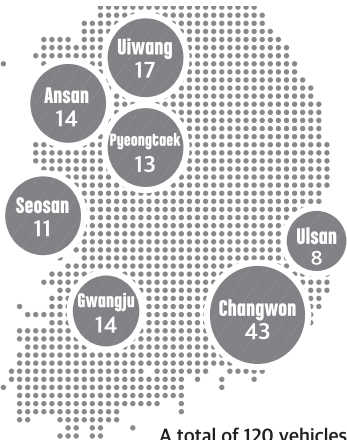


Dream Car

HYUNDAI WIA's Dream Car program aims to donate vehicles to those in need in our communities. Since 2013, we have donated a total of 120 automobiles including special vehicles equipped with wheelchair lifts and bathing busses to welfare centers. Now, everyone can enjoy the freedom of travel and ease of movement.



Accumulated number of donated vehicles



A total of 120 vehicles donated  
(from 2013 to 2020)

Safety

Experience safety for everyone.

Safety is not free. You need the right tools and training to protect yourself and others from danger. We help you stay informed and safe.

Key Activities



Traffic-Safety Backpack Cover Give out

In this program, we give out 'safety backpack covers' for children who are more vulnerable to the traffic-related risks on the street. These safety covers are painted with fluorescent paints making them more visible to the drivers, helping them stay clear and prevent accidents. In 2020 alone, we handed out more than 50,000 of these safety covers to the elementary schools across the country. With our program, we, as one of the leaders of the automobile industry, ensure the children can truly be safe in the school zone, where tragic accidents have been repeating themselves unfortunately.



Commitment

Make the world a better place.

We remember the joy of sharing and envision a world in which everyone can be happy together. We share our talents and recourses and overcome the barriers of languages and cultures to deliver the warmth in our heart. HYUNDAI WIA leads the way to help more people realize the value of sharing and progress into a brighter future.

Key Activities



Miracle of 1%

The Miracle of 1% is one of our key social contribution activities, in which our employees voluntarily donate 1% of their salary to local communities. Since the first donation in October 2012, over 2,000 employees participate in this program every month. Over KRW 600 million of fund is raised each year to help low-income households, people with disabilities, and other socially-vulnerable groups of people. HYUNDAI WIA's employees will continue to participate in this program not just to contribute to domestic and overseas communities, but also to make the value of sharing recognized as a universal value across society.



Employee Volunteer Group

Our Employee Volunteer Group is a social responsibility program of HYUNDAI WIA where our employees are encouraged to participate along with their family members to help those in need in our society. The program has now moved to online due to COVID-19 pandemic, and the participants can now join the fun from the safety of their home. HYUNDAI WIA goes very far to support and encourage our employees to volunteer in these activities to create a sound corporate culture and honor our social responsibilities.




Materiality Assessment

- #1. Creation of Future Values
- #2. Environmentally friendly Products and Services
- #3. Win-Win Growth with Suppliers

#4. Reinforcement of CSR





# ESG FACTBOOK

Environmental	044
Social	054
Governance	066
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# ESG FACTBOOK

## #01.Environmental

Climate change is now the big issue not only in South Korea but also in the entire world. In South Korea, along with the worldwide climate change, people are concerned about fine dust, water resources, and more. We aim to minimize our environmental footprint and help maintain the sustainable ecosystem. To do this, we employed more strict criteria and standards than the government regulations to respond to the environmental issues with full commitment. We also established a robust system to ensure the safety in our workplaces and continue participating in the global initiative CDP and manage our suppliers in a way to ensure a safe and clean future.

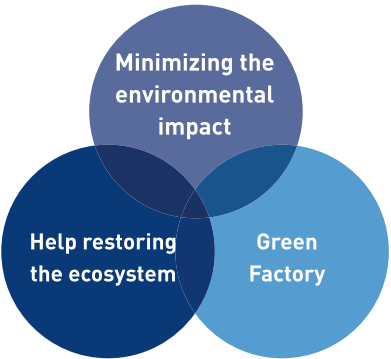
## #01.Environmental

### Environment Management

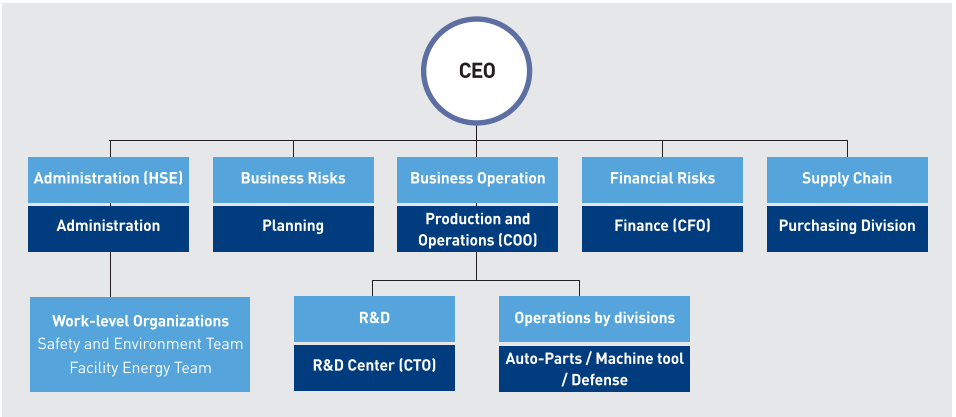
#### Environment Management System

We are dedicated to reducing our pollutants to zero and establish a clean management system, so that not only our business facilities but also local communities can live free of pollution. We have introduced and practicing the environmental management practices in ISO14001:2015 and use more strict criteria/standards than the official regulations to realize our vision of 'Green Factories' by reaching our internal goals and implementing everyday activity programs.

“Minimizing our environmental impact and maintaining a sustainable ecosystem.”



#### HSE management organizations and implementation systems



#### Five Missions for Innovation in Environmental Management

To realize our vision of 'Minimizing Environmental Impact and Maintaining a Sustainable Ecosystem,' HYUNDAI WIA has selected five missions for innovation in consideration of the environmental issues in our business facilities as well as the planet. We have openly announced these five missions and continue to work on preserving the environment.



## ESG FACTBOOK

ESG FACTBOOK

#1. Environmental

#2. Social

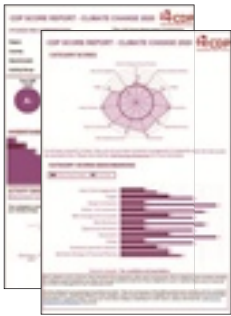
#3. Governance

#4. Economic

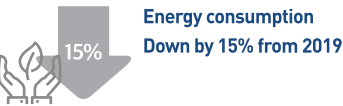
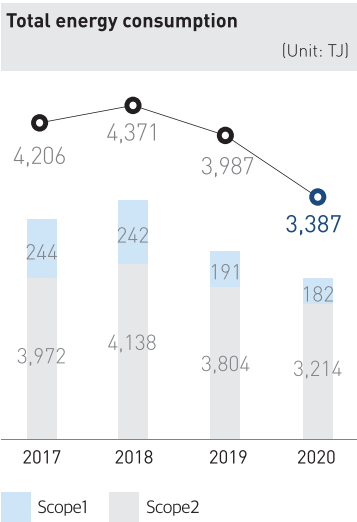
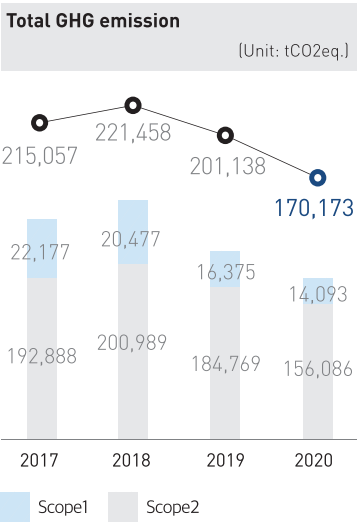


ISO 14001





HYUNDAI WIA's CDP Report



GHG and Energy

Keeping GHG and energy under control

HYUNDAI WIA has been designated as a recipient of emission training quota since 2014. Since then, we have been filing our emission report to inform the government of our GHG footprint. We now have the MRV\* system to monitor the GHG emission and calculate the amount of energy we use. Regular upgrades are being provided for these systems, as well. To reduce GHG emission and energy consumption, we are monitoring the energy efficiency of the equipment that consumes a lot of energy in our business facilities, with a view to reduce the amount of energy we use by replacing or upgrading it in a timely manner. We have also established our presence in the energy trade market, focusing on the rationalization of our energy use.

\*MRV: monitoring, reporting, and verification

The 10th Climate Change Grand Leaders' Award (Corporation Section)



GHG and Energy-Related Activities

HYUNDAI WIA has prepared a report to participate in the CDP in 2020. We continue our efforts to join global initiatives and take preemptive action to respond to climate change. These efforts paid off, when we were awarded with the 'Special Prize for 2020 CDP Korea Award' by 'CDP South Korea Committee,' as well as the '10th Climate Change Grand Leaders' Award' (Corporate Sector) by the 'Climate Change Center.' HYUNDAI WIA will stay focused on investing in the environmental facilities to reduce our GHG emissions and reach our 'net-zero' target by the year of 2050.

2020 CDP Korea Award Special Prize



Mid/Long-Term Roadmap for the Emission Trade Program

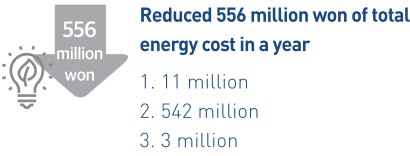
- Analyze the emission trends during the 2nd and 3rd Phases of the Emission Trade Program to assess the shortfall or excess of the emission rights.
- Monitor the government's regulations and estimate the price of emission rights to preemptively respond to the risks involving greenhouse gas emission rights.
- Establish a system of emission trade by setting up the emission right transaction process and internal carbon prices.

Reducing our GHG Emission and Energy Consumption

HYUNDAI WIA has been continuing our efforts to reduce energy consumption and GHG emission across all our factories and facilities. Some of our efforts to utilize renewable energy includes our PV panels on the rooftop of our employee dormitory building. Dated, or low-energy-efficiency models and equipment are removed and replaced by newer, more efficient ones. And, our WEMS (WIA Energy Management System) can improve our energy efficiency and reduce the overall consumption. We also installed high-efficiency water-savers to make an actual difference in terms of the amount of water we use.

2020 GHG/Energy Reduction Activities

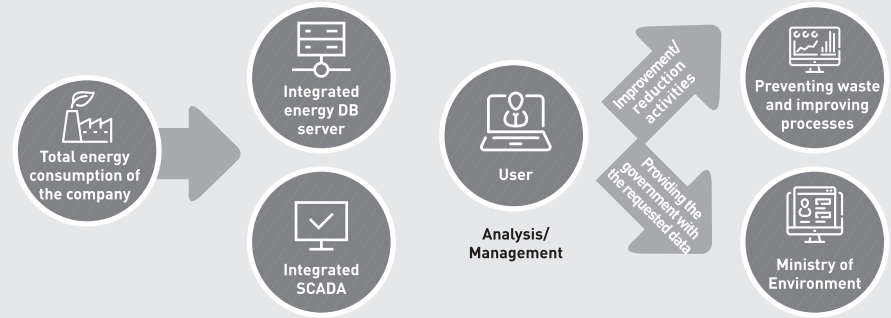
No.	Investment Project Name	Locations
1.	Upgrade to high-efficiency motors (compressors)	Ansan
2.	Participating in the energy-trade market	Changwon
3.	Water saving activities (installing high-efficiency water savers)	Gwangju, Ulsan



Mid/Long-Term Roadmap for the Emission Trade Program

WEMS(WIA ENERGY MANAGEMENT SYSTEM)

- A corporate level system to monitor and analyze our energy consumption pattern to save energy and comply with the government's energy policy (including the emission trading program).



The Case of GHG Reduction and Energy Saving

- Reducing the GHG emission and energy use by installing and running PV panels on the rooftops of the employee dormitory building.
- Date of installation: November, 2017  
-Output: 5kW  
-Loads: 220V, shared





Minimizing Our Environmental Impact

Keeping the Air Clean

HYUNDAI WIA signed the 'Voluntary Agreement for Environment to Reduce Fine Dust' within Gyeongnam Province in 2019. This agreement is renewed every five years and serves as the basis for us to work with the province in reducing our emission of dust particles, sulfides, nitroxides, and volatile organic materials, as we submit our records for dust particle emission and inspection of the pollutant-emitting facilities and pollution control facilities, or adjust the hours of operation of such equipment. We also have the HSE system in place to monitoring and control 17 pollutant items, such as Sox or Nox.

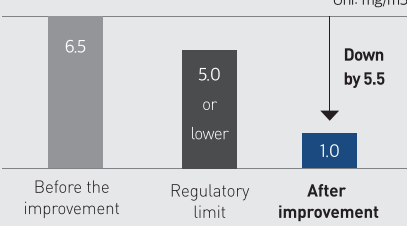
Investing in Clean Production Technologies – Cases

Casting Line Heat Preservation Process Improvement

• In accordance with the requirements of our customers regarding environment protection, we invested in the improvement project for the heat preservation facilities in our casting line of Changwon Plant. The dust level in the working environment was also lowered as a result of this investment to provide a healthier working environment to our workers. We expect 11.5 million won can be saved in our energy bill, with a good boost for our reputation.



Dust level in our work environment



Air Pollutants under Control

We monitor and keep various air pollutants under control and disclose how much each of these was released. We will develop reduction plans for each of these pollutants and focus our efforts on continued management and improvement.

Water Resources Management

Today, the world is facing unprecedented risks surrounding our resources. HYUNDAI WIA is dedicated to make a difference with this challenging situation, as well.

Our efforts include installing water-saver devices in our business facilities. These devices are highly efficient and useful in saving water. We also introduced and implemented internal water pollution and management standards to keep an eye on this issue. We use physical and chemical processes to treat wastewater, and the final outlet of our treated waste water, Deokdong Water Recycling Center, has been working with us and established robust communication to manage our precious water resources.

Water Pollutants of Different types

HYUNDAI WIA discloses the treatment results of wastewater at our Changwon Factory 1 and Changwon Factory 2. In the future, we will continue monitoring these pollutants and perform water quality enhancement activities following the findings of these monitoring efforts.

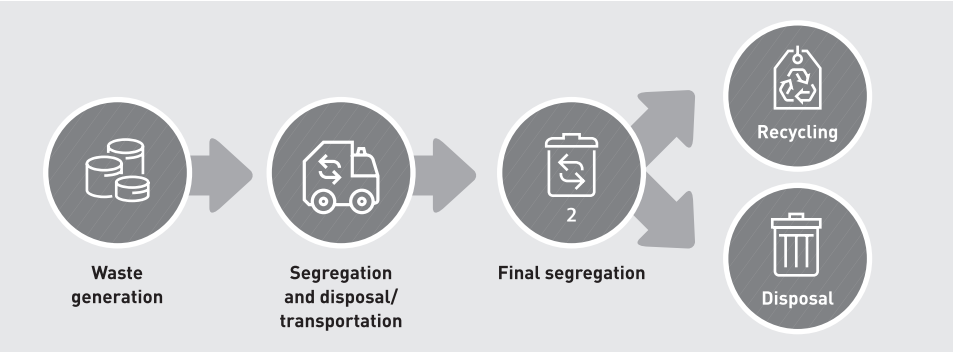
Management of Wastes

We monitor the entire process of waste generation, transportation, and treatment to reduce our emission footprints and increase recycling. Some of the waste materials that can be recycled are held and treated separately. This resulted in more than 90% of our waste materials being recycled, which is a considerable resource recycling rate. We will continue our efforts to prevent waste of resources in the future.

Waste Volume and Recycling

We disclose the volume of ordinary and designated waste volume, as well as how they are treated, how much of them are treated, and how much money we spend in doing so.

Waste Treatment Process



Chemical Accident Prevention and Control

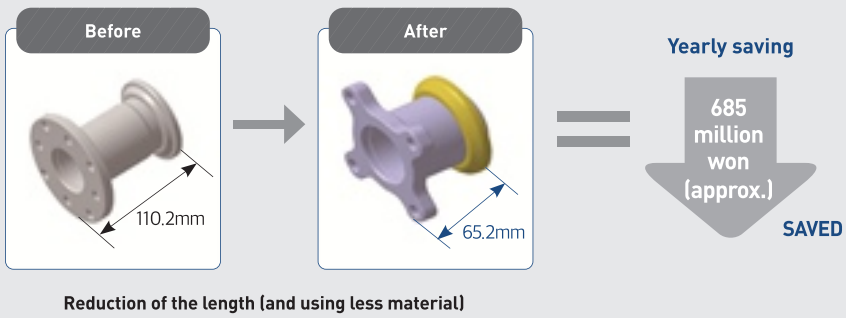
At HYUNDAI WIA, we have a committee to prevent the accidents caused by chemicals and engage in prevention activities.

The Joint Chemical Accident Prevention Committee is a body of interested parties, including the Nakdong River Regional Office of Environment, Community Service Centers, and eleven businesses located near the City of Changwon, to prevent and respond to chemical accidents. With this, we perform our quarterly rounds of prevention activities to monitor the latest trends in the laws and regulations and share the cases of accidents. We also have our weekly checklist to check our facilities and equipment every week.

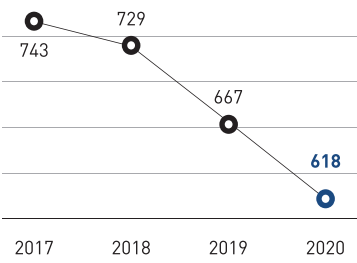
The cases of saving our main and secondary raw materials

Changing the specification of the rear flanges

- We reduced the length of our rear flanges to reduce the amount of materials used to make them, thus enhancing the efficiency of the way we use our recourses.



Water Consumption (Unit: 1,000 tons)



Checking Our Environmental Risks

To us, it is important to remove the potential environmental risks and identify hazards before they become a problem. This is an essential part of making the conduct of our business a sustainable one. Based on our environmental conduct manual, we run risk factor checks on a regular basis for each of the check items and categories. Some special inspections are applicable to the items such as fine dust particles or odor, as they are closely linked to social and environmental issues at the same time. We do daily and monthly inspections of the five key areas, including air pollution prevention facilities, as a part of our special inspection programs to respond to social and environmental issues including fine dust particles and odor.

Regular inspections

Items	Operating Department	HSE Department	Key Inspection Items
Air Pollution Control Facilities	Daily	Monthly	Check for the compliance with the laws and regulations and ensure proper operation.
Third-party Waste Water Storage Facilities	Daily	Monthly	Check the management and compliance of the outsourced storage facilities.
Toxic Material Handling Facilities	Daily	Monthly	Check for the compliance with the requirements to secure the necessary equipment and facilities.
Waste Storage Facilities	Daily	Monthly	Check for the compliance with the criteria for storing waste materials.
Soil Pollution Control Facilities	Daily	Monthly	Check for the management of the oil storage facilities; monitor the facilities for any leakage.



Environmental Practice Manual



Our Activities to Reduce the Environmental Impacts and Protect the Ecosystem and the Environment

1. Activities to Reduce our Environmental Impacts

1) 1-Company 1-Stream Campaign

We carry out 1-Company 1-Stream Campaign each year around Gaeumjeong Stream in Changwon, Gyeongsangnam-do to improve the water quality of local communities and restore the diversity of the aquatic ecosystem. With the participation of employees, we clean up the environment around the stream, remove plants that disturb the ecosystem, and monitor water quality to create a clean waterfront area.



2)'Revive the Masan Bay' Agreement

HYUNDAI WIA has built a seamless and well-organized system to work with 16 government authorities, including the City of Changwon, to restore the clean environment of the Masan Bay. Along with community outreach activities for clean sea water and reduced plastic usage, we are fully committed to reduce pollutants in the bay.



2. Protecting the Ecosystem

1) Acorn Piggy Bank

Acorn is food for various wild animals such as chipmunks, squirrels, and jays. These animals sometimes get killed by accidents when they leave their natural habitat in search for food. In response, HYUNDAI WIA began the 'Acorn Piggy Bank' campaign that returns acorns to wild animals in forests. This campaign not only helps to take care of the forest so that wild animals are not left food-deprived, but also brings employees much joy for their act of protecting the environment.



2) Biodiversity Preservation Agreement

HYUNDAI WIA has entered into a group agreement to preserve the biodiversity in the city of Changwon, with the parties from the private sectors, academic communities, and government authorities. This program included a survey of animals and plants in the city and a series of biodiversity protection activities based on the findings of the survey. We understand biodiversity as a valuable resource and support the idea of building an eco-friendly city where the people can coexist with the nature, all in an effort to preserve a sustainable ecosystem.



ESG FACTBOOK

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Biodiversity Preservation Agreement with the City of Changwon



'Revive the Masan Bay' Agreement



Quantitative Environment Performance Data

GHG emission and reduction

Item		Unit	2017	2018	2019	2020
GHG emission	Total emission [Scope 1, Scope 2]	tCO2eq	215,057	221,458	201,138	170,173
	Scope 1 Emission		22,177	20,477	16,375	14,093
	Scope 2 Emission		192,888	200,989	184,769	156,086
	Unit cost of GHG emission [Scope 1]	tCO2eq/100 million won	5.29	5.31	4.77	4.35
Reduction in the emission of GHG		tCO2eq	228	371	350	83

\* GHG emissions can be different from the sum of scope 1 and scope 2 emissions depending on the standard for aggregation after trimming the unit for business sites.  
\* The figures include CO2, CH4, N2O, HFCs, PFCs and SF6 defined in Clause 9 of Article 2 of the Framework Act on Low Carbon, Green Growth.  
\* The figures are calculated in accordance with the emission report and certification guidelines presented by the GHG Emission Trading Scheme.

Energy Consumption

Item	Unit	2017	2018	2019	2020
Total energy consumption	TJ	4,206	4,371	3,987	3,387
Electricity (indirect energy)		3,972	4,138	3,804	3,214
Fuel (direct energy)		244	242	191	182
Other (steam, etc.)		0	0	0	0
Original energy unit consumption	TJ/10 billion won	10.34	10.48	9.45	8.66

\*Based on the emission trade program rules, the total amount is not the same with the sum of the direct energy and the indirect energy. [Calculate the sum of the rounded energy use amount for each company.]

Water Resources

Item		Unit	2017	2018	2019	2020
Water	Total water usage	1,000 tons	743	729	667	618
	Unit cost of the water usage	1,000 ton/100 million won	18.27	17.49	15.81	15.80
Waste water treatment	Total waste water volume	Tons	4,335	4,767	5,415	6,494
	Waste water treatment method		Physical and chemical treatment	Physical and chemical treatment	Physical and chemical treatment	Physical and chemical treatment
	Name of the final outlet		Deokdong Waste Water Treatment Center	Deokdong Waste Water Treatment Center	Deokdong Waste Water Treatment Center	Deokdong Waste Water Treatment Center
	Volume of treated wastewater		751	896	780	968
	The volume of the wastewater treated by a contractor.		3,584	3,871	4,635	5,526
	The unit cost of waste waster	Tons/100 million won	0.11	0.11	0.13	0.17

Our Investment in Environmental Facilities

Item	Unit	2018	2019	2020
No. of investment cases (planned/executed)	Cases	9/11	5/6	14/14
Invested amounts (planned/executed)	1 Million won	4,848 / 2,544	392 / 1,768	1,111/1,376

\*One of the investment cases listed in 2018 continued throughout 2018 and 2019. [The dust collector installation project for Geonok.]

Air Pollutant Emission Volume

Item		Unit	2017	2018	2019	2020
Air pollutant management	Air pollutants emission volume	Ton	25.7	24.6	30.5	23.6
	NOx (nitrogen oxide)		0.7	1.5	-	497.3
	SOx (sulfur oxide)		2,140.0	-	-	-
	Dust		17,220.0	14,170.0	22,460.0	9,766.6
	Lead and relevant compounds		86.2	361.0	5.1	26.7
	Nickel and relevant compounds		44.5	27.5	17.1	9.7
	Copper and relevant compounds		51.1	31.6	1.7	9.3
	Zinc and relevant compounds		317.1	342.9	197.7	160.9
	Cadmium and relevant compounds		3.0	23.1	1.3	0.3
	Chrome and relevant compounds	Kg	339.2	280.6	82.4	18.8
	Dichloromethane		114.8	329.9	161.6	149.7
	Fluoride compound		32.6	14.1	13.4	19.8
	Hydrogen cyanide		99.6	23.0	5.3	55.2
	Ethylbenzene		-	-	126.6	144.5
	Hydrogen chloride		241.4	315.9	290.1	269.3
	Hydrocarbon		3,819.4	7,084.9	6,654.3	11,363.4
	Trichloroethylene		1,174.5	1,635.9	421.0	1,062.2
	Formaldehyde		11.6	14.4	144.6	66.8

Waste Water Treatment

(ppm, kg)

Item		2017		2018		2019		2020	
		Density	Volume	Density	Volume	Density	Volume	Density	Volume
Waste water treatment	COD	12.69	11.25	12.80	13.94	8.70	8.85	5.20	4.88
	BOD	-	-	-	-	0.60	0.58	0.30	0.28
	SS	2.70	3.31	1.00	4.02	10.00	13.00	4.00	3.76

Waste Materials and Recycling

Item		Unit	2017	2018	2019	2020
Waste materials volume	Ordinary wastes	Ton	34,647	33,299	28,060	19,681
	Designated wastes		5,694	6,666	7,656	6,967
	Cost per volume	Ton/100 million won	0.99	0.96	0.85	0.68
Waste materials treatment	Recycling	Ton	37,502	37,392	32,221	24,367
	Incineration		2,571	2,059	3,137	2,244
	Landfill		268	513	50	37
Waste treatment cost	Outsourced treatment cost	1 million won	1,417	1,427	1,563	1,461
	Earnings from selling		747	715	636	457

\*MIP per production volume

Chemical Emission

Item	Unit	2017	2018	2019	2020
Chemical emission	TCE	12.9	15.5	10.9	7.1
	Chrome	0.33	0.27	0.044	0.009
	Manganese	1.63	1.3	0	0
	Tin	0.37	0.26	0	0
	Copper	0.05	0.03	0.002	0.005
	Total	15.28	17.36	10.94	7.11

ESG FACTBOOK

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# ESG FACTBOOK

## #02.Social

HYUNDAI WIA has established a well-organized system to manage the safe and health affairs to ensure that our workers can work in a safe working environment. We extend these efforts to our suppliers by conducting safety training and field safety inspections. HYUNDAI WIA will continue our best efforts to ensure a clean future.

HYUNDAI WIA's employees are the powerhouse of our sustained growth. To find and hire the most talented people, we introduced our human resources development strategies and a diversity of programs. We also pay attention to our corporate culture, so that our talented workers can work efficiently and find their workplace satisfactory. We continue to communicate with them to share information and protect their human rights.

## #02.Social

### Safety and Health Management

#### Safety and Health Management System

For HYUNDAI WIA, protecting and keeping our employees and those of our suppliers is our priority. To implement an advanced, scientific HSE management system, we obtained ISO14001 and ISO 45001 certificates. All of our business facilities, including overseas outfits have introduced the HSE systems as a part of their efforts to ensure clean and safe working environment for all.

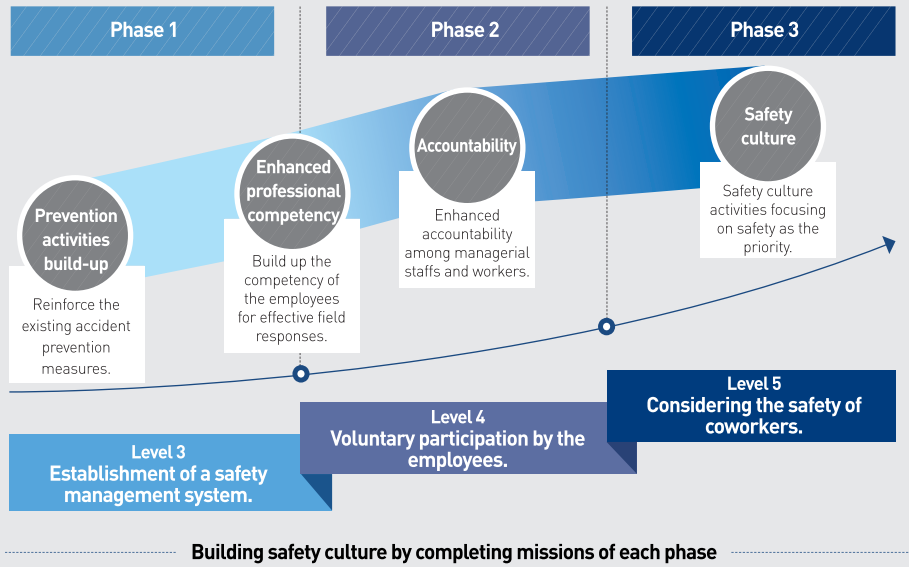
“A journey together  
toward a happier tomorrow.”  
The journey toward a better  
tomorrow starts with safety.



#### The Missions of Innovation for Safety and Health Management

Strengthen preventive measures against environmental risks	Enhance of professional capabilities for self-governed safety practices	Establish accountability in safety through evaluation systems	Establish accountability in safety through communication and teamwork
<ul style="list-style-type: none"><li>*Implement a system of preemptive actions for prevention.</li><li>*Secure golden time in an emergency.</li><li>*Build a standard model for equipment safety.</li></ul>	<ul style="list-style-type: none"><li>*Strengthen the field safety support systems.</li><li>*Enhance the employees' safety competency.</li><li>*Standardization of safety management systems.</li></ul>	<ul style="list-style-type: none"><li>*Evaluate/improve safety implementation level.</li><li>*Reward and discipline systems to ensure compliance.</li><li>*Same level of safety control in the parent company and suppliers.</li></ul>	<ul style="list-style-type: none"><li>*Field safety practice campaign.</li><li>*Build a network of safety training for employees.</li><li>*Build up the contents and services for safety culture enrichment.</li></ul>

#### Mid/long-term roadmap



## ESG FACTBOOK

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ISO45001



10 Essential Safety Rules

Five “Do”s



1. Wear the helmet.



2. Get the safety work permit.



3. Put up the safety signs/cleaning signs.



4. Get a fire extinguisher at the work place.



5. Wear the seat belt when driving a forklift.

Five “Don’t”s



1. Never use the mobile phone when driving or operating a machine.



2. Do not disable the safety mechanism.



3. Do not get under a heavy load.



4. Do not speed in the facility.



5. Do not smoke outside a designated smoking zone.

Safety and Health Activities

Building Up the Activities to Prevent Major Disasters

HYUNDAI WIA introduced the ‘10 Essential Safety Rules’ to build up our capability to ensure safety and prevent accidents, and all of our employees are required to abide by these rules. We declared our vision, “A Safety Journey Together for a Better Tomorrow” and strengthened our safety management including safety theater, PPE experience events, and VR events, with a view to reach the zero-accident and zero major disaster goals objectives and establish a culture of safety within the company.

Industrial Safety and Health Committee

HYUNDAI WIA has organized its Industrial Safety and Health Committee, which consists of the representatives of the employer and the workers (workers: 10 chapter representatives of the union; employer: 10 executives including the Head of Administration) in order to respond to the potential risks of accidents in our business facilities. The members of this committee gather regularly to discuss safety-related topics on a regular basis at each business facility, and they identify risk factors and implement improvement tasks. The key agenda of 2020 included setting the safety and health standard, establishing plans for industrial disaster prevention, and what the company can do to improve these. HYUNDAI WIA intends to reach the goal of ‘zero accidents’ via these activities, which are backed by a well-organized safety management system and our continued commitment.

Managing the Safety and Health of Our Suppliers

HYUNDAI WIA is dedicated to the social responsibility and co-prosperity obligations in terms of industrial safety and providing safety and health inspections and training to our internal and external suppliers, for the purpose of improving possible hazards and preventing accidents.

Safety Training and Inspection of Our Suppliers

Items	Unit	2018	2019	2020
Safety training	Sessions	25	50	12
Eligible suppliers		308	754	850
Environmental and Safety Field Inspections	Companies	16	17	-

\*Conducted for the suppliers of HYUNDAI WIA

Safety Ombudsman Program

HYUNDAI WIA has a Safety Ombudsman Program in place to help our employees to pay more attention to safety and build an efficient, integrated safety management process for the company. The Ombudsman program ensures immediate response to an accident upon occurrence, but its benefits do not stop there. It can help us find out possible risks and allow us to take preventive measures, in a preemptive crisis management process. Our Ombudsman Program helps us react faster to a safety situation and build a culture of safety in the work floors.

2021 HSE Objectives

HYUNDAI WIA has been establishing the HSE goals for each year and monitor the progress with each of these issues to ensure that these goals are reached.

NO	Goals	Description
1	Zero major disasters in our suppliers	*Zero major accidents in our suppliers (internal, external, and contractors)
2	Zero major disasters	*Zero major disasters reached through regular and contingent safety inspections and training.
3	Zero major disasters	*Zero major fire incident
4	Accident rate goal	*Level goal (to be down by 5% from the three-year average) *Reduction goal (5% down from the previous year)
5	Absence rate goal	*Level goal (to be down by 5% from the three -year average) *Reduction goal (5% down from the previous year)
6	Zero environmental accident	*Zero water pollution/air pollution/waste-related environmental accidents
7	Compliance with the environmental laws and regulations	*Zero administrative disciplinary actions resulting from an inspection by the government or public agencies by abiding by the environmental laws and regulations.

Employees

Training our talents

HYUNDAI WIA has been focusing on securing and training our talents who are technically equipped for the future of the 4th Industrial Revolution and the shifting paradigms of the machinery, automobile, and defense industries. We devote our efforts to the four main factors, of cultivation of strategic leadership, creative corporate culture, enhanced professional competency, and global competency, so that our organization can be better equipped to create values in the future. HYUNDAI WIA will continue our efforts to find and train future talents that can lead the way of changes in the fields of industry through innovative and creative minds.

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056

057

Cultivating Leadership Competency

HYUNDAI WIA has established the responsibilities and roles of each rank of employees to help our workers perform their work better and develop themselves into future leadership. We send our talented workers to our key foreign incorporations to train them as competent global leaders. They are provided with job adaptation training to help them adapt to the new culture and work practices, as well as intense language training courses, which are designed to help them obtain the kind of communication skills they need to work for an overseas incorporation.

Strengthening Professional Competency

HYUNDAI WIA has professional competency enhancement programs to train future leaders equipped for the 4th Industrial Revolution and the changes in the paradigms of automobile and machine industries. Our employees are provided with the technical training designed for their ranks and insight special lectures. These include core technical training that covers our production processes and manufacturing technologies and other curriculum designed in accordance with our business strategy and technology roadmap.

The directions of the innovation of the corporate culture

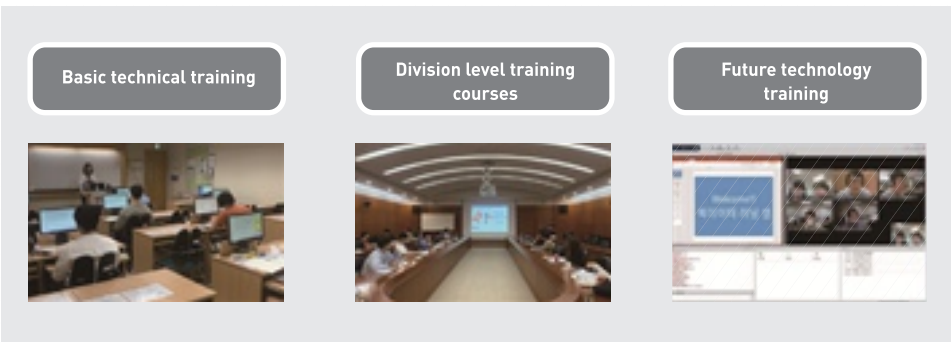
The new corporate culture slogan of HYUNDAI WIA, “Professional Wave,” is founded upon the expertise of our workers. We aim to build group intelligence through collaboration and respect of diversity, which will lead us to a creative corporate culture.



Key Training Contents for Leadership Development



The directions and description of the job competency training



Regular Assessment of the Corporate Culture

Like any other affiliate company of Hyundai Motor Group HYUNDAI WIA conducts its ‘Culture Survey’ that is designed to identify the strength and weakness of the corporate culture. We evaluate the level of satisfaction in our company among the employees to identify things that we can do better, as a part of our corporate culture program. The survey is conducted every September and composed of sections like the ‘culture,’ ‘leadership,’ and ‘organizational effectiveness.’ Each of these measure the desirable organizational culture, the leaders’ self-initiative and efforts for change, and correlation between the strength of our corporate culture and the individual performance. HYUNDAI WIA scored 79.4 in the assessment in 2020, which was the top score in the HMC group.

Corporate Culture Program

In 2020, HYUNDAI WIA executed a new corporate culture program, “Vision Up, Energy Up, and Change UP,” to further upgrade our corporate culture. In particular, this year’s distribution of “Nimble” to call other employees respectfully and “WIA Heroes” to prize employee who has been recommended by coworkers created a strong bond between our workers.

Category	Key activities	Achievements
Vision UP	A talk with the leaders	• An opportunity for the employees to communicate with their leaders as equals.
	Dream Puzzle	• Providing a positive experience involving the company as the employees solved a puzzle with their children.
Energy Up	Calling others in a respectful form	• Calling other employees using a respectful language form.
	We Are Heroes	• Passing out citations to high-performing employees to motivate the members of the organization.
	My Heart Goes to You	• The employees are to celebrate the birthdays of their team members to build up a sense of comradery and loyalty to the company.
Change Up	Improving the way we work	• A campaign to upgrade the way we work in general, including meetings and reporting.
	Quit-smoking Campaign	• Contributed to creating a more comfortable working environment while the employees are better focused on their job.

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Culture Survey Result

Category	Point
2018	63.5
2019	63.4
2020*	79.4

\*No. 1 in the HMC Group.





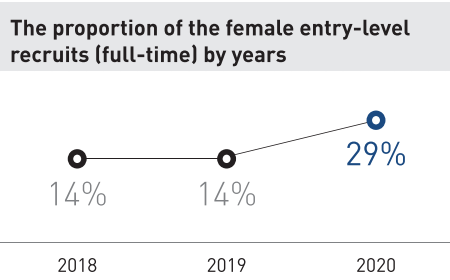
Recruiting

HYUNDAI WIA pursues sustainable growth by hiring talented people with creative thinking. We offer temporary recruitment of new/experienced employees, recruitment-linked internships, and overseas recruitment. In addition, national veterans receive preferential treatment according to relevant laws. In addition, we are making efforts to expand female recruitment ratio and expand support programs for retirees to recruit diverse talents



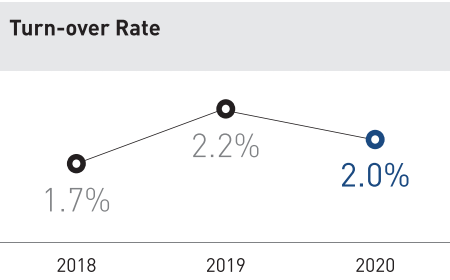
Hiring More Female Talents among Our Entry-Level Recruits

To diversify our talent pool, HYUNDAI WIA has been hiring more women among our entry-level recruits, and the number is set to grow over several phases.



Turn-over Rate

As of 2020, our turn-over rate is 2.0%, which is down by 0.2% from the previous year. The turnover rate of HYUNDAI WIA is relatively low in the industry as it is now. But we will keep working on to further reduce our turn-over rate.



\* Turn over rate : Voluntary turn over rate

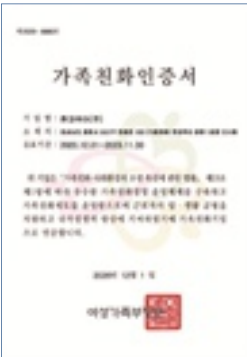
Senior Mentor Program

Our Senior Mentor Program allows hiring retirees (who are former employees and at least 60 now) as short-term contract workers when there is a need for experienced and qualified workers that require expert level skills over a short period of time. HYUNDAI WIA hired six senior mentors in September 2020 to further expand the diverse pool of our workers.

Upgrading Benefits

HYUNDAI WIA has introduced various programs to provide our employees within more benefits, such as selective working hour and improvement with the leaves system. With the upgraded HR system and enhancement of work efficiency, we have been working on to improve the work-life balance among our workers. Our efforts were recognized by the Ministry of Women and Families in 2020, when the company was recognized and certified as a 'Family-Friendly Company.'

Family-friendly business certificate



Improving Work Arrangement for Our Employees

HYUNDAI WIA has introduced various flexible-hour programs in order to establish a self-autonomous and efficient work culture and help our employees reach work-life balance. The 'Selective Hours' program allows our employees to select when they start and leave work. This program has been very effective in maximizing work efficiency and helping our employees reach work-life balance. We also introduced the 'Work from Home' program to prevent the spread of COVID-19. We are committed to creating a better workplace for all our workers, based on the sense of responsibility and mutual trust among them.

Communication with Our Employees

HYUNDAI WIA suffered a critical financial crisis in the past with labor-management conflicts and national economic downturns. We turned such experiences into opportunities to build trust and cooperative labor-management relationships. Since then, we have had no conflicts with labor and management forces for over 26 years, which is an exemplary case. Based on a consensus that the company and employees should go hand in hand, we maintain a faithful relationship between labor and management through cooperation and communication, and thereby practice transparent business management.



Union-Employer Discussion Group

HYUNDAI WIA respects the three basic rights for all workers and abides by the constitution, laws, and regulations of the country to guarantee the economic and social status of workers. According to the laws of the country, we do 'group negotiation' with the representative of the Union every year to help our workers obtain financial stability and improve their working environment. In addition, we are holding quarterly 'Union-Employer Discussion Group Meetings,' to discuss what are the challenges that our workers are faced with and how the company can make the lives of our workers easier and safer. During these meetings, the company shares our business performances of each business division and discuss who we can improve our productivity and management of workers in a more efficient manner, as a part of our commitment to provide stability in the employment of our workers.



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Communication Effort between the Union and the Employer

We are holding ‘Union-Employer Joint Seminar’ with a view to build a sound, constructive labor culture. During these meetings all senior union representatives of each division discuss the future competitiveness of the company and the direction of management. It is a good example of the constructive nature of our labor relationship. Due to shut-down because of the spread of COVID-19 in 2020, we had to turn to online events instead of a large-scale in-person meeting. We broke down the meetings into smaller-scale meetings at each division to share any challenges and issues in the field without delay and made improvement as necessary to build up mutual trust and ensure that our workers are satisfied.



Sharing Information and Staying on the Same Page

We use to hold company-wide, semi-annual management briefings to all workers to ensure that union and the employer are working together to make the company more competitive. These in-person meetings could not be held because of COVID-19, so we held management briefing meetings with the representatives of the Union instead, as we shared our information with them. We also issued the union-employer newsletter to share mutual understanding and empathy with the business issues and challenges the company is facing, twice each month, with a view to promote the growth of the company. With such efforts, HYUNDAI WIA is sharing its information with its workers and tries to be on the same page with them.

Respecting Our Talents and Social Responsibilities

All of our employees are to receive external training every year to enhance their work skills and build up trust with the company through the communication between the union and the employer. There are small groups in each sector of the business divisions that engage in the activities to boost productivity and make our company more competitive. These small groups compete with other small groups in terms of their achievements in the small group competition. This is intended to motivate our workers and share their achievements to boost their work skills. However, this year’s program was replaced by the encouraging messages from the mentors with high-level technical qualifications and company-wide promotion activities to encourage our workers build up their own work skills for themselves, as group training and activities are not available this year because of the pandemic. The union is also joining the company’s social responsibility programs, such as the Miracle of 1%, which is organized by the PR Team, as the company and the union build a culture of social responsibility, by means of sharing and volunteer activities.

2020 Key Employee Communication Activities

Communication Activities	Description
Negotiation and discussion	• Group negotiation
	• Wage and other group negotiation; improving the working environment of the workers
	• Regular meeting; contingent meetings also held when there are issues that merit such a discussion meeting. • Resolving the complaints of workers in terms of the environment or safety, etc.; enhancement of productivity, etc.
Communication and sharing	• Job Security Committee
	• Disclosure and discussion of the performance and business plans for each business division. • Information sharing and co-existence-themed discussions, including job security and production.
	• Strengthening the communication efforts between the labor union and the employer
Enriching the corporate culture	• Frequent discussion group meetings at each level of the union organization. • Diversified communication channel between the union and the employer; frequent interactions and communications between the workers of different generations.
	• Building the bond within the union
	• The union and the company are to hold joint seminars, etc. to strengthen their relationship. [The events of 2020 are canceled or reduced due to COVID-19. These meetings will resume in 2021, once the pandemic situation is lifted.] • Union representatives to visit overseas factories and do benchmarking to widen their perspectives and increase productivity.
Enriching the corporate culture	• The executives to communicate more actively with the field workers.
	• The CEO to visit the work facilities and hold discussion meetings; employee circles and social gatherings are to be supported by the company [except that these events are canceled or reduced due to COVID-19; they are to resume in 2021 once the situation improves.]
	• Information sharing and promotion
Enriching the corporate culture	• Share the business performance and results through regular management briefings. • News letters are issued to share the information on the latest industry trends and issues of mutual interest.
	• Support for circle activities
	• Proactive support of employee circles; encourage workers to join these activities. • Only small group activities are performed in 2020 due to COVID-19.
Enriching the corporate culture	• Field technical training support
	• Provide practical technical training and information.
	• Emotional training for the members of the union
Enriching the corporate culture	• All members of the union are to receive external training every year to stabilize their minds [Events canceled or reduced due to COVID-19. Wille resume in 2021 if the situation improves.]
	• Union-Employer Joint Social Responsibility Activities
	• Joint activities in the Miracle of 1% and other outreach/volunteer activities.

Employee HSE Training, 2020

Training Course	Eligibility	Method	Description	Frequency
HSE Workshop	•HSE officers in each department	•In-person	•HSE policy trend. •HSE issue discussion. •Lectures by external lecturers	Every year
Recruit training	•Recruits (entry)	•In-person	•Introduction to HSE and work process. •Key safety and environment-related laws and regulations. •Accident case education	New recruits OJT
Expat workers training	•HSE officers in each department	•In-person	•HSE policy trend. •HSE issue discussion. •Lectures by external lecturers	Foreign workers before deployment
Special training	•Heads of departments, etc.	•In-person	•Sharing HSE issues and measures to prevent recurrence	When there is an applicable issue
Job change training	•Workers to be transferred to other departments	•In-person	•HSE compliance requirements •Accident case-study	Before there is a job change
Risk Evaluation Training	•Supervising officers of each department	•In-person	•Practical training for risk evaluation. •Risk information regarding safety and health.	Every year

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Quantitative Social Performance Data

Our Employees

Item	Unit	2018	2019	2020
Total number of employees		3,158	3,063	3,041
South Korea		3,081	2,983	2,957
China		39	38	36
Mexico		17	17	16
India	Persons	8	8	8
Germany		5	7	6
USA		7	7	7
Russia		-	2	10
Vietnam		1	1	1

Details of the employees

Item		Unit	2018	2019	2020
Total number of employees			3,158	3,063	3,041
Sex	Male		3,086	2,980	2,956
	Female		72	83	85
Type of employment	Permanent	Male	3,086	2,977	2,946
		Female	65	76	78
	Contract	Male	-	3	10
		Female	7	7	7
Age	Younger than 30		384	310	216
	30 to younger than 50		1,887	1,877	1,884
	50 or older		887	876	941
Hiring the socially marginalized	Handicapped		63	58	53

Our Female Executives

	Item	Unit	2018	2019	2020
Employees	Total number of employees	Persons	3,158	3,063	3,041
	Female employees		72	83	85
	Percentage	%	2.28	2.71	2.80
Managerial staff (Managers or higher)	Total number of managers	Persons	1,005	1,041	1,098
	Female managers		1	2	4
	Percentage	%	0.10	0.19	0.36

Talent Development

Item	Unit	2018	2019	2020
Total number of trainees	Persons	13,170	17,017	11,580
Total training hours	Hours	108,145	124,601	68,653
Participation by detailed training programs	Ethics	1,700	1,570	1,166
	Fair-trade	1,077	999	1,277
	Environment and safety	3,303	3,062	3,041

\*The number of trainees and training hours reduced compared to the previous year due to the spread of COVID-19.

Child Care and Maternity Leaves

Items	Unit	2018	2019	2020
Eligibility*	Male	912	895	828
	Female	2	8	5
Use of child care and maternity leaves	Male	-	8	7
	Female	2	7	4
Returning persons	Male	1	-	8
	Female	2	2	6
Rate of the persons returning to work after a maternity or child care leave.		100	100	93
The rate individual who continues to work for 12 months after returning	%	100	100	100

\* The return rate means the rate of the persons who used maternity leaves or child care leaves in the previous year and returned in the current year.

Recruitment

Items			Unit	2018	2019	2020
New recruits	Total recruits		Persons	90	90	41
	Gender	Male		77	77	32
		Female		13	13	9
Turn-over rate	Total turn-over		%	1.7	2.2	2.0
	Gender	Male		1.7	2.1	1.8
		Female		1.3	4.7	7.2

\* Turn over rate : Voluntary turn over rate

The ESG Evaluation Result by Korea Governance Institute

Item	2017	2018	2019	2020
ESG Ratings	B	B+	B+	A
Environment	B+	B+	B	A
Society	B	B	A	A+
Governance	B	B+	B+	A

Labor Union Membership Status

Items	Unit	2018	2019	2020
Membership	Persons	1,354	1,250	1,166
Membership rate	%	42.9	40.8	38.3

\*The outcomes of the group negotiation apply to 100% of the labor union members.

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## #03.Governance

HYUNDAI WIA tries to secure a governance structure that reflects the path of growth and corporate culture as the company strives to enhance values for our shareholders and protect their rights through transparency, soundness, and safety. We have institutional foundations to reconcile the different interests within our company, and any decisions made or job performance by our executives are based on documented rules.

For HYUNDAI WIA, ethics management is not only about putting corruption under control and bring about managerial innovations. It is about maintaining the competitiveness and sustainability intact by correcting bad practices to our ethics criteria. We are committed to make such ethics management awareness as the foundation of our business conduct.

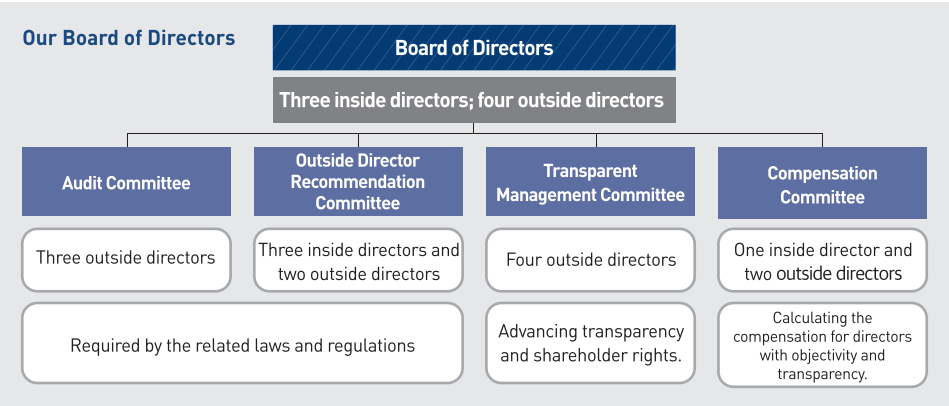
The systematic management of risks and uncertainties we face due to the changing environments element for a sustainable growth. HYUNDAI WIA has established a system that can methodically analyze and control these risks in a preemptive, methodical manner. For the critical risks that can have a devastating effect on our company, we focus our attention and, when such a risk manifests, we work with the related departments to resolve it through the capabilities for seamless cooperation and collaboration each department has.

## #03.Governance

### Governance

#### Declaration of Governance

HYUNDAI WIA has declared its principles regarding its governance to ensure transparency in its governance structure and provide a direction for managing it. HYUNDAI WIA uses these principles to ensure transparency in our business management and promote the interests of all stakeholders in a balanced manner.



#### Members of the Board of Directors

The BOD is a required standing apparatus of a stock company that is composed of the directors who are entirely appointed during a general shareholders' meeting to make decisions related to the conduct of the business of the company. HYUNDAI WIA has seven directors, composed of three inside directors and four outside directors. The inside directors are entirely appointed by the recommendation from the BOD, while the outside directors are appointed based on the Outside Directors Candidate Recommendation Committee and a resolution made during a general shareholders' meeting. A BOD meeting is presided by the Chair, whose position is served by the CEO in order for the efficiency in the operation of the BOD and ensure accountability. There are four sub-committees under our BOD, which are the Audit Committee (three outside directors only), Outside Director Candidate Recommendation Committee (two out of the three members of the committee are outside directors), Transparency committee (four outside directors only), and Compensation Committee (two out of the three members are outside directors).

Items	Name	Recommended by	Title and Experience	Initial Appointment Date	Term	Remarks
Inside director	Jaewook Jung	BOD	[Present] CEO, HYUNDAI WIA [Former] Head of Purchasing, HMC	2021.03.24	3 years	Chair of the BOD and a member of the Outside Director Candidate Recommendation Committee
	Bongwoo Lee	BOD	[Present] Head of Production and Operation, HYUNDAI WIA [Former] Head of Auto Parts, HYUNDAI WIA	2021.03.24	3 years	-
	Moonsang Shin	BOD	[Present] Head of Finance, HYUNDAI WIA [Former] Head of Factory Finance, HMC	2020.03.25	3 years	Member of the Compensation Committee
Outside Directors	Eunho Kim	Outside Director Candidate Recommendation Committee	[Present] Senior Advisor, Lawfirm Kim & Chang [Former] Commissioner, Busan Branch, National Tax Service	2019.03.15	3 years	Chair of the Audit Committee Member of the Transparency Committee Member of the Compensation Committee
	Ikhyeon Nam	Outside Director Candidate Recommendation Committee	[Present] Professor, Department of Business Administrations, Seoul National University [Former] Dean, Graduate School of Business Administration, Seoul National University (Also serving as) Outside Director, Doosan Heavy Industry (until March 2023)	2020.03.25 (2017.03.17)	3 years (renewed)	Chair of the Outside Director Candidate Recommendation Committee Member of the Audit Committee Member of the Transparency Committee
	Seongguk Cho	Outside Director Candidate Recommendation Committee	[Present] Professor, Department of Law, Joongang University [Former] Vice President, Institute of Law, Joongang University [Former] Team Leader, Terms of Use Team, Fair Trade Commission	2020.03.25 (2017.03.17)	3 years (renewed)	Chair of the Transparency Committee Member of the Audit Committee
	Seonghoon Ahn	Outside Director Candidate Recommendation Committee	[President] Professor, Department of Mechanical Engineering, Seoul National University [Former] Vice Dean, Graduate School of Engineering, Seoul National University	2019.03.15	3 years	Chair of the Compensation Committee Member of the Outside Director Candidate Recommendation Committee Member of the Transparency Committee

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The Independence and Expertise of the BOD

In accordance with the Commerce Act of South Korea, more than half of the members of the BOD of HYUNDAI WIA are outside directors in order to ensure check and balance within the organization. The outside directors are appointed through a resolution made during a general shareholders' meeting based on the recommendation offered by the Outside Director Candidate Recommendation Committee. When we appoint these outside directors, we evaluate not only their knowledge and experience but also their social reputation and ethics awareness closely. Our outside directors now include experts of accounting/finance, management (production management), laws, and mechanical engineering and participate in the management of the company actively through their scientific judgement and supervision, based on which they make comments and expression opinions regarding the services performed by the executives or the overall management of the company.

The proportion of outside directors each year

Item	2018	2019	2020
Operational Goal	50%	50%	50%
Proportion of outside directors	57.1% (4/7)	57.1% (4/7)	57.1% (4/7)

Criteria for Assessing the Independence of an Outside Director

- The relationship between the candidate and the controlling shareholders; the details of the financial transactions between the candidate and the company over the past three years.
- Any individual who currently serves the company or has an interest vested in the controlling shareholder and the company or those who served in the company within the past three years may not serve as an outside director.
- An outside director cannot do or participate in a similar business to that of the company without the approval given by the BOD.
- No outside director may serve for more than six years, or for nine years if all affiliate companies combined.

Operation and Activities of the BOD

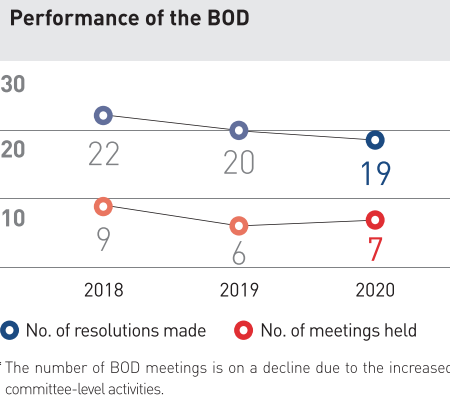
A BOD meeting can either be a regular one or a special meeting. As a principle, regular meetings are held each quarter, but the time of meeting can be changed as necessary. On the other hand, a special BOD meeting can be called for and held anytime when necessary. A decision of the BOD is made with more than half of the registered directors present in a meeting and an approval by majority of the directors present. When all or part of the directors do not attend the meeting in person, they are allowed to participate in the meeting using any communication method that transmits and receives their voices simultaneously. In 2020, a total of seven BOD meetings were held (four regular, three special meetings), to make resolutions on a total of 19 agendas.

Performance Evaluation and Rewards

The compensation for the members of BOD are decided within the limit imposed by a resolution made during a general shareholders' meeting in accordance with the Articles of Incorporation and calculated reasonably proportionate to the performance and the financial situation of the company. Also, the actual compensations provided to the members of the BOD is disclosed (for the year, half year, and quarter) in our regular reports.

Compensation for the Members of BOD

Items	Unit	BOD Members
Members	Persons	7
Total compensation	1 million won	3,300
Average compensation per member	1 million won	471



Audit Committee

The Audit Committee is responsible for reviewing and making resolutions on the topics assigned to them by the BOD, as well as the scope of its functions in the Articles of Incorporation including the auditing of accounting and business conduct and other items required by the law. The primary function of this committee is to supervise the conduct of the BOD and the executives of the company so that they can make rational business decisions. The members of the Audit Committee are appointed by a resolution made during a general shareholders' meeting. The Chair of the committee is always served by an outside director. The members of the Audit Committee of HYUNDAI WIA include some experts of accounting and finances, in order to ensure the expertise and independence of the committee. With this, our Audit Committee independently informs our executives to allow them to make sound and rational business decisions. Due to the revision of the 'Act on the Outside Auditors of Stock Companies, etc.' in 2018, our Audit Committee held three audit committee meetings in 2020, for the purpose of appointing outside auditors, holding outside auditor proposal presentation, and evaluation of the outside auditor. As a result, we finally selected Hanyeong Accounting Firm as our outside auditor. A total of seven audit committee meetings were held in 2020, and the BOD is informed of their activities on a regular basis.

Compensation Committee

The Compensation Committee is responsible for the evaluating of the limit of the compensation for the board members to be submitted to the general shareholders' meeting for approval. The committee was form for the first time in October 2020 and is composed of one inside director and two outside directors. To ensure independence of this committee, more than half of the committee members are outside directors, while the Chair is also an outside director.

Transparency Committee

The Transparency Committee of the company has been found since January 2020 to protect the rights of our shareholders and promote transparency in internal transaction, while promoting ethics management. The committee is mainly responsible for the evaluation of the provision of guarantees that are related to the rights and interests of the shareholders M&A, and other major business affairs such as acquiring and disposing of key assets. The entire members of Transparency Committee are outside directors. This is to ensure the independence and transparency of the committee. Any information or costs are supported by the company to facilitate the activities of this committee, and HYUNDAI WIA has been supporting the activities of this committee proactively with a view to expand the transparency of the BOD and strengthen other activities that are relevant to the sustainable future of the company. In 2020, five Transparency Committee meetings were held, making a total of nine resolutions.

Outside Director Candidate Recommendation Committee

The Outside Director Candidate Recommendation Committee ensures that the recommendation of the outside director candidate is made fairly and with transparency, by conducting recommendations and verification of the candidates. It is the responsibility of this committee to recommend the qualifying candidates who can serve the interests of the shareholders in a fair and transparent manner, while verifying that such a candidate meets the legal requirements and other requirements set forth by the committee. Out of the total three members, more than half, that is, two of the members, are outside directors, which is in accordance with the laws and the rules on BOD. In 2020, one committee meeting was held to recommend two candidates (for their renewed appointment). These candidates were appointed as our outside directors during the general shareholders' meeting for the 44th term (on March 25, 2020).

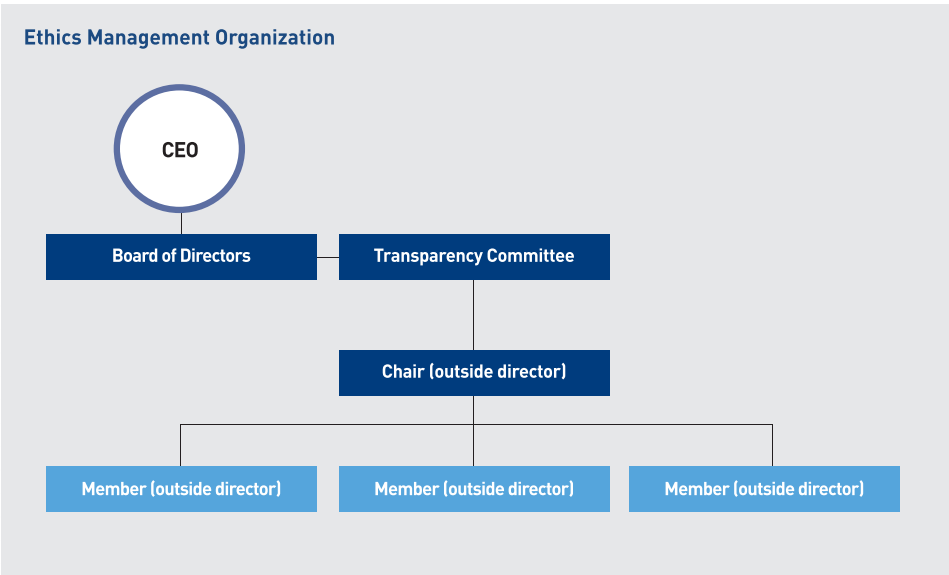
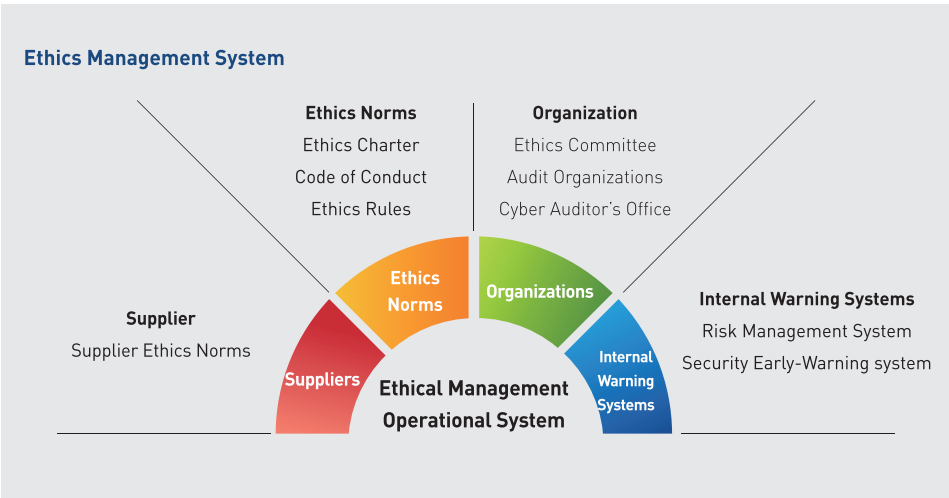
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Ethics Management

Ethics Management System

The Transparent Management Committee, organized under the Board of Directors, encourages employees to comply with all laws and regulations on an ethical basis, thereby forming an ethical corporate culture and realizing transparent management. It also revised the Code of Ethics to implement ethical management practice standards to employees. Based on the 'Ethics Charter', the 'Employee Code of Ethics Practice' and 'Employee Ethical Guidelines' were prepared. All employees follow these rules and work to enhance ethical awareness and business transparency.



The Five Pillars of the Ethics Charter of HYUNDAI WIA

HYUNDAI WIA introduced its Ethics Charter on July 22, 2020. The charter contains five critical pillars of transparency, fairness, customer satisfaction, human rights of employees, and social responsibility, which will pledge to abide by as we conduct our business.



Three Elements of Practicing Ethics Management



Behaviors to be Reported to Cyber Inspection Office

- An act of unreasonable practice, corruption, or any other behavior that would be socially criticized (such as bribery or involvement of an unfair request) by an employee
- An employee's abuse of authority, asking for an unreasonable request, or conducting any behavior that harms a healthy corporate culture
- Suggestions for improving irrational practices
- Any violation of the Code of Ethics

Protection of Informants

The identity of informants and the details of reports are strictly protected as confidential information within the Cyber Inspection Office. The reporting system is also managed by following a safe and secure method. The limited number of staff in charge of handling reports must pledge to keep the details as confidential.

The informants are protected as follows



Identity of the informant



The information and evidence provided by the informant



The persons who can suggest the suspects.



Follow-up actions on the findings from the information.

Ethics Management Training

We are providing our employees with ethics training, to ensure transparency and fairness in our business and increase their awareness in ethical issues. The training includes the ethics norm of HYUNDAI WIA, corporate philosophy and history of ethics management, our principles of decision making, and many more. Our leaders are provided with ethics seminars, and we continue to build a culture of ethics and compliance in our company.

Ethics Training Contents in the Past

Item	Themes	Trainees
2018	Partnership with our suppliers	1,700
2019	Building up ethics awareness	1,875
2020	Transparency and ethics training for leaders; Team Plus Ethics Seminar	1,166

\*The total number of people decreased since 34 teams did not participate in the program due to COVID-19.

Cyber Inspection Office

HYUNDAI WIA operates the Cyber Inspection Office, a system in which anyone can anonymously report unreasonable practices, corruption, behaviors that harm corporate culture, and other violations of HYUNDAI WIA's Code of Ethics. Internal and external stakeholders can report such unfair practices and behaviors anonymously, their identity and details of reports are strictly protected as confidential information. When a reported allegation is proved to be true, stern disciplinary action shall be taken against the violator based on the gravity of the behaviors. HYUNDAI WIA alerts employees to take ethical principles seriously and works to prevent recurrence of violations in order to maintain the reliability of our business management.

2020 Ethics Awareness Seminar

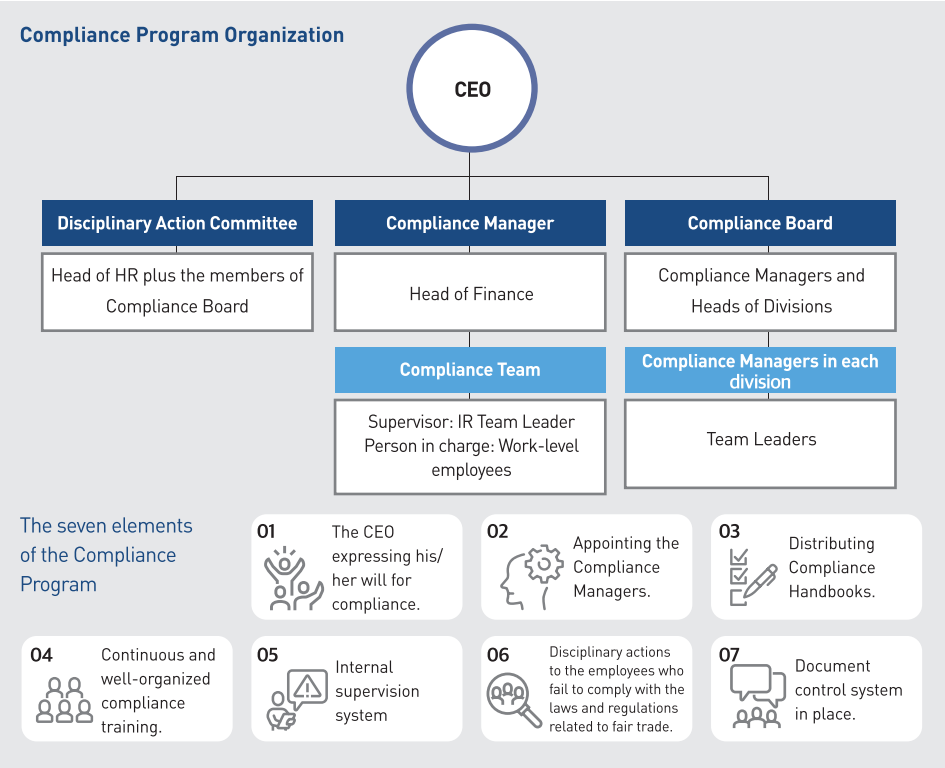




Compliance

HYUNDAI WIA's Compliance Program

We have introduced our Compliance Program since 2002 based on a resolution by the BOD. This program suggests a set of clear-cut criteria for our behaviors to ensure that they obey the laws and regulations related to fair trade practices and encourage our employees build up their awareness on compliance and ethics. We can prevent violations of the laws using this program and, even if some manage to break the laws, identify such violations early to take countermeasures.



Voluntary Strategic Materials Compliance Trader

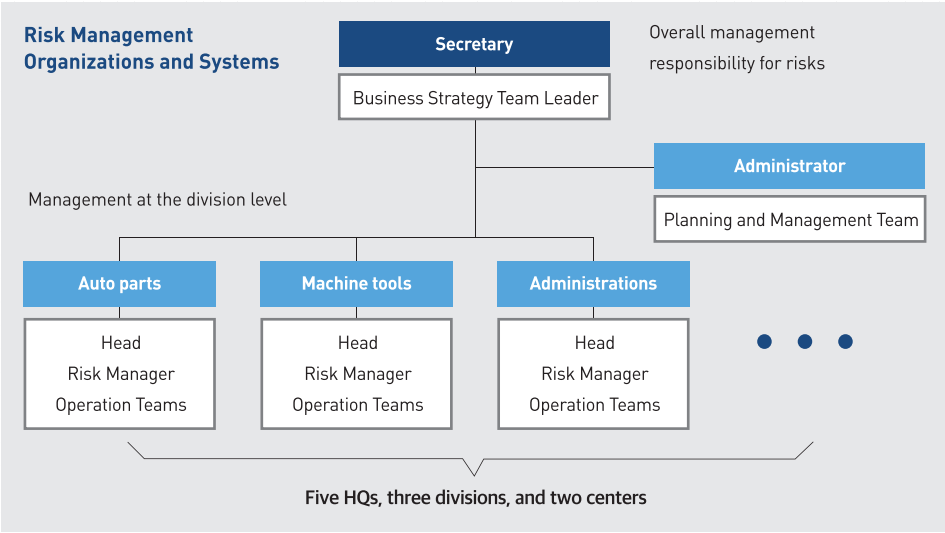
A Voluntary Strategic Materials Compliance Trader is a company that is certified by the Ministry of Industry and Commerce. This means that the company is equipped for and voluntarily practicing strategic materials compliance, including the export control through the identification, permits, and application process, based on their internal regulations and organizations that can comply with these requirement. HYUNDAI WIA has been designated as one since 2008 to contribute to the prosperity and peace of the world.



Risk Management

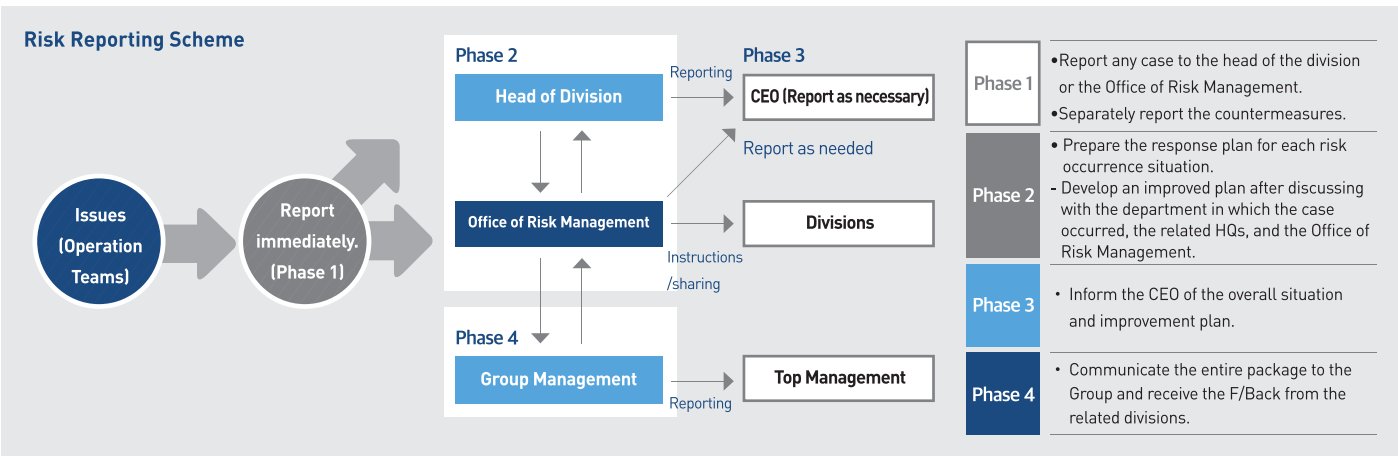
Risk Management System

HYUNDAI WIA has established and operated its Office of Risk Management, with the Strategy and Planning Team playing the key role. The Team Leader of Business Planning Team also serves as the Secretary of the Office of Risk Management. The system is further divided into five HQs, three business divisions, and two centers to provide a system of prompt, export response to risks. The heads of the divisions are responsible for managing risks of their division, and the Secretary is responsible for the overall management of the risks of the company. We have also established the systems for prompt reporting of risks and a discussion body to build an efficient, expert system of managing risks.



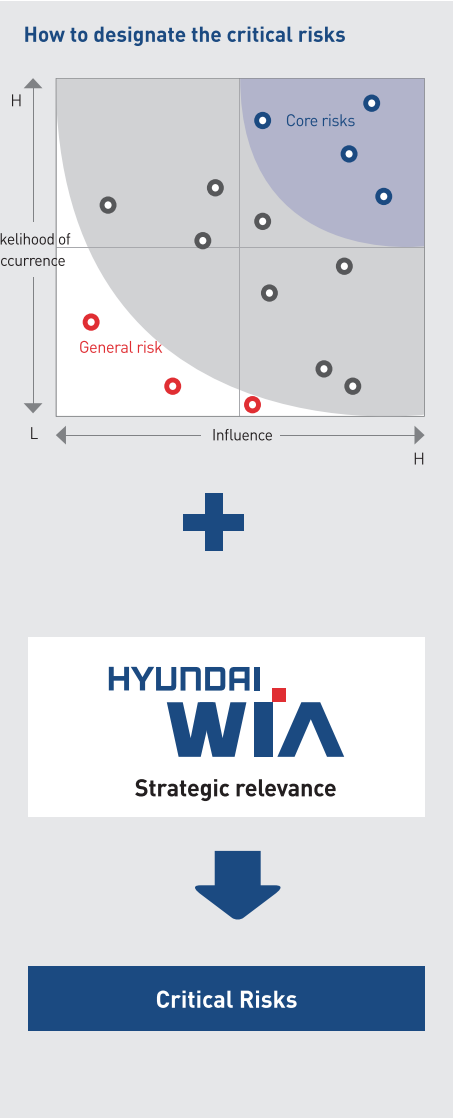
Risk Response Discussion Body

HYUNDAI WIA has been holding monthly risk response discussion meetings to discuss key issues regarding the risks being managed by the company and their current status. Heads of Divisions join this meeting to share and discuss the current situation and the effects of risks, along with how to respond to them. They sometimes work together to respond to a risk that cannot be handled by a single division alone.



Managing the Critical Risks

HYUNDAI WIA has designated some of the possible risks as the ‘critical risks’ and focus our managerial resources on them. We update these critical risk items every year based on the expected issues and our key strategies and policies, with which we set the management goals and continue monitoring them in the future.



Critical risk name		Monitoring indexes	'18	'19	'20
Financial	Long-term/bad debts	Long-term/bad debts reduction rate, etc.		●	●
	New investment	Time to recovery of the investment and investment progress rate, etc.	●	●	●
	Long-term/bad inventory	Long-term/bad inventory reduction rate, etc.	●	●	●
Sales	Intensifying competition	Price drop rate, etc.		●	●
	Orders	External order rate/growth rate, etc.		●	●
Strategies	Defense business risks	The current progress of lawsuits, etc.		●	●
	Securing pilot technologies in a timely manner	The number of projects being delayed, etc.	●	●	●
Production	Production load rate	Factory load rate, etc.	●	●	●
	Fire and accident	Cause of accident/restoration status			●
	Line interruption	Delays in the production of finished vehicles, etc.			●
Supplier	Suppliers Risk	Key supplier issues, etc.		●	●
Business environment	Domestic and international politics	Trade-related laws; global politics		●	●
	External issues	Other issues	●	●	●

Taxation Risks

Taxation Policies

It is our policy to comply with and honor all taxational duties and legal obligations as our basic principle. For this, we have been paying our taxes and honoring duties in accordance with the tax laws, while maintaining a cooperative relationship with tax authorities. In addition, We are managing the taxation risks of our business activities, new businesses, or changes in our businesses, both in South Korea or overseas, in a methodical manner.

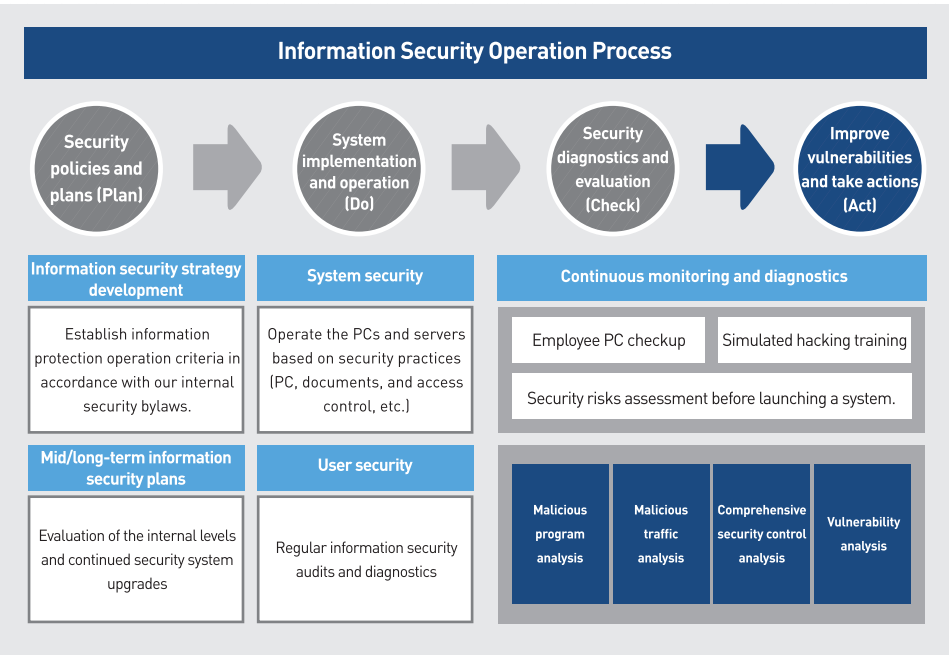
Tax Risks Management

HYUNDAI WIA is following the compliance requirements strictly in accordance with the laws and regulations for the management of taxation risks. And, we fully cooperate with any request from the authorities by providing any information and evidence. In addition, we recognize the differences in tax laws in different countries and take measures to prevent any taxational risks because of such differences. We preemptively manage the dual taxation risks due to our cross-border transactions with our overseas incorporations by doing these transactions at normal prices. If necessary, we turn to and work with experts from outside of the company to identify taxational uncertainties and risks and place preventive measures in advance.

Information Security

Information Security Process

HYUNDAI WIA has been strengthening our management efforts by building information security operation processes. We developed security policies and security systems; run security check and diagnostics to find out vulnerabilities, and take measures to resolve them to earn and strengthen the trust of stakeholders by meticulous management of our information.



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Quantitative governance performance data

BOD operation status

Items	Unit	2018	2019	2020
No. of regular BOD meetings held	Times	4	4	4
No. of special BOD meetings held		5	2	3
No. of all BOD meetings held		9	6	7
No. of agendas discussed (resolutions)	Cases	22	20	19
Outside directors participation rate	%	83	100	100

The Compensation for the Board Members

Items	Unit	2018	2019	2020
Total number of inside directors	Persons	3	3	3
Total amount paid to inside directors	1 million won	2,166	2,391	3,022
Total number of outside directors	Persons	4	4	4
Total amount paid to outside directors	1 million won	232	261	278

Anti-Corruption Activities

Items	Description	Unit	2018	2019	2020
Anti-corruption	Total eligible business facilities (Domestic/Overseas)	EA	16/8	16/9	17 / 8
	The no. of business facilities in which the risks of corruption have been evaluated (Domestic/Overseas)		4/1	1/3	16 / 1
	The rate of the business facilities for which the risks of corruption has been evaluated.	%	21	16	68
Inspection activities	Regular inspections	Cases	5	4	3
	Special inspections		-	-	2
	Follow-up inspections		-	-	-
	Transparency investigations (including the investigations performed in response to a cyber grievance)		14	8	9
Employee compliance and ethics training	Persons trained	Persons	1,700	1,570	1,166
	Completion rate	%	90.6	82.5	60.7

\*The completion rate is based on the number of regular employees.

Grievances filed by suppliers and investigations thereof

Items	unit	2017		2018		2019		2020	
		Filed	Processed	Filed	Processed	Filed	Processed	Filed	Processed
Grievances filed by suppliers	Cases	3	3	8	8	7	5	7	9

Agenda discussed during BODs

Item	Date	Agenda	
Regular	2020.01.29	Resolutions	1) The approval of the financial statement and business report of the 44th term
			2) The approval of the 2020 business plan and investment plans
			3)The approval of the self-transactions between companies and key shareholders, including board members
			4)The approval of the limit of the transaction amounts with shareholders
			5) The appointment of the Compliance Officer
		Reporting	6) The approval of the enactment of the Governance Charter
			7) The approval of the formation of the Transparency Committee and the enactment of the related rules
			8) The appointment of the members of the Transparency Committee
			1) The current status of the operation of the internal accounting system
			2)The CP operation results of the second half of 2019 and the plan for the first half of 2020
Special	2020.02.28	Resolutions	1) The approval of the call for the 43th general shareholders' meeting and the approval of the agenda to be submitted.
			2) The approval of the introduction of the electronic voting system
Special	2020.03.25	Resolutions	1) The result of the evaluation of the internal accounting management system
			1) The appointment of the board members and Chair
			2) The approval of the registration of the Information and Communication Installation Business License
Regular	2020.04.24	Resolutions	3) The approval of the dual office of board member
			1) The approval of the acquisition of the equity of the Shandong incorporation
Regular	2020.07.24	Reporting	1) The business performance of the 1st quarter of 2020
			2) The compliance activities results for the 1st quarter of 2020
Special	2020.10.15	Resolutions	1) The business performance of the 2nd quarter of 2020
			2) The compliance activities results for the 2nd quarter of 2020
Regular	2020.10.30	Resolutions	1) The approval of the issuance of corporate bonds
			1) The approval of the issuance limit of corporate bonds for 2021
			2) The formation of the Compensation Committee and the enactment of the related rules
			3) The appointment of the members of the Compensation Committee
		Reporting	4) The approval of the revision of the rules of BOD
			1) The business performance of the 3rd quarter of 2020
			2) The results of the compliance activities of the 3rd quarter of 2020

# ESG FACTBOOK

## #04.Economic

Products of high quality and active communication with customers are the two essential elements of successful and competitive businesses. In order to continue customer satisfaction management, we have established 'improvement of satisfaction level', 'internalization of customer satisfaction management', and 'internal customer satisfaction' as detailed goals for 2021 customer satisfaction strategies. We are also making our products according to stricter internal requirements to ensure customer satisfaction.

## #04.Economic

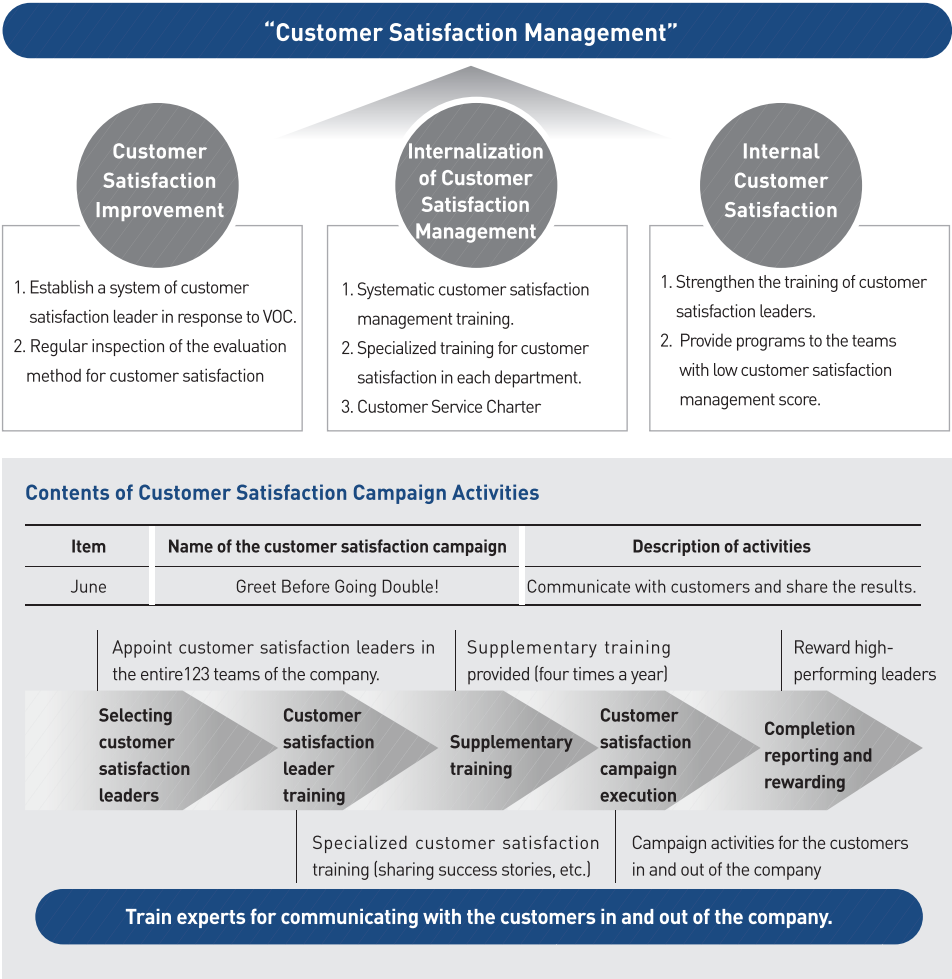
### Customer Satisfaction Improvement

#### Customer satisfaction management strategies

HYUNDAI WIA has increased our efforts in training our leaders trained the departments with lower customer satisfaction scores with customized training programs to strengthen our communication with customer, with a view to internalize the internal customer satisfaction and the customer satisfaction management. With these training, we continue our monitoring efforts and enhance our expertise in customer satisfaction, with a view to raising the bar for customer satisfaction level.

#### Customer Satisfaction Management Activities

To increase the level of customer satisfaction, the entire company is engaged in various customer satisfaction capability building activities. The 123 teams of the entire company have their own customer satisfaction leaders. They are responsible for giving training lectures such as the introduction to customer satisfaction and sharing successful customer satisfaction cases. Also, there are three sessions of customer satisfaction management campaigns a year, in which the employees get together with customers. In addition, we give out rewards to customer satisfaction leaders, as a part of our continued efforts to improve customer satisfaction.



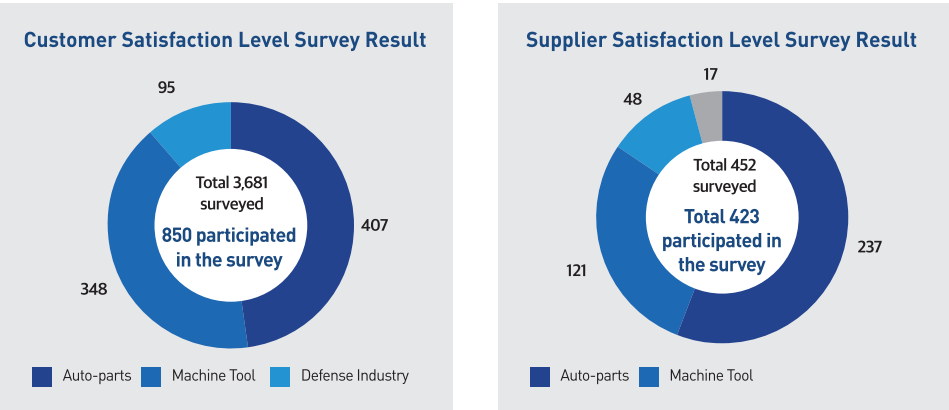
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Surveying the satisfaction level of the customers and suppliers

HYUNDAI WIA has been conducting surveys for customer satisfaction level with our domestic and international customers. These surveys cover items such as contracting, our sales representatives, lead time, product performance, convenience, and customer service, covering the entire life cycle from purchasing to the use of the actual product. We actually make visits to our customers to conduct in-depth interviews to get the feedback from our customers for the things that are not measured in numbers. Our 2020 customer satisfaction survey includes a total of 452 participants from our suppliers and 3,681 from customers. The external customer satisfaction level score, which was surveyed from 850 participants from customers and 423 from our suppliers, was 81.9 for the year of 2020.



Current Status of Customer Satisfaction Survey

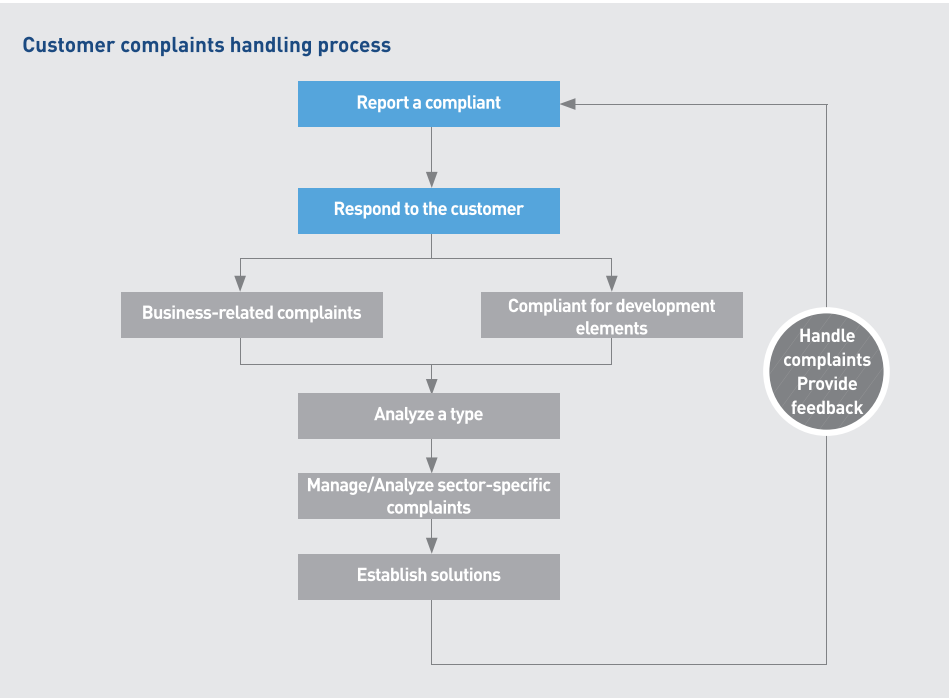
- Vehicles: Finished vehicles – HKMC five starts  
Primary suppliers – Evaluated by the Sales
- Machine tools: Operating the Happy Call.
- Defense: Yearly customer satisfaction survey  
(with the customers in the Army, Navy, and Air-force) to make improvements and complementation.



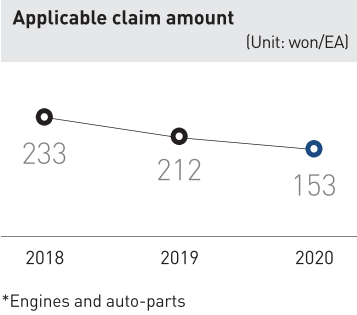
VOC (Voice of Customers) System

HYUNDAI WIA has introduced and been operating our VOC (Voice of Customers) system. With this well-organized system, which is designed to receive customer grievances and suggestions, we forward such feedback from customers to the related departments, so that the person in charge can be assigned to every customer and answer his/her questions. We are dedicated to providing the best customer services by reflecting the suggestions and complaints to our future activities plans.

Items	2018	2019	2020
Received cases	74	74	104
Cases addressed	74	74	104
Addressing rate	100%	100%	100%



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IATF16949



ISO 9001



AS9100

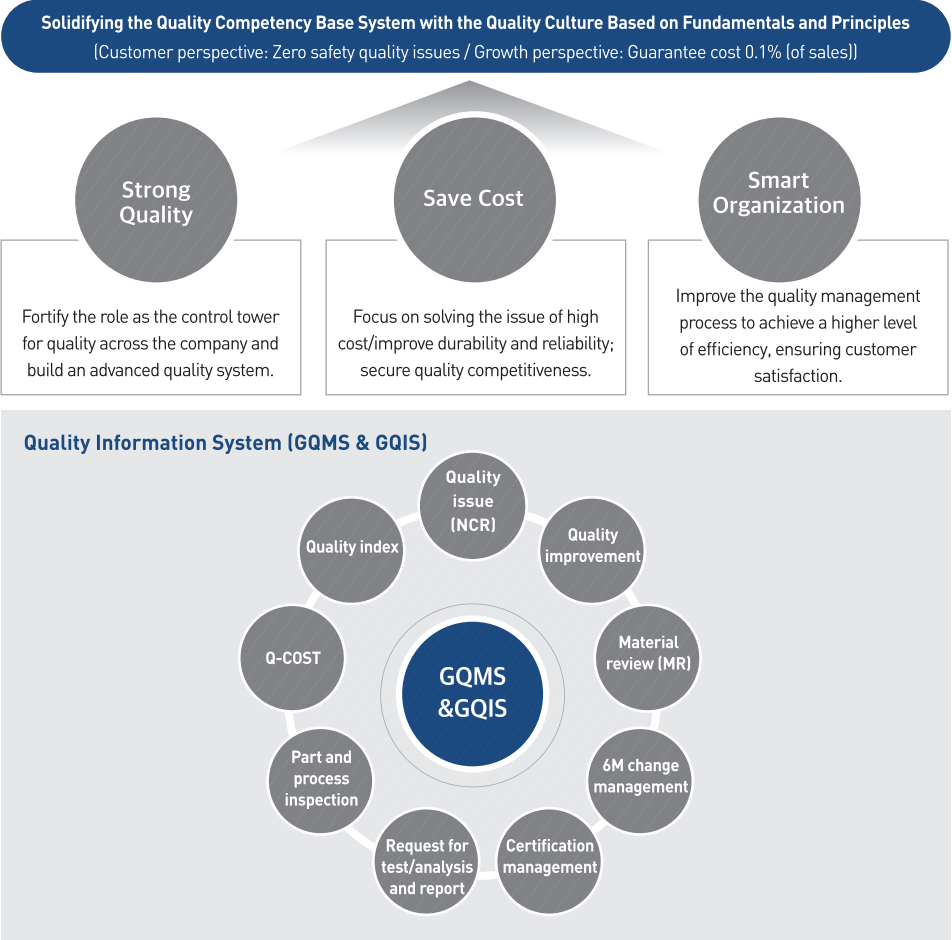
Quality Management

Quality Policy

HYUNDAI WIA has set the company-wide direction of quality management and introduced a culture of fundamental principles when it comes to quality. This contributed to the top-level quality of our auto parts, machine tools, and defense industry products. We have established a process of quality management and corrective measures for our customers. With this, we conduct customer satisfaction surveys and gather grievances and feedback from our customers to make corrective measures and improve quality. This keeps us ahead of our competitors, while ensuring that our customers are satisfied.

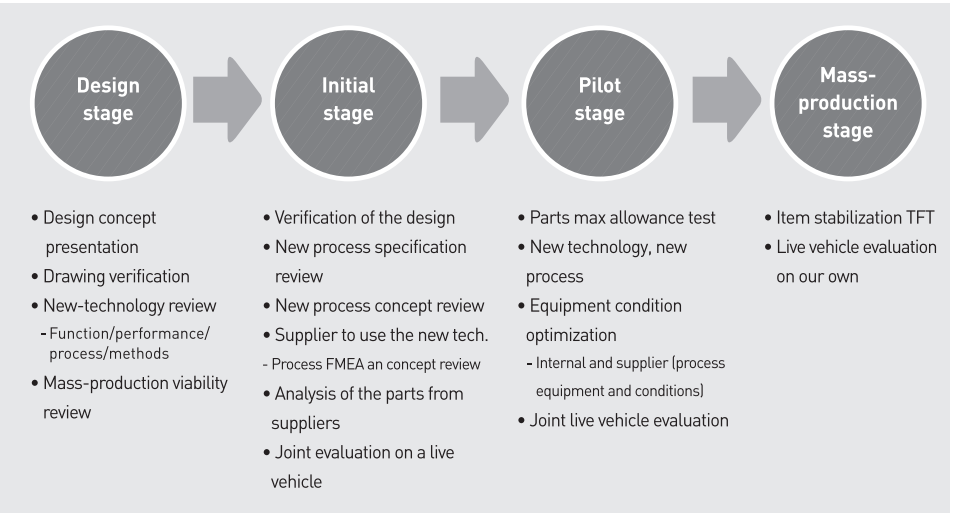
Quality Management System

HYUNDAI WIA has established our mid/long-term strategies, which are, respectively, 'building IT systems,' 'increasing preemptive quality activities,' and 'absolute customer satisfaction.' We implemented our GQMS/GQIS within our company as the quality history/quality management systems. We also obtained IATF 16949 for the quality management in the auto part industry, ISO 9001 for machine tools (in Changwon Factor No. 1), and AS9100 (Changwon Factory No. 1) and KDS 0050-9000 (Changwon Factory No. 1 and No. 2) for defense products. As such, we have built a system of preemptive quality management across the entire lifecycles of all of our business division, from the development of the produces to the follow-up management.



Enhanced Verification Process of Quality for New Technologies

HYUNDAI WIA now has a more robust process of quality verification during the development of new technologies/structures for auto parts to achieve stability in the earlier stages of mass production. For this, we plan to secure a higher level of quality control by making our design verification, process optimization, and joint process review at each process gate (from design to mass production) more robust. Also, we have been applying the reliability engineering verification for five items in 2021, to secure reliability of our parts. Later, more items are to be included in this verification process.



Quality Improvement Activities and Achievements

In 2020, we conducted quality support activities upon the bottom 25 companies. A total of 274 improvements were made on persistent quality issues, with quality training and field instructions. This would allow the suppliers to become self-sustainable and serve the purpose of co-prosperity. In 2021, too, we will continue our efforts to help our suppliers stand on their own in terms of quality.



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APPENDIX

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Stakeholders’ Engagement

HYUNDAI WIA defines the six major groups of stakeholders as shareholders/investors, customers, local communities, suppliers, the government, and employees and runs communication channels for each group. With active communication with our stakeholders, we respond to changes in major issues and improve business management for sustainability management. We listen to opinions of stakeholders, identify major issues, and reflect them in our directions for sustainability management.

Stakeholder Group	Major Interests	Response Measure	Communication Channel	Cycle
Shareholders & Investors	<ul style="list-style-type: none"><li>• Diversify business portfolio</li><li>• Manage business management risks</li></ul>	<ul style="list-style-type: none"><li>• Report business performance through regular public notice</li><li>• Bolster medium/long-term business strategies</li><li>• Lay groundwork for creating future values</li></ul>	<ul style="list-style-type: none"><li>• General meeting of shareholders</li><li>• Public announcement of business management information</li><li>• IR activities</li></ul>	Yearly Quarterly Frequently
Customers	<ul style="list-style-type: none"><li>• Gain competitiveness in product quality</li><li>• Provide transparent product information</li></ul>	<ul style="list-style-type: none"><li>• Collect and apply customers' opinions and feedback</li><li>• Carry out sales and marketing activities</li></ul>	<ul style="list-style-type: none"><li>• Customer satisfaction survey</li><li>• Face-to-face or nonface-to-face customer service channel</li><li>• Sales and marketing activities</li></ul>	Frequently
Local Communities	<ul style="list-style-type: none"><li>• Strengthen activities related to environment and safety</li><li>• Boost local economy and conduct social contribution activities</li></ul>	<ul style="list-style-type: none"><li>• Manage work environment and strengthen safety control</li><li>• Run social contribution programs</li></ul>	<ul style="list-style-type: none"><li>• Social contribution programs</li></ul>	Frequently
Suppliers	<ul style="list-style-type: none"><li>• Promote mutual growth and technological cooperation</li><li>• Prevent unfair practices and corruption</li></ul>	<ul style="list-style-type: none"><li>• Support technology and business management of suppliers</li><li>• Prevent unfair practices and corruption</li></ul>	<ul style="list-style-type: none"><li>• General meeting with suppliers</li><li>• Visit and train suppliers</li></ul>	Yearly Frequently
Government	<ul style="list-style-type: none"><li>• Comply with laws and regulations</li><li>• Increase cooperation in defense sector</li></ul>	<ul style="list-style-type: none"><li>• Prevent unfair practices and corruption</li><li>• Communicate with government and relevant public institutions</li></ul>	<ul style="list-style-type: none"><li>• Participation in discussion meetings conducted by government institutions</li><li>• Participation in government policies and investment</li></ul>	Frequently
Employees	<ul style="list-style-type: none"><li>• Improve work environment and corporate culture</li><li>• Enhance capabilities</li></ul>	<ul style="list-style-type: none"><li>• Enhance corporate welfare and culture</li><li>• Strengthen job capacity and leadership abilities of employees</li></ul>	<ul style="list-style-type: none"><li>• Labor-management council</li><li>• Labor-management discussion meeting</li><li>• Employment Stabilization Committee</li></ul>	Frequently

Declaration of Human Rights

HYUNDAI WIA respects and protects the human rights of all employees and stakeholders by observing the international human rights standards and other relevant regulations of each country. For all domestic and overseas business sites, we identify and address human rights infringement risks. We will continue to protect the labor and human rights of employees.

HRIA Management System



Declaration of Human Rights


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

The development of the global real economy and prosperity of the capital market have brought material enrichment and improved our quality of life, but these are also raising unexpected social issues, such as fierce competition in industries, the complexity of business structures, and diversification in production and sales markets. Therefore, the paradigm of sustainable management that fulfills social responsibility has emerged by breaking away from the past management paradigm that aimed only for the reckless growth and profitability of the corporation. The introduction of sustainable management has become a challenge for corporations and an opportunity to strengthen their competitiveness.

To actively respond to the changing management paradigm, HYUNDAI WIA aims to promote human rights management to guarantee decent human lives for all our stakeholders, including officers and employees, and provide them with stable working conditions. HYUNDIA WIA has established Charter for Human Rights by reflecting the understanding of officers, employees, and stakeholders, as well as the principles, stipulated in the ‘Universal Declaration of Human Rights’, ‘The UN Guiding Principles on Business and Human Rights’ and other global initiatives. Based on this Charter for Human Rights, each affiliate will efficiently operate the organizational structure and operation system for Human Rights management and operate the process to inspect and mitigate the Human Rights violations and related risks.

As a global brand, we will promote human rights management built upon our sincerity and trust with our management philosophy, ‘Realize the dreams of humankind by creating a new future through ingenious thinking and continuously challenging new frontiers’, and to commit ourselves to making fundamental improvements in the human rights issues that confront our officers, employees, and stakeholders. HYUNDAI WIA will commit to being a partner for our future society by asserting our sense of responsibility to bring happiness to all.

Jaewook Jung, CEO, HYUNDAI WIA



Ethical Guidelines for Suppliers

We will prioritize ethical management in our business activities, work in a fair and transparent manner, and become a company that achieves growth on a foundation of trust.

1. Legal compliance

We shall abide by all relevant laws and regulations, including the Fair Transactions in Subcontracting Act, in our business management activities.
2. Transparent business management

Accounting and financial affairs shall be recorded and managed with a basis on facts and transparency.

We shall not offer nor receive bribes to and from our customers, suppliers, or other stakeholders, under any circumstances.
3. Win-Win cooperation

We shall maintain a favorable relationship with our customers, suppliers, and other stakeholders on a basis of mutual trust, supporting mutual growth and strengthening our competitiveness together.
4. Environment and safety management

We shall avoid the use of harmful substances in our product development and manufacturing processes. We shall follow green procurement principles, ensure the physical safety of workers, protect their lives, and foster a culture where human rights are respected.
5. Information protection

We shall carefully handle the information of our customers, suppliers and other stakeholders, as well as protect technological information and data.
6. Social contribution

We shall respect human dignity and the right to happiness. We shall comply with gender equality principles and avoid both child labor and forced labor. We shall care for the socially disadvantaged, contribute to local communities, and keep our dignity as a global citizen.



Sustainable Business Management Performance

Environmental Performance

The current status of air pollutant emission facilities

Item	Unit	2017	2018	2019	2020
Air pollutant emission facilities	EA	607	617	619	506
Air pollutant emission prevention facilities		118	118	115	91
Exempt facilities		163	154	171	221

Greenhouse gas emission sources

\*The emission unit cost: tCO2eq./100 million won

Item	Unit	2017	2018	2019	2020
Scope 1 emission volume	tCO2eq	22,177	20,477	16,375	14,093
Scope 2 emission volume		192,888	200,989	184,769	156,086
GHG emission unit cost		5.29	5.31	4.77	4.35

The number of confirmed violations of envonrmntal laws and regulations

Item	Unit	2018	2019	2020
Cases	Cases	-	-	-
Fine	1 million won	-	-	-

\*The number of cases of which a fine of at least 5 million won was paid.

The current status of domestic and overseas business facilities with a ISO 14001 (Environment Management) certificate.

Item		Applicable	Certified	Certification rate
Headquarters/Plant/R&D Center	South Korea	13	13	100
	World	5	4	80
Total		18	17	94

Energy Usage

Item	Unit	2018	2019	2020
Energy consumption	Total domestic usage	4,371	3,987	3,387
	Direct energy	242	191	182
	Indirect energy	4,138	3,804	3,214

\* Based on the rules of the emission trade system, the sum of direct and indirect energy and the total are not the same. [The rounded-down energy usage of each facility is summed up.]

Sales of Environmentally friendly Product

Item	Unit	2017	2018	2019	2020
Sales	100million	169	331	257	322

Social Performance

Safe Environment Inspection

Category	Unit	2018	2019	2020
Safe environment inspection	Number of inspections	12	12	12
Safe environment audit	Domestic	2	2	1
	Overseas	1	1	0

Accidents & Industrial Disasters

Category	Unit	2018	2019	2020
Employees	Number of industrial disasters	8	9	7
	Accident rate	%	0.31	0.22
In-house suppliers	Number of industrial disasters	16	24	23
	Accident rate	%	0.94	0.92

Safety, Environment and Information Protection Certifications

Category	ISO14001	ISO45001	ISO/IEC 27001
Headquarters (Changwon Plant 1)	0	0	0
Changwon Plant 2	0	0	0
Changwon Plant 3	0	0	0
Changwon Plant 4	0	0	0
Changwon Plant 5	0	0	0
Ansan Plant	0	0	-
Ulsan Plant 1	0	0	-
Ulsan Plant 2	0	0	-
Ulsan Plant 3	0	0	-
Pyeongtaek Plant	0	0	-
Gwangju Plant	0	0	-
Seosan Plant	0	0	-
Uiwang R&D Center	0	0	0

Category		ISO14001	OHSAS18001 (ISO45001)	ISO/IEC 27001
China	Shandong	0	0	0
	Jiangsu	0	0	-
	Beijing	-	-	-
Mexico		0	0	-
India		0	0	-

Sustainable Business Management Performance

Social Performance

The basic wage for women in comparison with men

Item	Unit	2018	2019	2020
Average wage per person	1 million won	84	75	88
The rate of base wage by gender	%	100	100	100

Female managers

Item	Unit	2018	2019	2020
Proportion	%	2.28	2.71	2.80
Female managers (manager and higher)	persons	1	2	4
All managers (manager and higher)	persons	1,005	1,041	1,098
The proportion of female managers	%	0.10	0.19	0.36

Managers who are from the host country

Item	Unit	2018	2019	2020
Total available slots for managers in overseas offices and branches	Persons	74	75	85
Managers who are from the host countries	Persons	26	26	29
The proportion of these managers	%	35.1%	34.7%	34.1%

\*Managers: Leaders who are official a leader of a group or a team.

Employee Grievances

Item	Unit	2018	2019	2020
Grievances resolution rate	%		100	100
Grievances filed to the Human Rights Violation Center	Cases	0	2	2

Quality Talents Development

Item	Unit	2018	2019	2020
Quality management training hours	Hours	3,707	1,616	1,446
Quality management talents	Persons	408	371	371
The proportion of the employees with quality management qualifications	%	4%	4%	5%

Fringe Benefits Paid

[Unit: 1 million won]

Item	2017	2018	2019	2020
Sales	6,965,533	7,205,700	6,462,161	5,585,482
Fringe Benefits	58,258	63,041	60,067	72,058
Proportion [%]	0.84%	0.87%	0.93%	1.29%

\*Sales and fringe benefits: for South Korea

Mutual Growth

Category		Unit	2018	2019	2020
Number of companies under the fair trade agreement		Company	210	140	172
Mutual Growth Fund	Total amount raised	1 million won	280	280	680
	Suppliers with loans	Company	14	11	51
Mutual Growth Insurance	Total amount donated	1 million won	10	10	10
	Suppliers with guarantees and loans	Company	8	6	7
Technology support and protection	Free license for the use of patents	Case	11	8	8
	Support for tests	Company	754	711	522
	Technology Escrow	Case	29	29	29
Supplier inspection and development	Quality	Company	221	225	199
	Safety, environment, ethics	Company	131	149	142
	Fostering technology, process and quality control experts	Persons	8	7	8
Training for suppliers	Training course	Case	83	105	97
	Number of programs conducted	Number of programs	158	230	146

Social Responsibility

Item		Unit	2018	2019	2020
Financial support	Total amount		851.6	952.2	1063.2
	Donations	1 million won	187.4	290.9	432
	Project budgets		664.2	661.3	631.2
Social responsibility activitites	Participants	Persons	1,709	1,503	1,335
Green purchase	Purchase amount	1 million won	44.5	147.7	211.0

Performance evaluation

Item		Unit	2018	2019	2020
The number of employees subject to the performance evaluation		Persons	3,157	3,062	2,974
Evaluation proportion	Male	%	100	100	100
	Female		100	100	100

\*The employees who cannot be evaluated due to leaves are not included.



Sustainability Management Performance

Business Performance

Major Financial Performance

Category	Unit	2018	2019	2020
Total assets		7,107,447	6,774,339	7,719,906
Capital		3,036,931	3,091,809	3,525,860
Debt		4,070,516	3,682,530	4,194,046
Sales		7,880,481	7,314,626	6,592,242
Total sales profit	1 million won	302,077	396,696	350,917
Operating profit		5,031	101,934	71,957
Pre-tax profit		[70,632]	49,477	84,460
Corporate tax		[15,071]	5,730	30,788
Net income		[55,561]	55,207	53,672

Regional Sales

Category	Unit	2018	2019	2020
Korea		6,731,060	5,958,644	5,181,479
North America		647,654	902,222	714,081
Europe	1 million won	80,212	70,141	44,174
China		352,605	304,061	568,316
India		68,950	79,558	84,192
Total		7,880,481	7,314,626	6,592,242

Economic Performance Distribution

Category	Unit	2018	2019	2020
Suppliers	Domestic procurement amount	58,489	51,634	39,605
	Overseas procurement amount	5,643	4,908	3,732
Employees	Wage	66,135	66,684	68,678
	Severance pay	5,600	6,106	7,115
	Welfare expense	63,041	60,067	72,058
Government	Tax and utility bills	[15,071]	5,730	30,788
Local communities	Expense for social contribution activities	852	952	1,063
Creditors	Interest as expenses	67,078	64,664	58,145

Shareholders

Largest shareholder	No. of stocks	Shareholding[%]
Controlling shareholder	6,893,596	25.35
Subsidiaries	3,654,004	13.44
Treasury stock	633,354	2.33
Executives of subsidiaries	533,095	1.95
Other shareholders	15,481,034	56.93
Total	27,195,083	100.00

RND investment

Item	Unit	2018	2019	2020
R&D Project investment amount	100 million won	695	591	561
No. of projects	EA	106	79	110
R&D workers	Persons	554	520	521
The total % of R&D personnel	%	18	17	17
R&D investment out of total sales	%	0.88	0.81	0.85
R&D training Courses	EA	210	250	213
Cost	1 million won	61.6	100.6	89.8

MIP Production Amount

Item	Unit	2017	2018	2019	2020
Production amount	100 million won	40,669	41,698	42,188	39,095

Financial Information

The Statement of Financial Position of Our Subsidiaries

Name of the subsidiary	Business	Address	The share of the equity of the consolidated entity that the company holds (%)		The share of equity held by the non-controlling equities [%]	
			End of the current term	End of the preceding term	End of the current term	End of the preceding term
Jiangsu Hyundai Wia	Auto parts Manufacturer	China	100	100	-	-
Hyundai Wia Machine Tools Co., Ltd	Machine tool sales	China	100	100	-	-
Beijing Wia Turbo Co., Ltd.	Auto parts Manufacturer	China	100	100	-	-
Hyundai-Wia Machine America Corp.	Machine tool sales	USA	100	100	-	-
HHyundai-Wia India PVT LTD.	Auto parts Manufacturer	India	100	100	-	-
Hyundai-Wia Europe GmbH	Machine tool sales	Germany	100	100	-	-
HHyundai-Wia Mexico, S.DE R.L. DE C.V.	Auto parts Manufacturer	Mexico	100	100	-	-
Hyundai-Wia RUS. LLC	Auto parts Manufacturer	Russia	100	100	-	-
Hyundai Wia Automotive Engine [Shandong] Company	Auto parts Manufacturer	China	43	30	57	70
Hyundai Wia Turbo Co., Ltd.	Auto parts Manufacturer	South Korea	100	100	-	-

Changes with Consolidated Entities

Items	Subsidiary	Cause of consolidation
Newly consolidated	Hyundai Wia Automotive Engine [Shandong] Company	Newly consolidated due to the purchase of the share [Jul. 2020]
	-	-
No longer consolidated	-	-
	-	-

GRI Standards Index

Universal Standards (GRI 100)

Category	Index	Description	Page	Note
Organizational	102-1	Name of the organization	8	
	Profile	Activities, brands, products, and services	14~17	
	102-3	Location of headquarters	12~13	
	102-4	Location of operations	12~13	
	102-5	Ownership and legal form	67, 92	
	102-6	Markets served	12~13	
	102-7	Scale of the organization	64, 92	
	102-8	Information on employees and other workers	64	
	102-9	Supply chain	33, 89	
	102-10	Significant changes to the organization and its supply chain	93	Business Report p.5
	102-11	Precautionary Principle or approach	70~71	
	102-12	External initiatives	110~111	
	102-13	Membership of associations	110~111	
Strategy	102-14	Statement from senior decision-maker	4~5	
Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	10~11	
Governance	102-18	Governance structure	66~69	
Reporting	102-40	List of stakeholder groups	85	
Practice	102-41	Collective bargaining agreements	65	
	102-42	Identifying and selecting stakeholders	85	
	102-43	Approach to stakeholder engagement	20~21, 85	
	102-44	Key topics and concerns raised	20~21	
	102-45	Entities included in the consolidated financial statements	95	Business Report p.49
Management Approach	102-46	Defining report content and topic boundaries	2	
	102-47	List of material topics	20~21	
	102-48	Restatements of information	2	
	102-49	Changes in reporting	2	No significant changes.
	102-50	Reporting period	2	
	102-51	Date of most recent report	2	
	102-52	Reporting cycle	2	
	102-53	Contact point for questions regarding the report	2	
	102-54	Claims of reporting in accordance with the GRI Standards	2	
	102-55	GRI content index	94~97	
	102-56	External assurance	108~109	

Category	Index	Description	Page	Note
Management	103-1	Explanation of the material topic and its boundary	22, 28, 32, 38	
Approach	103-2	The management approach and its components	22, 28, 32, 38	
	103-3	Evaluation of the management approach	22, 28, 32, 38	

Economic Performance (GRI 200)

Category	Index	Description	Page	Topic	
				Major	General
Economic Performance	201-1	Direct economic value generated and distributed	22~31	0	
	201-2	Financial implications and other risks and opportunities due to climate change	44~53	0	
Market Position	202-2	The proportion of the managers who are from the host country in key business facilities.	90		0
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	32~41	0	
	203-2	Significant indirect economic impacts	32~41	0	
Anti-corruption	205-1	Operations assessed for risks related to corruption	71~72, 76, 86		0
	205-2	Communication and training about anti-corruption policies and procedures	71~72, 76, 86		0
	205-3	Confirmed cases of corruption and actions taken.	71~72, 76, 86		0

Environmental Performance (GRI 300)

Category	Index	Description	Page	Topic	
				Major	General
Energy	302-1	Energy consumption within the organization	52		0
	302-4	Reduction of energy consumption	46~47, 52		0
	302-5	Reductions in energy requirements of products and services	46~47, 52		0
Water	303-4	Water discharge	52		0
	303-5	Water displacement	52		0
Bio-diversity	304-3	Protected or restored habitats	51		0



GRI Standards Index

Environmental Performance (GRI 300)

Category	Index	Description	Page	Topic	
				Major	General
Emissions	305-1	Direct (Scope 1) GHG emissions	52		0
	305-2	Indirect (Scope 2) GHG emissions	52		0
	305-5	Reduction of GHG emissions	52		0
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	53		0
Waste water and waste materials	306-1	Key factors of waste materials and waste generation	48, 49, 53		0
	306-2	The management of the key factors related to wastes			0
	306-3	Waste generation			0
	306-4	Waste recycling			0
	306-5	Waste treatment			0
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	88		0

GRI Standards Index

Topic specific Standards

Social Performance (GRI 400)

Category	Index	Description	Page	Topic	
				Major	General
Employment	401-1	Recruiting and turn-over	65		0
	401-3	Maternity leave	65		0
Industrial safety and health	403-1	Industrial safety and health management system in operation	55		0
	403-2	Risk identification, assessment, and accident investigation	56		0
	403-3	Industrial safety and health services	56		0
	403-4	Employees engagement and communication regarding industrial safety and health	63		0
	403-5	Employees training for industrial safety and health	63, 90		0
	403-9	Work-related injuries	89		0
	403-10	Work-related diseases	89		0
Training and education	404-1	Average training hours per person	64		0
	404-2	Employees capacity building and transition support program	58, 64		0
	404-3	The proportion of the workers who have received regular performance and career development reviews	91		0
Diversity and fairness in opportunity	405-2	The ratio between the basic wages of men and women	90		0
Human rights assessment	412-2	Employees training on the human rights policy and processes that are related to the business	86		0
Compliance	419-1	Violation of the laws and regulations in the social and economic domains	72		0

WEF Content Index

1. Principles of Governance

Theme	Metrics	Disclosures	2020	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.	SR: 4-5, 10-11	The British Academy and Colin Mayer, GRI 102-26, 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:	SR: 67-69	GRI 102-22,  GRI 405-1a,  IR 4B
		- Competencies relating to economic, environmental and social topics	SR: 67-68	
		- Executive or Non-Executive	SR: 67	
		- Independence	SR: 68	
		- Tenure on the governance body	SR: 67	
		- Number of each individual's other significant positions and commitments, and the nature of the commitments	SR: 67	
		- Gender	Business Report p.301	
		- 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,  how the topics were identified and how the stakeholders were engaged.	SR: 20-21, 85	GRI 102-21,  GRI 102-43,  GRI 102-47
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 205-2,  GRI 205-3
		a) Total number and nature of incidents of corruption confirmed during the current year, but related to previous years	SR: 72-74, 76	
		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	-	
	Protected ethics advice and reporting mechanisms	A description of internal and external mechanisms for:		GRI 102-17
		1. Seeking advice about ethical and lawful behaviour and organizational integrity;  2. Reporting concerns about unethical or unlawful behaviour and lack of organizational integrity.	SR: 69, 70-72	
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  - the company appetite in respect of these risks,  - how these risks and opportunities have moved over time and the response to those changes	SR: 73-75	EPIC, GRI 102-15, World Economic Forum Integrated Corporate Governance, IR 4D



WEF Content Index

2. Planet

Theme	Metrics	Disclosures	2020	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	SR: 46, 52	GRI 305:1-3, TCFD, GHG Protocol
		Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate		
	TCFD implementation	Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)	-	Recommendations of the TCFD; CDSB R01, 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	SR: 46-47	
		- 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		
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)	Not applicable	GRI 304-1
		**KBA: The biodiversity areas can be found at <a href="http://www.keybiodiversityareas.org/site/mapsearch">http://www.keybiodiversityareas.org/site/mapsearch</a> **Protection areas: The areas that are designated as protection areas by the laws or regulations of the country.		
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: Visit <a href="https://www.wri.org/aqueduct">https://www.wri.org/aqueduct</a> to find out more about the areas under water-related stresses.	Not 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		

WEF Content Index

3. People

Theme	Metrics	Disclosures	2020	Relative height
Dignity and equality	Diversity and Inclusion (%)	Percentage of employees per employee category,	SR: 60, 64-65	GRI 405-1b
		- by age group		
		- 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:	SR: 90	Adapted from GRI 405-2
		- women to men	-	GRI 202-1,
		- minor to major ethnic groups		Adapted from Dodd-Frank Act, US SEC Regulations
		- and other relevant equality areas		
	Wage level (%)	Ratios of standard entry level wage by gender compared to local minimum wage	-	
		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:	Not applicable	GRI 408-1b, 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:2018 403-9a&b, GRI:2018 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	SR: 89	
		the number of hours worked	-	
		An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services,	SR: 55-56	
		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)	SR: 64	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)	-	



WEF Content Index

4. Prosperity

Theme	Metrics	Disclosures	2020	비고
Employment and wealth generation	Absolute number and rate of employment	1. Total number and rate of new employee hires during the reporting period,	SR: 65	Adapted, to include other indicators of diversity, from GRI 401-1a&b
		- by age group	SR: 64	
		- by gender		
		- by other indicators of diversity		
		- by region		
		2. Total number and rate of employee turnover during the reporting period,	SR: 65	
		- by age group	-	
		- by gender		
		- by other indicators of diversity		
		- by region		
Skills for the future	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:	The business reports of HYUNDAI WIA are based on accrualism.	GRI 201-1,  GRI 201-4
		- Revenues	SR: 92	
		- Operating Cost	Business Report 86-123	
		- Employee wages and benefits	SR: 92	
		- 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.	SR: 23	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	SR: 92	
		- 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		

Independent Verification Report

The Verification Report of the 2021 HYUNDAI WIA Sustainability Report

To the kind attention of the stakeholders of HYUNDAI WIA

We, Korea Foundation of Quality, verified the 2021 HYUNDAI WIA Sustainability Report in accordance with the request from HYUNDAI WIA. We are responsible for providing a third-party verification report on the said report, as per the following verification criteria and scopes. All responsibilities regarding the preparation of this report lies with the management of HYUNDAI WIA.

The Criteria and Scope of Verification

This verification report has been planned and prepared in accordance with AA1000AS V.3 AA100QAPS (2018) of Accountability, which is an international standard for verification. The verification team conducted Type 1 verification that covered the four accountability principles of inclusivity, materiality, responsiveness, and impact; and, the moderate level verification that is based on limited evidence. Also, we checked for the satisfaction of the following reporting requirements, which correspond to the core options of the GRI Standards.

- GRI standard reporting principles
- Universal Standards
- Topic Specific Standards
  - Management Approach
  - Economic Performance: 201-1, 201-2
  - Market Presence: 202-2
  - Indirect Economic Impacts: 203-1, 203-2
  - Anti-Corruption: 205-1, 205-2, 205-3
  - Energy: 302-1, 302-4, 302-5
  - Water: 303-4, 303-5
  - Biodiversity: 304-3
  - Emissions: 305-1, 305-2, 305-5, 305-7
  - Waste: 306-1, 306-2, 306-3, 306-4, 306-5
  - Environmental Compliance: 307-1
  - Employment: 401-1, 401-3
  - Occupational Health and Safety: 403-1, 403-2, 403-3, 403-4, 403-5, 403-9, 403-10
  - Training and Education: 404-1, 404-2, 404-3
  - Diversity and Equal Opportunity: 405-2
  - Human Rights Assessment: 412-2
  - Socioeconomic Compliance: 419-1

Verification Method

The verification team applied the criteria mentioned above to verify the contents of this report and considered them in the light of the method of system control method and the available performance data. As for the non-financial information, we referred to the sustainability report of the preceding year, disclosed business reports, and the information gathered from the media and the Internet. Financial information was checked to see whether it was duely extracted from the financial statements disclosed in the electronic disclosure system of the FSS [http://dart.fss.or.kr]. We conducted interviews to verify the validity and relevance of the contents and information, including the selection of issues, data gathering management, preparation of the report, and processes, in consideration of the significance evaluation process and the stakeholders.

Appropriateness and Independence

This verification was performed by a team of auditors. The Korean Foundation of Quality does not have any interest in HYUNDAI WIA that could affect the independence and fairness of this verification across the businesses of HYUNDAI WIA, except for the provision of the independent verification service.

Limitations

This report has unique limitations in terms of the integrity and relevance of the performance data, depending on the nature of the data and how such figures are calculated and tracked. The verification team has performed the comparison and review based on the information provided to them, without verifying of the original data provided.

Findings and Verification Conclusion

Based on our findings in our verification of this report, we concluded that we found reasonable evidence of Type 1 moderate level in AA1000AS V3 to meet the requirements of the core option in the GRI standards.

- ▶ Inclusivity: The stakeholders are actively identified, and they are encouraged to participate in the selection of key sustainability themes and identification of the corresponding strategies for the organization.
  - HYUNDAI WIA gather feedback from various stakeholders such as shareholders, investors, customers, local community, suppliers, government, and employees, through in-person and online contact channels, general shareholders’ meetings, and the Union-Employer Discussion body. We could not find any evidence of stakeholders who were not included in the report.
- ▶ Materiality: In consideration of the impact of each sustainability theme upon the organization and its stakeholders, the themes are prioritize and applied to the overall management of the company.
  - HYUNDAI WIA has been reflecting key issues in our management by means of assigning priority levels after materiality evaluation. We confirmed that all of the issues identified during the materiality test were disclosed in this report.
- ▶ Responsiveness: The demands, interest, and expectations of the stakeholders that have an impact on the sustainability result must be responded to in a timely passion.
  - HYUNDAI WIA is trying to respond to the demands and interests of stakeholders. We could not find any evidence of the performances of the responsive activities of the organization in response to key issues not being reported properly.
- ▶ Impact: The impact of the key themes must be considered sufficiently based on the understanding of the concerns held by stakeholders.
  - HYUNDAI WIA is identifying and monitoring key issues related to its stakeholders across its business management activities and found to be reporting them within the possible boundary.

Recommendations for improvement

We recommend the following progressive approaches for effective disclosure of the performances in the report and enhancing the system for sustainable business management in the future.

- ▶ In the future, more variety of stakeholders groups is desired, so that the interests of stakeholders can be taken into account and disclosed in a timely manner.
- ▶ As a new member of the CDP, which is the global carbon information disclosure project, we expect HYUNDAI WIA to expand their goals on the environment more proactively, along with the external activities in response to climate change, including the management of suppliers.



2June 11, 2021  
Seoul, South Korea  
Jiyeong Song, CEO, Korea Foundation of Quality

Ji Yeong Song



Independent Greenhouse Gas Emission Assurance Statement



DNV BUSINESS ASSURANCE  
GREENHOUSE GAS EMISSIONS ASSURANCE STATEMENT  
NO.: PRJN-197826-2020-AST-KOR  
HYUNDAI WIA CORPORATION

Introduction

DNV Business Assurance Korea Ltd. ("DNV") was commissioned by HYUNDAI WIA CORPORATION ("HYUNDAI WIA") to verify the HYUNDAI WIA's Greenhouse Gas Inventory Report for the calendar year 2020 ("the report") based upon a reasonable level of assurance. HYUNDAI WIA is responsible for the preparation of the GHG emissions and Energy consumption data on the basis set out within the guidelines on the operation of GHG emission trading scheme ("ETS") (Notification No. 2021-10 of Ministry of Environment). Our responsibility in performing this work is to the management of HYUNDAI 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 GHG emissions and energy consumption data covered by our examination comprise Direct emissions (Scope 1 emissions) and Energy indirect emissions (Scope 2 emissions) from HYUNDAI WIA boundary of the report;

- GHG emissions under verification: GHG emissions from 2020
- Organizational boundary for reporting: HYUNDAI WIA (in Korea)

Verification Approach

The verification has been conducted by DNV on March 2021 and performed in accordance with the verification principles and tasks outlined in the guidelines on the operation of GHG ETS (Notification No.2021-10, Korean Ministry of Environment) and the verification guideline for GHG ETS (Notification No. 2018-70, 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 the GHG emissions and energy consumption report for the calendar year 2020
- We have reviewed and verified the process to generate, aggregate and report the emissions and energy data

Conclusions

As a result of the work described above, in our opinion nothing has come to our attention that would cause us to believe that the GHG emissions and energy consumption set out in HYUNDAI WIA's report are not fairly stated. The GHG emissions and energy consumption of HYUNDAI WIA for the year 2020 were confirmed as below;

Greenhouse Gas Emissions of HYUNDAI WIA for Yr 2020

Unit: ton CO <sub>2</sub> equivalent.			
HYUNDAI WIA	Direct emissions (Scope 1)	Energy indirect emissions (Scope 2)	Total emissions
Domestic (in Korea)	14,093	156,086	170,173

※ 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.  
※ Total emissions = Direct emissions(Scope 1) + Energy indirect emissions(Scope 2)

April 2021  
Seoul, Korea

  
Jang-Sub Lee  
Country Manager  
DNV Business Assurance Korea Ltd

This Assurance Statement is valid as of the date of the issuance 7<sup>th</sup> April 2021. Please note that this Assurance statement would be revised if any material discrepancy which may impact on the Greenhouse Gas Emissions of HYUNDAI WIA 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

Awards

Awards	Description	Year	Granted by
3-billion-dollar Export Tower Award	Recorded USD 3.1 billion in annual exports	2013	Ministry of Trade, Industry and Energy
2013 Management Grand Awards	Won best prize in the production innovation category	2013	Korea Management Association
2014 Management Grand Awards	Won best prize in the management innovation category	2014	Korea Management Association
2014 Excellent Safety Management Prize by Hyundai Motor Group	Selected as a business with outstanding safety management in 2014	2014	Hyundai Motor Group
2015 GM Supplier Quality Excellence Award	Selected as an exemplary supplier	2015	General Motors
2015 Management Grand Awards	Won the best prize for three consecutive years	2015	Korea Management Association
4-billion-dollar Export Tower Award	Recorded 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 with respect to customers, employees, society, image value, and capacity for innovation	2015	Korea Management Association Consulting
2015 The 6th Ppuri Technic Competition (Gold Prize)	Won the Gold Prize in the plastic processing team category	2015	Ministry of Trade, Industry and Energy
FCA '2016 Outstanding Supplier Quality Award'	Selected as an exemplary company of global quality	2016	FCA Group
Commendation for contribution to improving military strength and defense capacity	Contributed to the development of defense technology with the remote controlled weapon station project	2016	Director of the Defense Acquisition Program Administration
100-billion National Tax Tower	Awarded a prize at the 50th Taxpayer's Day ceremony (voluntary payment, contribution to national finance)	2016	Ministry of Economy and Finance
Commendation for contribution to strengthening fair trade competitiveness	Contributed to fostering a Win-Win culture of collaboration and strengthening competitiveness through fair trade agreements	2016	Fair Trade Commission
Commendation for contribution to promoting a sharing culture	Contributed to promoting a sharing culture and fostering a happy community	2016	Ministry of Health and Welfare
Commendation for contribution to the growth of local communities and promoting a healthy family culture	Contributed to the growth of local communities and spreading a healthy family culture	2017	Vice Governor of Administrative Affairs, Gyeongsangnam-do
GM International Organization Good Quality Supplier	Won the SQ Excellence Award	2017	General Motors
The 5th Software Industry Protection Awards	Contributed to software copyright protection and industry revitalization	2017	Ministry of the interior and Safety
The 22nd Environment Day Award	Citation for the contributions in environmental production in 2017	2017	Province of Gyeongnam
2018 Excellent Safety Management Prize by Hyundai Motor Group	Selected as an outstanding business in the safety management category in 2018	2018	Hyundai Motor Group
Citation for the Contribution in Reducing Fine Dust	Due to the contribution to the protection of the environment in 2018	2018	Province of Gyeongnam
Commendation for contribution to spreading a social contribution culture and improving child welfare	Contributed to spreading a culture of social contribution and advancing child welfare	2019	Mayor of Changwon
2018 Change & Innovation Awards by Hyundai Motor Group	Developed a drive axle with integrated functions	2019	Hyundai Motor Group
2019 Excellent Safety Management Prize by Hyundai Motor Group	Selected as an outstanding business in the safety management category in 2019	2019	Hyundai Motor Group
2019 World Water Day	Citation for the contribution in managing water	2019	Province of Gyeongnam
2020 The Minister of Nak-Dong River Environment Award	Citation for the contribution in improving water quality	2020	The Minister of Nak-Dong River Environment

Association Memberships

Association Memberships

Association	Major Activities
Korea Chamber of Commerce and Industry	Responding to industrial policies and various industrial statistics
Chamber of Commerce and Industry Changwon Office	Identifying regional trends and jointly respond to difficulties faced by companies
Korea Automobile Manufacturers Association	Responding 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	Analyzing trends in automotive engineering technologies as well as trends in the automotive industry, and hold academic events (such as conferences)
Korea Industrial Technology Association	Reporting the establishment of, and changes to, company-affiliated research centers, applying for the Jang Young-sil Award, and supporting various corporate activities
Korea Machine Tool Manufacturers' Association	Creating demand for member company products and promote sales (excluding SIMTOS), conduct international exchange projects, share knowledge about machine tools and explore policies
Korea Society for Precision Engineering	Conducting research on new machine tool technologies and promotion activities, and build networks between industry, universities and the research sector
Korea Information and Communication Contractors Association	Applications for information and communications construction businesses, and cooperating with relevant tasks
Korea Defense Industry association	Dealing with information relating to company overviews, business performance, investment in facilities, R&D performance, and capacity utilization rate
Korea Aerospace Association	Supporting policy making for the aerospace industry, international cooperation, and exports
Korea Listed Companies Association	Responding to regulations concerning the Commercial Act (general shareholders' meeting, board of directors, audit committee, etc.)
Korea Fair Competition Federation	Providing fair trade training programs and relevant materials
Korea Industrial Safety Association	Responding to legal safety inspections and sharing information between member companies
Mind sphere World Korea	Identifying and understanding new technology trends for the development of a smart factory system

HYUNDAI WIA  
Sustainability Report 2021

Published by: HYUNDAI WIA Co., Ltd.

Date: July 2021

Planning & Business Management Team, HYUNDAI WIA  
(031. 596. 8106 / CSR@hyundai-wia.com)





This Report was printed with soy ink  
on eco-friendly paper made from certified wood.

